

ELLOS GROUP

Ellos Group AB (publ) group

INTERIM REPORT JANUARY - MARCH 2023

”Resistance in a challenging market”

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.

FINANCIALS KPI'S

AMOUNT IN MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022	CHANGE
Net sales	816.4	862.6	-5.4%
Organic growth, net sales %	-3.0	1.6	
Gross margin, %	50.9	51.5	
Adjusted EBITA	6.8	15.0	-54.7%
Adjusted EBITA- margin, %	0.8	1.7	
Operating profit/loss	-16.8	-23.2	27.4%
Operating margin, %	-2.1	-2.7	
Profit/loss for the period	-72.5	-61.0	-18.9%
Cash-flow from operations	-50.1	-103.8	51.7%



*Not defined according to IFRS. See page 16.

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.

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





FIRST QUARTER 2023

SALES

Net sales for the period amounted to SEK 816.4 (862.6) million which is a decrease of 5.4 % compared to last year. The organic growth, i.e. excluding exchange rate changes and dispose of operations (Stayhard) were -3.0 %.

GROSS PROFIT

Gross profit for the period amounted to SEK 415.5 (444.6) million which is a decrease of 29.1 million compared to last year. The quarter's gross margin amounted to 50.9% (51.5%) where the decrease primarily is explained by positive currency effects last year.

OPERATING COSTS

Selling expenses amounted to SEK 321.6 (337.7) million which is a decrease of SEK 16.1 million compared to last year. In relation to net sales, selling expenses increased by 0.3 percentage point due to increased distribution costs. Marketing costs continues to increase in relation to sales. Selling expenses also include amortization of acquisition-related intangible assets of SEK 23.6 (23.6) million.

Administrative expenses, which in the quarter amounted to SEK 109.2 (124.1) million increased by SEK 14.9 million mainly due to an increase in PRI-debt in the previous year which was reported as a non recurring cost in the first quarter and a non recurring revenue in the second quarter.

Other income amounted to SEK 6.4 (1.5) million and other costs to SEK -7.9 (-7.5) million. The improvement compared to previous year is FX related.

ADJUSTED EBITA

Adjusted EBITA amounted to SEK 6.8 (15.0) million which means a decrease of SEK 8.2 million compared with the corresponding period last year.

EBITA

EBITA amounted to SEK 6.8 (0.4) million which is a increase of SEK 6.4 million compared with the same period last year.

FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 3.2 (4.8) million and financial expenses amounted to SEK -62.7 (-47.7) million. The increase in financial expenses are primarily explained by increased interest costs and exchange rate loss when recalculating liabilities to group companies.

Income tax for the period amounted to SEK 3.8 (5.1) million.

NET PROFIT

Net profit for the period amounted to SEK -72.5 (-61.0) million.

CASH FLOW

Cash flow from operating activities amounted to SEK -50.1 (-103.8) million. The cash flow includes bond loan interest expenses amounting to SEK 31.8 (25.9) million.

Inventories decreased during the quarter by SEK -23.1 (31.2) million, which had a positive effect on cash flow.

Accounts payable decreased during the quarter by SEK -78.2 (-115.5) million and has had a negative effect on cash flow.

Cash flow from investments totalled SEK -6.4 (-12.7) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK 57.8 (78.3) million and mainly referred to changes in the group's revolving credit and lease liability.

Cash and cash equivalents amounted to SEK 158.8 (158.1) million.

Cash flow for the period totalled SEK 1.3 (-38.2) million.



SIGNIFICANT EVENTS DURING THE FIRST QUARTER

At an extraordinary general meeting on January 1, 2023 it was decided on a new Board of Directors in Ellos Group AB (publ). The new Board members, with the exception of Terese Ahrens, have until today been on the Board of Directors of Ellos Group's two subsidiaries, Ellos Group Holding AB (publ) and Ellos Group Nordic AB (publ). The new Board of Directors replaces Robert Furuholm (former Chairman of the Board), Olof Faxander (former Board member) and Morten Faye Eriksen (former Board member). The changes are due to certain intra-group restructurings to facilitate governance of the group.

The Board of Directors of Ellos Group AB (publ) consists of:

- Arthur Engel (Chairman of the board)
- Robert Furuholm (Board member)
- Patrik Illerstig (Board member)
- Kristina Schauman (Board member)
- Hans Lindau (Employee representative)
- Åsa Tobrant (Employee representative)
- Terese Ahrens (Deputy Board member)
- Karin Berg (Deputy Board member, Employee representative)
- Satu Tervo (Deputy Board member, Employee representative)

EVENTS AFTER CLOSING DATE

There have been no significant events after the balance sheet date that are of such a nature that they need to be mentioned in this report.

NUMBER OF EMPLOYEES

As at 31 March 2023, the group had 603 (612) employees.

RISKS AND UNCERTAINTIES

The Group is exposed to several risks, for example in areas such as currency, interest rate and financing as well as competition, the economy and IT security, and these risks can affect operations and earnings. The risks that have been identified are described in the Group's annual report for 2022 on pages 6, 12 and 42-44.

It should be noted, however, that the worldwide situation means that there is great uncertainty linked to consumer purchasing power due to high inflation, rising interest rates and a general concern driven by the geopolitical situation.

PLEDGED ASSETS

The group's assets pledged as collateral for financing from Swedbank AB (publ) and the issued bond are unchanged compared with 31 December 2022 and is described in the Group's annual report for 2022 on page 67.

CONTINGENT LIABILITIES

During 2021 the Group has received a decision following an ongoing tax audit in the subsidiary Ellos Finland OY. The remark refers to whether VAT is to be levied in the company's financial operations and refers to the years 2018 and 2019. This decision has been appealed, and the Group believes that there are good opportunities for a positive outcome. Further information can be found in the Group's annual report for 2022 on page 67.

PARENT COMPANY

The Parent Company's operating profit/loss for the first quarter amounted to SEK 0.0 (-0.5) million. The Parent Company's income consists of intra-group services and the main costs was insurance costs, consultant costs and board fees. Net financial income/expense amounted to SEK -56.0 (-33.0) million for the first quarter and primarily comprised interest on issued bonds as well as interest and the exchange rate loss that occurred during recalculation of current liabilities to group companies.



Distrubution of net sales

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022	CHANGE
Revenue from agreements with customers	741.3	780.6	-5.0%
Additional purchase price Resurs Bank	75.1	82.0	-8.4%
Net sales	816.4	862.6	-5.4%

Net sales, components

Amount in MSEK	3 MONTHS JAN - MAR 2023	CHANGE	3 MONTHS JAN - MAR 2022	CHANGE
Organic growth	-25.3	-3.0%	13.1	1.6%
Currency effects	7.0	0.8%	16.6	2.0%
Dispose of operations	-27.9	-3.2%	-0.8	-0.1%
Change in net sales	-46.2	-5.4%	28.9	3.5%

Net sales per country where the customer is located

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022	CHANGE
Sweden	434.5	453.9	-4.3%
Norway	134.4	154.0	-12.8%
Finland	119.7	131.4	-8.9%
Denmark	62.9	64.2	-2.0%
Germany	32.0	30.1	6.5%
Other Europe	30.5	25.8	18.4%
USA	2.4	3.2	-25.1%
Net sales	816.4	862.6	-5.4%

Other income

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022	CHANGE
Rental income	1.4	1.3	11.5%
Exchange gain	4.4	0.0	>100%
Other	0.6	0.2	>100%
Other income	6.4	1.5	>100%

Other costs

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022	CHANGE
Exchange loss	-7.9	-7.5	-4.8%
Other costs	-7.9	-7.5	-4.8%

Consolidated income statement

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Net sales	816.4	862.6
Cost of goods sold	-400.9	-418.0
Gross profit	415.5	444.6
Selling expenses	-321.6	-337.7
Administrative expenses	-109.2	-124.1
Other income	6.4	1.5
Other costs	-7.9	-7.5
Operating profit/loss	-16.8	-23.2
Financial items		
Financial income	3.2	4.8
Financial costs	-62.7	-47.7
Financial items	-59.5	-42.9
Profit/loss before tax	-76.3	-66.1
Income tax	3.8	5.1
Profit/loss for the period	-72.5	-61.0
Attributable to:		
Parent company's shareholders	-72.5	-61.0

Consolidated statement of comprehensive income

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Profit/loss for the period	-72.5	-61.0
Items not to be returned to the income statement:		
Actuarial gains/losses	10.8	0.0
Tax effect	-2.2	0.0
Items not to be returned to the income statement	8.6	0.0
Items that can later be reversed to the income statement:		
Translation differences for the period	10.1	-8.0
Cash-flow hedges change in value	16.9	-3.5
Cash-flow hedges returned to the income statement	-13.8	-17.5
Tax effect	-0.6	4.3
Items that can later be reversed to the income statement	12.6	-24.7
Comprehensive income	-51.3	-85.7
Attributable to parent company's shareholders	-51.3	-85.7

Consolidated statement of financial position

Amount in MSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Non-current assets			
Goodwill	677.0	677.0	677.0
Trademarks	445.3	445.3	445.3
Customer relationships	346.8	441.4	370.4
Development expenditure	90.8	106.5	94.5
Right-of-use assets	495.1	544.1	495.8
Equipment, tools, fixtures and fittings	52.9	57.2	53.9
Investments in leased property	67.1	71.5	68.4
Constuction in progress within property, plant and equipment	4.0	0.7	3.1
Non-current receivables	7.0	6.6	6.7
Deferred tax assets	26.7	33.0	27.6
Total non-current assets	2 212.7	2 383.3	2 242.7
Current asset			
Inventories	676.8	769.9	699.9
Return assets	13.4	14.9	16.3
Accrued income	28.0	31.9	33.3
Trade receivables	52.2	46.7	62.5
Current receivables from group companies	0.0	12.8	0.0
Current tax assets	46.5	82.5	53.0
Derivate instruments	36.7	47.4	35.5
Other current receivables	14.5	45.2	15.3
Prepaid expenses	57.5	21.7	36.4
Cash & cash equivalents	158.8	158.1	157.5
Total current assets	1 084.4	1 231.1	1 109.7
TOTAL ASSETS	3 297.1	3 614.4	3 352.4



Consolidated statement of financial position

Amount in MSEK	2023-03-31	2022-03-31	2022-12-31
EQUITY AND LIABILITIES			
<i>Equity attributable to parent company's shareholders</i>			
Share capital	0.5	0.5	0.5
Additional paid-in capital	683.2	679.9	683.2
Reserves	-28.8	-35.4	-41.4
Retained earnings including the profit/loss for the year	-1 058.7	-790.5	-994.8
Total Equity	-403.8	-145.5	-352.5
<i>Non-current liabilities</i>			
Bond issue	1 483.1	1 470.3	1 479.9
Long-term lease liabilities	429.8	476.4	431.8
Other long-term liabilities	0.0	39.5	0.0
Deferred tax liabilities	165.3	184.7	170.7
Provision for endowment insurance, pensions	8.9	0.0	8.6
Provision for pensions	102.7	176.6	113.3
Total non-current liabilities	2 189.8	2 347.5	2 204.3
<i>Current liabilities</i>			
Interest-bearing liabilities	162.8	93.2	89.5
Current lease liabilities	70.5	68.8	68.7
Trade payables	263.1	305.5	341.3
Current liabilities to Group companies	558.7	0.1	539.7
Current tax liabilities	15.7	26.8	31.2
Other provisions	4.2	456.6	6.1
Derivatives	45.0	54.2	48.0
Other current liabilities	124.4	123.1	125.3
Repayment liability	30.3	32.6	32.2
Accrued expenses	236.4	251.5	218.7
Total Current liabilities	1 511.1	1 412.4	1 500.6
Total liabilities	3 700.9	3 759.9	3 704.9
TOTAL EQUITY AND LIABILITIES	3 297.1	3 614.4	3 352.4

Consolidated statement of changes in equity

Amount in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit of the year	Total Equity
Opening balance as at 1 January 2023	0.5	683.2	-10.4	-31.0	-994.8	-352.5
Comprehensive income						
Profit/loss for the period					-72.5	-72.5
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				16.9		16.9
Transferred to the income statement				-13.8		-13.8
Translation differences			10.1			10.1
Actuarial gains/losses					10.8	10.8
Tax attributable to items in other comprehensive income				-0.6	-2.2	-2.8
Other comprehensive income, after tax	0.0	0.0	10.1	2.5	8.6	21.2
Comprehensive income	0.0	0.0	10.1	2.5	-63.9	-51.3
Transactions with shareholders:						
Dividends					0.0	0.0
Transactions with shareholders	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 31 March 2023	0.5	683.2	-0.3	-28.5	-1058.7	-403.8

Consolidated statement of changes in equity

Amount in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit of the year	Total Equity
Opening balance as at 1 January 2022	0.5	679.9	-10.2	-0.6	-729.4	-59.8
Comprehensive income						
Profit/loss for the period					-61.0	-61.0
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				-3.5		-3.5
Transferred to the income statement				-17.5		-17.5
Translation differences			-8.0			-8.0
Tax attributable to items in other comprehensive income				4.3		4.3
Other comprehensive income, after tax	0.0	0.0	-8.0	-16.7	0.0	-24.7
Comprehensive income	0.0	0.0	-8.0	-16.7	-61.0	-85.7
Transactions with shareholders:						
Dividends					0.0	0.0
Transactions with shareholders	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 31 March 2022	0.5	679.9	-18.2	-17.2	-790.5	-145.5

Consolidated cash flow statement

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Cash flow from operating activities		
Cash-flow from operations before changes in working capital	-13.7	-30.8
Cash-flow from changes in working capital	-36.4	-73.0
Cash-flow from operations	-50.1	-103.8
Investments		
Acquisition of intangible fixed assets	-3.6	-9.0
Acquisition of tangible fixed assets	-2.6	-3.4
Acquisition of financial fixed assets	-0.2	-0.3
Cash-flow from investments	-6.4	-12.7
Financing activities		
Payment of lease liabilities	-15.5	-14.8
Change of revolving credit	73.3	93.1
Cash-flow from financing activities	57.8	78.3
Cash-flow for the period	1.3	-38.2
Cash and cash equivalents at beginning of period	157.5	196.3
Exchange rate difference in liquid assets	0.0	0.0
Cash and cash equivalents at end of period	158.8	158.1



Parent company income statement

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Net sales	1.6	1.3
Gross profit	1.6	1.3
Administrative expenses	-1.6	-1.8
Operating profit	0.0	-0.5
Financial items		
Interest income	2.2	5.9
Interest costs	-58.2	-38.9
Financial items	-56.0	-33.0
Profit/loss after financial costs	-56.0	-33.5
Profit/loss before tax	-56.0	-33.5
Income tax	1.6	-0.6
Profit/loss for the period	-54.4	-34.1

Parent company statement of comprehensive income

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Profit/loss for the period	-54.4	-34.1
Comprehensive income	-54.4	-34.1



Parent company's balance sheet

Amount in MSEK	2023-03-31	2022-03-31	2022-12-31
ASSETS			
Fixed assets			
Shares in subsidiaries	2 370.2	2 369.8	2 369.9
Deferred tax assets	9.0	0.0	7.4
Total Fixed assets	2 379.2	2 369.8	2 377.3
Current assets			
Receivables from group companies	164.3	243.0	166.2
Tax assets	0.3	0.0	0.3
Other current assets	0.0	0.2	0.1
Prepayments and accrued income	0.4	0.2	1.1
Cash and bank	4.4	6.4	6.6
Total Current assets	169.4	249.8	174.3
TOTAL ASSETS	2 548.6	2 619.6	2 551.6
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	0.5	0.5	0.5
Non-restricted equity			
Non-restricted equity	415.9	641.1	469.9
Total Equity	416.4	641.6	470.4
Long-term liabilities			
Bond issue	1 483.1	1 470.3	1 479.9
Long-term liabilities	0.0	31.2	0.0
Total Long-term liabilities	1 483.1	1 501.5	1 479.9
Current liabilities			
Accounts payable	0.6	0.1	0.4
Liabilities to group companies	621.4	0.1	575.1
Tax liabilities	0.0	0.4	0.0
Other provisions	0.0	456.6	0.0
Other current liabilities	0.5	0.0	0.0
Accrued expenses and prepaid income	26.6	19.3	25.8
Total Current liabilities	649.1	476.5	601.3
TOTAL EQUITY AND LIABILITIES	2 548.6	2 619.6	2 551.6

Financial KPI's

	3 MONTHS JAN - MAR 2023	3 MONTHS OCT - DEC 2022	3 MONTHS JUL - SEP 2022	3 MONTHS APR - JUN 2022	3 MONTHS JAN - MAR 2022	3 MONTHS OCT - DEC 2021	3 MONTHS JUL - SEP 2021	3 MONTHS APR - JUN 2021	3 MONTHS JAN - MAR 2021	3 MONTHS OCT - DEC 2020	3 MONTHS JUL - SEP 2020	3 MONTHS APR - JUN 2020	3 MONTHS JAN - MAR 2020
Amount in MSEK													
Net sales	816.4	1 042.2	860.8	858.4	862.6	1 059.3	846.6	852.9	830.3	993.3	778.0	763.1	640.5
Gross profit	415.5	513.5	430.2	442.4	444.6	535.7	426.1	460.1	421.7	517.9	252.5	417.7	314.3
Gross margin. %	50.9	49.3	50.0	51.5	51.5	50.6	50.3	53.9	50.8	52.1	32.5	54.7	49.1
Adjusted gross profit	415.5	513.5	430.2	442.4	444.6	535.7	426.1	460.0	421.7	517.9	411.1	417.7	314.3
Adjusted gross margin. %	50.9	49.3	50.0	51.5	51.5	50.6	50.3	53.9	50.8	52.1	52.8	54.7	49.1
EBITA	6.8	12.0	19.9	22.0	0.4	35.2	30.5	42.9	31.4	-302.0	-74.6	129.6	-0.8
Adjusted EBITA	6.8	26.5	30.3	8.4	15.0	38.9	36.4	54.6	31.4	99.4	85.0	104.8	0.9
Adjusted EBITA-margin. %	0.8	2.5	3.5	1.0	1.7	3.7	4.3	6.4	3.8	10.0	10.9	13.7	0.1
EBITDA	34.5	39.2	47.0	48.9	27.2	60.1	54.6	66.6	54.8	-279.6	-51.3	152.8	21.7
Adjusted EBITDA	34.5	53.6	57.3	35.4	41.8	63.7	60.6	78.3	54.8	121.8	108.3	128.0	23.4
Operating profit/loss	-16.8	-11.6	-3.7	-1.7	-23.2	10.4	6.6	19.0	7.5	-325.9	-98.5	105.7	-24.7
Operating margin. %	-2.1	-1.1	-0.4	-0.2	-2.7	1.0	0.8	2.2	0.9	-32.8	-12.7	13.9	-3.9
Financial items	-59.5	-98.7	-44.4	-56.6	-42.8	-59.7	-22.2	-50.1	-45.1	-35.7	-41.9	-40.5	-36.6
Profit/loss before tax	-76.3	-110.3	-48.1	-58.3	-66.1	-49.3	-15.7	-31.0	-37.5	-361.6	-140.4	65.2	-61.3
Profit/loss for the period	-72.5	-134.4	-47.5	-61.6	-61.0	-57.4	-18.4	-34.0	-38.3	-334.1	-150.7	41.0	-49.9
Cash-flow from operations	-50.1	68.6	-0.4	16.8	-103.9	43.5	7.1	19.7	-86.5	89.4	79.1	13.6	-50.6
Cash-flow for the period	1.3	1.8	-1.0	-1.4	-38.2	16.6	-18.6	-7.4	-115.1	60.0	61.4	-31.6	-41.1
Balance sheet total at the end of the period	3 297.1	3 352.4	3 584.2	3 621.5	3 614.4	3 594.5	3 667.9	3 555.4	3 543.6	3 632.2	3 605.2	3 645.1	3 736.6
Cash and cash equivalents at end of period	158.8	157.5	155.7	156.7	158.1	196.3	179.7	198.3	205.6	320.7	263.4	202.7	240.3
Inventories at the end of the period	676.8	699.9	785.9	792.2	769.9	738.6	743.3	624.0	585.3	528.9	536.2	470.4	525.4
Equity at the end of the period	-403.8	-352.5	-159.3	-124.5	-145.5	-59.8	30.5	27.6	54.8	62.6	437.3	588.8	558.1
Net debt	1 487.1	1 411.8	1 455.6	1 415.7	1 405.4	1 270.9	1 284.3	1 262.6	1 252.0	1 133.8	1 187.9	1 245.6	1 236.1
Number of employees at the end of the period	603	602	592	602	612	604	585	581	556	551	522	521	530



NOTES TO THE FINANCIAL STATEMENTS

Note 1 General information

Ellos Group AB (publ). corporate identity number 559175-1325 is a limited company registered in Sweden with registered office in Stockholm. The Company's address is PO Box 961. 501 10 Borås.

Ellos Group AB is a subsidiary of Cidron e-Com S.à r.l., B164334. 8 rue Lou Hemmer L-1748 Senningerberg, Luxemburg.

Unless otherwise stated, all amounts are shown in SEK millions.

Note 2 Significant accounting policies

General information

The consolidated financial statements for Ellos Group AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and issued by International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC). Furthermore, the group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation. RFR 1 Supplementary Accounting Rules for groups. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Applied accounting principles in the interim report are consistent with the accounting principles that were applied in the preparation of the consolidated and annual report 2022.

New and changed amendments together with new interpretations which come into effect on 1 January 2023 may regarding changes in IAS 1 and IAS 12 affect the information that Ellos Group provides in its financial reports.

Accounting principles for the parent company

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Application of RFR 2 means the Parent Company must, as far as possible, apply all IFRS adopted by the EU within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act. and consider the relationship between accounting and taxation.

Note 3 Significant estimates and judgements

The preparation of an interim report requires management to make assessments and estimates as well as assumptions that affect the application of the accounting principles and reported amounts for assets, liabilities, income and expenses. Actual outcome may deviate from these estimates and judgments.

Important estimates and assessments made by the company management appear from the annual report for 2022 on pages 40-41.

Note 4 Transactions with related parties

Transactions, for the parent company and the group, with related parties are currently of the same nature as described in the annual report for 2022 for Ellos Group AB.

Note 5 Fair value financial instruments

The group's financial instruments measured at fair value as at 31 March 2023 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 36.7 (47.4) million and derivative contracts with negative values amounted to SEK 45.0 (54.2) million. Derivatives transactions are accounted for at gross value.

Financial assets and financial liabilities valued at fair value in the balance sheet (derivatives) are categorized according to the three-level fair value hierarchy in IFRS 13 (Level 1, 2 or 3). Measurement of all currency derivatives is categorized in Level 2. Currency futures are valued based on observable information regarding the currency rates and market interest rates as at the rates and market interest rates as at the balance sheet date for the remaining term.

RECONCILIATION OF KPI'S THAT ARE NOT DEFINED ACCORDING TO IFRS

Some of the financial performance measures in this report which are used by management and analysts to assess the group's performance are not defined in IFRS. Below is a reconciliation of the alternative key indicators with the nearest reconcilable item. Management believes that these financial performance measures facilitate analysis and evaluation of this report and provide valuable information to increase the ability to make comparisons between periods. This information should be regarded as complementing, rather than replacing, financial reporting according to IFRS. FNG Nordic group's definitions of these financial performance measures may differ from other companies' definitions of the same terms.

Gross profit, MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Net sales	816.4	862.6
Cost of goods sold	-400.9	-418.0
Gross profit	415.5	444.6

Gross profit shows the difference between net sales less and cost of goods sold. Gross profit depends among the others on price development, costs development and product mix.

Gross Margin, %	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Gross profit, in MSEK	415.5	444.6
Net sales, in MSEK	816.4	862.6
Gross margin	50.9	51.5

Gross margin shows the difference between net sales less and cost of goods sold in percentage to net sales. Gross margin depends among the others on price development, costs development and product mix.

EBITA, MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Operating profit/loss	-16.8	-23.2
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.6
EBITA	6.8	0.4

EBITA shows the operating profit/loss before amortization of intangible assets caused by acquisition-related activities.

ADJUSTED EBITA, MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Operating profit/loss	-16.8	-23.2
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.6
Non-recurring items		
Strategic costs	0.0	1.1
Increase in PRI pension liabilities	0.0	13.5
Adjusted EBITA	6.8	15.0

Adjusted EBITA shows the operating profit/loss before amortization, of acquisition-related intangible assets adjusted for nonrecurring items. Non-recurring items: refer to the items that are not occur yearly and are separated from usual business.

ADJUSTED EBITA marginal, %	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Net sales, in MSEK	816.4	862.6
Adjusted EBITA, in MSEK	6,8	15,0
Adjusted EBITA- margin	0,8	1,7

Adjusted EBITA-margin shows the relationship between adjusted EBITA and net sales.

ADJUSTED EBITDA, MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Operating profit/loss	-16.8	-23.2
Amortization, depreciation and impairment	51.3	50.4
EBITDA	34.5	27.2
Non-recurring items		
Strategic costs	0.0	1.1
Increase in PRI pension liabilities	0.0	13.5
Adjusted EBITDA	34.5	41.8

Adjusted EBITDA shows the operating profit/loss before amortization, depreciation, and impairment adjusted for non-recurring items. Non-recurring items: refer to the items that are not occur yearly and are separated from usual business.

OPERATING PROFIT/LOSS, MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Profit/loss before tax	-76.3	-66.1
Financial items	-59.5	-42.9
Operating profit/loss	-16.8	-23.2

Operating profit/loss shows the result for the operating activities, and this is an important KPI that Ellos Group follows

OPERATING MARGIN, %	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022
Operating profit/loss, in MSEK	-16.8	-23.2
Net sales, in MSEK	816.4	862.6
Operating margin	-2.1	-2.7

Operating margin shows the operating profitability through the relationship of operating profit/loss to net sales.

NET DEBT, MSEK	2023-03-31	2022-03-31	2022-12-31
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 483.1	1 470.3	1 479.9
Interest-bearing liabilities, short-term	162.8	93.2	89.5
Cash and cash equivalents	-158.8	-158.1	-157.5
Net debt	1 487.1	1 405.4	1 411.8

Net debt/net asset comprises interest-bearing liabilities excluding pension liabilities, lease liabilities and liabilities to group companies.

DEFINITIONS/GLOSSARY

Number of employees: Number of employees, expressed as full-time equivalents, at the end of the year.

Gross margin (%): Gross profit as a percentage of net sales.

Gross profit: Net sales less cost of goods sold. *

EBITDA: Operating profit/loss before depreciation/amortization and impairment.

Financial items: Financial items is the net amount of financial income and financial expense.

Adjusted gross margin (%): Adjusted gross profit as a percentage of net sales.

Adjusted gross profit: Net sales less costs of goods sold and non-recurring items.

Adjusted EBITA: Operating profit/loss before amortization of acquisition-related intangible assets and non-recurring items.

Adjusted EBITA margin: Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA: Operating profit/loss before amortization/depreciation and impairment and nonrecurring items.

Non-recurring items: Items that are not occur yearly and are separated from usual business.

Net sales: Sales of goods and services, expressed in Swedish kronor, after deduction of VAT, discounts and estimated number of returns, plus handling fees. *

Net debt/net asset: Interest-bearing liabilities (excluding pension liabilities, lease liabilities and liabilities to group companies) less cash and cashequivalents and interest-bearing assets at the end of the period.

Organic growth, net sales: Increase or decrease in net sales in comparable currencies compared to the comparison period adjusted for acquired or disposed operations.

Operating profit/loss: Profit/loss before net financial income/expense and tax.

Operating margin: Operating profit/loss as a percentage of net sales.

* Definition according to IFRS



ASSURANCE OM TRUE AND FAIR VIEW

This Interim Report has not been reviewed by the Company's auditors.

The Board of Directors hereby confirms that the Interim Report gives a true and fair view of the activities, financial position and financial performance of the Parent Company and of the group, and that it describes the material risks and uncertainties facing the Parent Company and the companies included in the group.

Borås 11 May 2023

The Board of Directors

FUTURE REPORTINGS AND EVENTS

Annual general meeting
Interim report second quarter 2023

17 May 2023
25 August 2023

The interim report will be published and available at Ellos Groups website, www.ellogroup.com. 11 May 2023.

FOR FURTHER INFORMATION

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This is information that Ellos Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.
The information was submitted for publication, through the agency of the contact person set out above,
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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.

www.ellosgroup.com

