

Press release, Borås, 11 May 2023

## ELLOS GROUP AB (PUBL) INTERIM REPORT JANUARY - MARCH 2023

The interim report for Ellos Group AB (publ) is published today.

### THE FIRST QUARTER 2023

- Net sales decreased by 5.4 % to SEK 816.4 (862.6) million. Organically, net sales decreased by 3.0 %
- The gross margin decreased to 50.9 (51.5) %
- Adjusted EBITA amounted to SEK 6.8 (15.0) million. The adjusted EBITA margin stood at 0.8 (1.7) %
- The operating profit/loss amounted to SEK -16.8 (-23.2) million. The operating margin was -2.1 (-2.7) %
- Cash flow from operating activities amounted to SEK -50.1 (-103.8) million.
- Inventories amounted to SEK 678.8 (769.9) million.

### Comment from the CEO of Ellos Group AB (publ)

#### RESISTANCE IN A CHALLENGING MARKET

Ellos Group delivered high sales during the year's first quarter, despite the challenging market caused by high inflation, sharply increased interest rates and a generally demanding situation for household finances. Organic net sales decreased 3 per cent from first quarter 2022, a quarter with historically high sales levels.

We are seeing signs of declining demand in the market as a whole. The Swedish Trade Federation's e-commerce indicator for first quarter 2023 shows a 6 per cent decrease in e-commerce in Sweden. March was also a cold month, which delayed the start of the spring season. Our assessment is that we are continuing to take market shares and that our overall fashion and home furnishings offer is strong and resilient, even in a challenging market.

We are working to implement our strategy to direct greater focus and effort to our offer to our core customers – women in mid-life. The strategy is being implemented throughout our operations to create better conditions and improve our competitiveness as a company. Having attractive, sustainable and affordable offers is becoming increasingly important these days. We have decided to direct extra focus to our underwear and swimwear offer – an initiative that has been highly successful, with high growth figures during the first quarter. Just as for our offer in general, our private labels form the core of this initiative, with Ellos's underwear collection providing a style, selection and range of sizes that few other players can offer.

The quarter's gross margin decreased 0.6 per cent to 50.9 per cent. Efforts to adapt inventory and purchasing to the new macroeconomic situation have continued. As a result, there was an SEK 21m decrease in inventories during the first quarter, which can be compared with increases during the corresponding periods in 2022 and 2021. We are accordingly reducing the use of external warehouses, which will have a positive effect on our inventory costs.

We are continuing our efforts to scale and streamline our operations. Last year we invested in systems and processes to effectively scale private-label sales in selected European marketplaces. We now reach eight European markets through Zalando and Westwing. The first quarter's positive sales development reinforces our view that we have a competitive offer with our private labels, which reaches beyond the Nordic region. We have also streamlined delivery and return processes for our European Jotex customers. Returns are now consolidated at our 3PL hub in Poland and are sent directly from there to customers placing new orders.

We have been working intensively for some time to scale and streamline our payment solutions under the Elpy brand. The Elpy platform has been rolled out gradually on our e-commerce sites and will be available on all our e-commerce sites in all countries during the second quarter. The benefits of this include a faster and more efficient roll-out of new products and reaching our entire customer base.

# ELLOS GROUP

We are now in the final phase of a major MarTech project, in which we have established even more favourable conditions for conducting data-driven, personalised and automated marketing and sales, based on first-party data, in our own and external channels. In the final phase during the second quarter, we will roll out our new 'Customer Data Platform' and 'Customer Engagement Platform'. The goal is to improve the efficiency of our marketing.

We also developed our sustainability work during the period. Among other initiatives, we continued our evaluation and consolidation of our supplier base, which will simplify our sustainability work and improve our purchasing efficiency. The group also signed a work environment agreement in Pakistan, and we continue our active work to improve working

conditions in the factories from which we purchase products.

During these times, we are extra attentive to market conditions and continue to closely follow market developments. Improving our cost efficiency is a focus area for 2023. During the first quarter we were successful in reducing marketing costs. Our focus on costs, profitability and cash flow remains a high priority.

As a leading e-commerce player with strong home furnishing and fashion brands, we are confident about the future and the industry's favourable long-term conditions.

Hans Ohlsson, CEO

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*This information is information that Ellos Group AB (publ) is legally obliged to disclose in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. Through the agency of the contact persons shown above, the information was released for publication on 11 May 2023 08.30 CET.*

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## ABOUT ELLOS GROUP

The Ellos Group, which includes the e-stores Ellos, Jotex, Homeroom and payment brand Elpy, is a leading e-commerce group in the Nordic region. Working closely with our millions of customers, we are constantly striving to develop and offer attractive and sustainable fashion and household items for the entire family. Our focus is always on the customer. We continuously work to develop our business through innovation, creativity, and sustainability. The Ellos Group, headquartered in Borås, and with operations in all Nordic countries and selected European markets, has around 600 employees and sales of around SEK 3.6 billion.

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