

ELLOS GROUP

Ellos Group AB (publ) group

INTERIM REPORT JANUARY - JUNE 2023

"Strong profit improvement"

THE SECOND QUARTER 2023

- Net sales decreased by 6.6 % to SEK 802.1 (858.4) million. Organically, net sales decreased by 2.2 %.
- The gross margin increased to 53.6 (51.5) %.
- Adjusted EBITA* amounted to SEK 41.3 (8.4) million. The adjusted EBITA margin* stood at 5.1 (1.0) %.
- The operating profit/loss* amounted to SEK 13.8 (-1.7) million. The operating margin* was 1.7 (-0.2) %.
- Cash flow from operating activities amounted to SEK 25.8 (16.8) million.
- Inventories amounted to SEK 699.1 (792.2) million.

SIX MONTHS 2023

- Net sales decreased by 6.0 % to SEK 1 618.5 (1 721.0) million. Organically, net sales decreased by 2.6 %.
- The gross margin increased to 52.3 (51.5) %.
- Adjusted EBITA* amounted to SEK 48.1 (23.4) million. The adjusted EBITA margin* stood at 3.0 (1.4) %.
- The operating profit/loss* amounted to SEK -3.0 (-24.9) million. The operating margin* was -0.2 (-1.5) %.
- Cash flow from operating activities amounted to SEK -24.3 (-87.1) million.
- Inventories amounted to SEK 699.1 (792.2) million.

FINANCIALS KPI'S

AMOUNT IN MSEK	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	CHANGE	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022	CHANGE
Net sales	802.1	858.4	-6,6%	1 618.5	1 721.0	-6,0%
Organic growth, net sales %	-2.2	-2.8		-2.6	-0.6	
Gross margin, %	53.6	51.5		52.3	51.5	
Adjusted EBITA	41.3	8.4	>100%	48.1	23.4	>100%
Adjusted EBITA- margin, %	5.1	1.0		3.0	1.4	
Operating profit/loss	13.8	-1.7	>100%	-3.1	-24.9	87,8%
Operating margin, %	1.7	-0.2		-0.2	-1.5	
Profit/loss for the period	-82	-61.6	-33,1%	-154.5	-122.6	-26,0%
Cash-flow from operations	25.8	16.8	53,6%	-24.3	-87.1	72,1%



*Not defined according to IFRS. See page 17.

COMMENT FROM THE CEO OF ELLOS GROUP AB (PUBL)

STRONG PROFIT IMPROVEMENT

Ellos Group delivered strong profit improvement for the year's second quarter, a period marked by a continued challenging market and an overall challenging situation for household finances.

The profit improvement was driven by margin growth, with a 2.5 percentage point gross margin increase and a 2.1 percentage point selling expenses decrease in relation to sales, as compared with last year. This is a clear indication that our focus on efficiency improvements and cost savings is starting to take effect. Cost efficiency will remain a prioritised area for Ellos Group's management.

This is particularly important as we are seeing a continued decline in demand for the market as a whole, with purchasing power dampened by high inflation, sharply rising interest rates and some movement towards brick-and-mortar shopping in the wake of the pandemic. The Swedish Trade Federation's E-commerce Indicator estimates that e-commerce in Sweden decreased 4 per cent for the January – July period as compared with last year. Our organic net sales decreased 2.2 per cent compared with Q2 2022 and 2.6 per cent compared with first half-year 2022. The E-commerce Indicator estimates a decrease of 20-40 per cent for home furnishings and furniture in the period January - July. In this context, our home offer holds a strong position.

Efforts to adapt inventory and purchasing to the new macroeconomic situation have continued. At the end of the quarter, the inventory was SEK 93 million lower than the previous year, which corresponds to a reduction of 12 per cent. Cash flow from operating activities increased to SEK 26 million during the quarter, despite rising interest rates.

We continue to implement our strategy to increase focus on our offer to our core customers – women in mid-life. Private label sales are a key element of this strategy, representing 65 per cent of Group sales. In times like these, having attractive, sustainable and affordable offers becomes even more important. Ellos launched several successful swimwear and summer dress collections during the quarter, with styles, ranges and sizes that few operators can offer.

We invested in our platform last year to effectively scale private label sales in selected European marketplaces. We now reach eight markets in Europe with our Fashion and Home Furnishing offers, which include Zalando and Westwing. The sales trend in these markets reinforces our conviction that our private labels provide us with a strong, competitive offer.

Our strategy also includes a continued focus on our payment solutions. We have consolidated our payment solutions under the Elpy brand, which has been rolled out incrementally across our e-commerce sites. We have also established Elpy as a new business area in the Group and have recruited a new Business Area Manager, who reports directly to me, to join the Group Management team.

Sustainability remains a key, prioritised area for Ellos Group and our industry. We focused during the quarter on consolidating our supplier base to improve collaboration with selected suppliers on CSR and environmental issues, and on increasing follow-up and transparency across the value chain. We believe this consolidation will also produce economies of scale and improve our negotiating position with suppliers. With increasing ESG reporting requirements, Ellos Group has signed an agreement with Worldfavor for a digital solution that helps identify the company's impact and supply chain transparency. During the quarter, we also published our annual sustainability report, detailing our progress in 2022 and our sustainability priorities for 2023.

In the current situation, we are closely monitoring market developments. Improving our cost efficiency and continuing to invest in our core customers are our focus areas for 2023 and are prerequisites for our continued competitiveness. As a leading e-commerce player with strong home furnishing and fashion brands, we have no doubt about the industry's favourable long-term conditions, and we are confident about the future.

Hans Ohlsson, CEO





SECOND QUARTER 2023

SALES

Net sales for the period amounted to SEK 802.1 (858.4) million which is a decrease of 6.6 % compared to last year. The organic growth, i.e. excluding exchange rate changes and dispose of operations (Stayhard) were -2.2 %.

GROSS PROFIT

Gross profit for the period amounted to SEK 430.3 (442.4) million which is a increase of 12.1 million compared to last year. The quarter's gross margin amounted to 53.6% (51.5%) where the increase is explained by a strengthened product margin.

OPERATING COSTS

Selling expenses amounted to SEK 304.0 (346.7) million which is a decrease of SEK 42.7 million compared to last year. In relation to net sales, selling expenses decreased by 2.5 percentage point mainly due to an improved marketing efficiency. Selling expenses include amortization of acquisition-related intangible assets of SEK 23.6 (23.6) million.

Administrative expenses, which in the quarter amounted to SEK 115.9 (84.6) million increased by SEK 31.3 million mainly due to the pension adjustments made in the previous year.

Other income amounted to SEK 4.5 (3.6) million and other costs to SEK -1.1 (-16.4) million. The improvement compared to previous year is FX related.

ADJUSTED EBITA

Adjusted EBITA amounted to SEK 41.3 (8.4) million which means a increase of SEK 32.9 million compared with the corresponding period last year.

EBITA

EBITA amounted to SEK 37.4 (22.0) million which is an increase of SEK 15.4 million compared with the same period last year.

FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 3.3 (5.6) million and financial expenses amounted to SEK -99.9 (-62.2) million. The increase in financial expenses are explained by increased interest costs for the group's external credits and for the debt the group has to group companies. This debt is converted to SEK, which means that a currency adjustment also affected the financial expenses.

Income tax for the period amounted to SEK 0.8 (-3.3) million.

NET PROFIT

Net profit for the period amounted to SEK -82.0 (-61.6) million.

CASH FLOW

Cash flow from operating activities amounted to SEK 25.8 (16.8) million. The cash flow includes bond loan interest expenses amounting to SEK 36.2 (25.3) million.

Inventories increased during the quarter by SEK 22.2 (22.3) million, which had a negative effect on cash flow.

Accounts payable increased during the quarter by SEK 23.1 (49.1) million and has had a positive effect on cash flow.

Cash flow from investments totalled SEK -8.1 (-9.0) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK -20.2 (-9.2) million and mainly referred to changes in the group's revolving credit and lease liability.

Cash and cash equivalents amounted to SEK 156.3 (156.7) million.

Cash flow for the period totalled SEK -2.5 (-1.4) million.



SIX MONTHS 2023

SALES

Net sales for the period amounted to SEK 1 618.5 (1 721.0) million which is a decrease of 6.0 % compared to last year. The organic growth, i.e. excluding exchange rate changes and dispose of operations (Stayhard) were -2.6 %.

GROSS PROFIT

Gross profit for the period amounted to SEK 845.8 (887.0) million which is a decrease of 41.2 million compared to last year. The gross margin increased by 0.8 percentage points compared with the same period last year and amounted to 52.3 (51.5) %.

OPERATING COSTS

Selling expenses amounted to SEK 625.7 (684.4) million which is a decrease of SEK 58.7 million compared to last year. In relation to net sales, selling expenses decreased by 1.1 percentage point due to decreased marketing costs. Selling expenses include amortization of acquisition-related intangible assets of SEK 47.3 (47.3) million.

Administrative expenses, which amounted to SEK 225.1 (208.7) million increased by SEK 16.4 million mainly due to the adjustment made in 2022 of the pension costs

Other income amounted to SEK 10.9 (5.1) million and other costs to SEK -9.0 (-24.0) million. The improvement compared to previous year is FX related.

ADJUSTED EBITA

Adjusted EBITA amounted to SEK 48.1 (23.4) million which means a increase of SEK 24.7 million compared with the corresponding period last year.

EBITA

EBITA amounted to SEK 44.2 (22.3) million which is an increase of SEK 21.9 million compared with the same period last year.

FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 6.6 (10.4) million and financial expenses amounted to SEK -162.6 (-109.8) million. The increase in financial expenses is explained by increased interest costs for the group's credits and debt to group companies as well as exchange rate loss when recalculating this debt.

Income tax for the period amounted to SEK 4.6 (1.7) million.

NET PROFIT

Net profit for the period amounted to SEK -154.5 (-122.6) million.

CASH FLOW

Cash flow from operating activities amounted to SEK -24.3 (-87.1) million. The cash flow includes bond loan interest expenses amounting to SEK 69.0 (51.2) million.

Inventories decreased during the period by SEK -0.8 (53.6) million, which had a positive effect on cash flow.

Accounts payable decreased during the period by SEK -55.1 (-66.4) million and has had a negative effect on cash flow.

Cash flow from investments totalled SEK -14.5 (-21.7) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK 37.6 (69.2) million and mainly referred to changes in the group's revolving credit and lease liability.

Cash and cash equivalents amounted to SEK 156.3 (156.7) million.

Cash flow for the period totalled SEK -1.2 (-39.6) million.



SIGNIFICANT EVENTS DURING THE SECOND QUARTER

No significant events to report.

EVENTS AFTER CLOSING DATE

No significant events to report.

NUMBER OF EMPLOYEES

As at 30 June 2023, the group had 585 (602) 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.

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 second quarter amounted to SEK 0.1 (0.1) 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 -94.2 (-48.4) million for the second 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		CHANGE	6 MONTHS		CHANGE
	APR - JUN 2023	APR - JUN 2022		JAN - JUN 2023	JAN - JUN 2022	
Revenue from agreements with customers	727.7	778.4	-6,5%	1 469.0	1 559.0	-5,8%
Additional purchase price Resurs Bank	74.4	80.0	-7,0%	149.5	162.0	-7,7%
Net sales	802.1	858.4	-6,6%	1 618.5	1 721.0	-6,0%

Net sales, components

Amount in MSEK	3 MONTHS		CHANGE	3 MONTHS		CHANGE	6 MONTHS		CHANGE
	JAN - MAR 2023			JAN - MAR 2022			JAN - JUN 2023		
Organic growth	-18.0	-2,2%		-22.7	-2,8%		-43.3	-2,6%	-0,6%
Currency effects	6.5	0,8%		11.9	1,4%		13.6	0,8%	1,8%
Dispose of operations	-44.8	-5,2%		11.4	1,3%		-72.7	-4,2%	0,6%
Change in net sales	-56.3	-6,6%		0.6	0,1%		-102.4	-6,0%	1,7%

Net sales per country where the customer is located

Amount in MSEK	3 MONTHS		CHANGE	6 MONTHS		CHANGE
	APR - JUN 2023	APR - JUN 2022		JAN - JUN 2023	JAN - JUN 2022	
Sweden	412.5	465.4	-11,4%	847.0	919.4	-7,9%
Norway	149.9	153.3	-2,2%	284.3	307.2	-7,5%
Finland	121.1	122.8	-1,4%	240.9	254.2	-5,2%
Denmark	61.4	60.6	1,3%	124.3	124.9	-0,5%
Germany	31.9	26.6	19,9%	63.9	56.7	12,7%
Other Europe	22.6	25.9	-12,7%	53.0	51.5	2,9%
USA	2.7	3.8	-28,9%	5.1	7.1	-28,2%
Net sales	802.1	858.4	-6,6%	1 618.5	1 721.0	-6,0%

Other income

Amount in MSEK	3 MONTHS		CHANGE	6 MONTHS		CHANGE
	APR - JUN 2023	APR - JUN 2022		JAN - JUN 2023	JAN - JUN 2022	
Rental income	1.3	1.1	18,2%	2.7	2,4	12,5%
Exchange gain	1.9	0.7	>100%	6.3	0,7	>100%
Other	1.3	1.8	-27,8%	1.9	2,0	-5,0%
Other income	4.5	3.6	25,0%	10.9	5,1	>100%

Other costs

Amount in MSEK	3 MONTHS		CHANGE	6 MONTHS		CHANGE
	APR - JUN 2023	APR - JUN 2022		JAN - JUN 2023	JAN - JUN 2022	
Exchange loss	-1.1	-16.4	93,3%	-9.0	-23.9	>100%
Other costs	-1.1	-16.4	93,3%	99.0	-23.9	>100%

Consolidated income statement

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
Net sales	802.1	858.4	1 618.5	1 721.0
Cost of goods sold	-371.8	-416.0	-772.7	-834.0
Gross profit	430.3	442.4	845.8	887.0
Selling expenses	-304.0	-346.7	-625.7	-684.4
Administrative expenses	-115.9	-84.6	-225.1	-208.7
Other income	4.5	3.6	10.9	5.1
Other costs	-1.1	-16.4	-9.0	-24
Operating profit/loss	13.8	-1.7	-3.1	-25.1
Financial items				
Financial income	3.3	5.6	6.6	10.4
Financial costs	-99.9	-62.2	-162.6	-109.8
Financial items	-96.6	-56.6	-156.0	-99.4
Profit/loss before tax	-82.8	-58.3	-159.1	-124.3
Income tax	0.8	-3.3	4.6	1.7
Profit/loss for the period	-82.0	-61.6	-154.5	-122.6
Attributable to:				
Parent company's shareholders	-82.0	-61.6	-154.5	-122.6

Consolidated statement of comprehensive income

Amount in MSEK	3 MONTHS JAN - MAR 2023	3 MONTHS JAN - MAR 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
Profit/loss for the period	-82.0	-61.6	-154.5	-122.6
Items not to be returned to the income statement:				
Actuarial gains/losses	0.3	29.0	11.1	29.0
Tax effect	-0.1	-6.0	-2.3	-6.0
Items not to be returned to the income statement	0.2	23.0	8.8	23.0
Items that can later be reversed to the income statement:				
Translation differences for the period	1.8	9.4	11.9	1.5
Cash-flow hedges change in value	-6.6	106.4	10.3	102.9
Cash-flow hedges returned to the income statement	-1.4	-43.3	-15.1	-60.8
Tax effect	1.6	-13.0	1.0	-8.7
Items that can later be reversed to the income statement	-4.6	59.6	8.1	34.9
Comprehensive income	-86.4	21.0	-137.6	-64.7
Attributable to parent company's shareholders	-86.4	21.0	-137.6	-64.7

Consolidated statement of financial position

Amount in MSEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Non-current assets			
Goodwill	677.0	677.0	677.0
Trademarks	445.3	445.3	445.3
Customer relationships	323.1	417.7	370.4
Development expenditure	90.5	105.4	94.5
Right-of-use assets	478.5	527.9	495.8
Equipment, tools, fixtures and fittings	51.1	56.2	53.9
Investments in leased property	65.9	70.3	68.4
Constuction in progress within property, plant and equipment	4.2	2.0	3.1
Non-current receivables	7.2	6.9	6.7
Deferred tax assets	31.9	24.0	27.6
Total non-current assets	2 174.7	2 332.7	2 242.7
Current asset			
Inventories	699.1	792.2	699.9
Return assets	11.5	13.6	16.3
Accrued income	27.7	31.3	33.3
Trade receivables	53.5	43.4	62.5
Current tax assets	61.1	91.7	53.0
Derivate instruments	31.7	110.2	35.5
Other current receivables	9.5	8.1	15.3
Prepaid expenses	61.6	41.6	36.4
Cash & cash equivalents	156.3	156.7	157.5
Total current assets	1 112.0	1 288.8	1 109.7
TOTAL ASSETS	3 286.7	3 621.5	3 352.4



Consolidated statement of financial position

Amount in MSEK	2023-06-30	2022-06-30	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	-33.4	24.1	-41.4
Retained earnings including the profit/loss for the year	-1 140.4	-829.0	-994.8
Total Equity	-490.1	-124.5	-352.5
<i>Non-current liabilities</i>			
Bond issue	1 486.2	1 473.5	1 479.9
Long-term lease liabilities	414.6	476.4	431.8
Other long-term liabilities	0.0	23.2	0.0
Deferred tax liabilities	160.6	189.7	170.7
Provision for endowment insurance, pensions	9.3	0.0	8.6
Provision for pensions	102.6	133.8	113.3
Total non-current liabilities	2 173.3	2 296.6	2 204.3
<i>Current liabilities</i>			
Interest-bearing liabilities	158.3	98.9	89.5
Current lease liabilities	70.1	53.9	68.7
Trade payables	286.2	354.6	341.3
Current liabilities to Group companies	612.3	0.0	539.7
Current tax liabilities	26.0	36.5	31.2
Other provisions	4.8	466.6	6.1
Derivatives	49.4	47.2	48.0
Other current liabilities	113.7	107.9	125.3
Repayment liability	25.9	28.6	32.2
Accrued expenses	256.8	255.2	218.7
Total Current liabilities	1 603.5	1 449.4	1 500.6
Total liabilities	3 776.8	3 746.0	3 704.9
TOTAL EQUITY AND LIABILITIES	3 286.7	3 621.5	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					-154.5	-154.5
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				10.3		10.3
Transferred to the income statement				-15.2		-15.1
Translation differences			11.9			11.9
Actuarial gains/losses					11.1	11.1
Tax attributable to items in other comprehensive income				1.0	-2.3	-1.3
Other comprehensive income, after tax			11.9	-3.8	8.8	16.9
Comprehensive income			11.9	-3.8	-145.7	-137.6
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 30 June 2023	0.5	683.2	1.5	-34.8	-1 140.5	-490.1

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					-122.6	-122.6
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				102.9		102.9
Transferred to the income statement				-60.8		-60.8
Translation differences			1.5			1.5
Actuarial gains/losses					29.0	29.0
Tax attributable to items in other comprehensive income				-8.7	-6.0	-14.6
Other comprehensive income, after tax	0.0	0.0	1.5	33.4	23.0	57.9
Comprehensive income	0.0	0.0	1.5	33.4	-99.6	-64.7
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 30 June 2022	0.5	679.9	-8.7	32.8	-829.0	-124.5

Consolidated cash flow statement

Amount in MSEK	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
<i>Cash flow from operating activities</i>				
Cash-flow from operations before changes in working capital	8.4	-6.1	-5.3	-36.9
Cash-flow from changes in working capital	17.4	22.9	-19.0	-50.2
Cash-flow from operations	25.8	16.8	-24.3	-87.1
<i>Investments</i>				
Acquisition of intangible fixed assets	-6.9	-5.6	-10.5	-14.6
Acquisition of tangible fixed assets	-1.0	-3.1	-3.6	-6.5
Acquisition of financial fixed assets	-0.2	-0.3	-0.4	-0.6
Cash-flow from investments	-8.1	-9.0	-14.5	-21.7
<i>Financing activities</i>				
Payment of lease liabilities	-15.6	-14.9	-31.1	-29.7
Change of revolving credit	-4.6	5.7	68.7	98.9
Cash-flow from financing activities	-20.2	-9.2	37.6	69.2
Cash-flow for the period	-2.5	-1.4	-1.2	-39.6
Cash and cash equivalents at beginning of period	158.8	158.1	157.5	196.3
Exchange rate difference in liquid assets	0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period	156.3	156.7	156.3	156.7



Parent company income statement

Amount in MSEK	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
Net sales	1.4	0.6	3.0	1.9
Gross profit	1.4	0.6	3.0	1.9
Administrative expenses	-1.3	-0.5	-2.9	-2.3
Operating profit	0.1	0.1	0.1	-0.4
Financial items				
Interest income	2.5	5.8	4.6	11.8
Interest costs	-96.7	-54.2	-154.8	-93.0
Financial items	-94.2	-48.4	-150.2	-81.2
Profit/loss after financial costs	-94.1	-48.3	-150.1	-81.6
Profit/loss before tax	-94.1	-48.3	-150.1	-81.6
Income tax	5.4	-3.4	7.0	-4.1
Profit/loss for the period	-88.7	-51.7	-143.1	-85.7

Parent company statement of comprehensive income

Amount in MSEK	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
Profit/loss for the period	-88.7	-51.7	-143.1	-85.7
Comprehensive income	-88.7	-51.7	-143.1	-85.7



Parent company's balance sheet

Amount in MSEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Fixed assets			
Shares in subsidiaries	2 370.6	2 369.8	2 369.9
Deferred tax assets	14.4	0.0	7.4
Total Fixed assets	2 385.0	2 369.8	2 377.3
Current assets			
Receivables from group companies	165.7	209.5	166.2
Tax assets	0.4	0.0	0.3
Other current assets	0.1	0.0	0.1
Prepayments and accrued income	2.2	0.1	1.1
Cash and bank	4.8	3.0	6.6
Total Current assets	173.2	212.6	174.3
TOTAL ASSETS	2 558.2	2 582.4	2 551.6
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	0.5	0.5	0.5
Non-restricted equity			
Non-restricted equity	327.5	589.4	469.9
Total Equity	328.0	589.9	470.4
Long-term liabilities			
Bond issue	1 486.2	1 473.0	1 479.9
Long-term liabilities	0.0	14.6	0.0
Total Long-term liabilities	1 486.2	1 487.6	1 479.9
Current liabilities			
Accounts payable	1.6	0.0	0.4
Liabilities to group companies	713.5	0.0	575.1
Tax liabilities	0.0	3.8	0.0
Other provisions	0.0	466.6	0.0
Other current liabilities	0.1	0.0	0.0
Accrued expenses and prepaid income	28.8	34.5	25.8
Total Current liabilities	744.0	504.9	601.3
TOTAL EQUITY AND LIABILITIES	2 558.2	2 582.4	2 551.6

Financial KPI's

	3 MONTHS APR - JUN 2023	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	802.1	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	430.3	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. %	53.6	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	430.3	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. %	53.6	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	37.4	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	41.3	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. %	5.1	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	65.1	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	69.0	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	13.8	-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. %	1.7	-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	-96.6	-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	-82.8	-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	-82.0	-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	25.8	-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	-2.5	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	3 286.7	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	156.3	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	699.1	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	-490.1	-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	1 488.2	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	585	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 30 June 2023 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 31.7 (110.2) million and derivative contracts with negative values amounted to SEK 49.4 (47.2) 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.

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
Gross profit, MSEK				
Net sales	802.1	858.4	1 618.5	1 721.0
Cost of goods sold	-371.8	-416.0	-772.7	-834.0
Gross profit	430.3	442.4	845.8	887.0

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.

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
Gross Margin, %				
Gross profit, in MSEK	430.3	442.4	845.8	887.0
Net sales, in MSEK	802.1	858.4	1 618.5	1 721.0
Gross margin	53.6	51.5	52.3	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.

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
EBITA, MSEK				
Operating profit/loss	13.8	-1.7	-3.1	-24.9
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.6	47.3	47.3
EBITA	37.4	22.0	44.2	22.3

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

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
ADJUSTED EBITA, MSEK				
Operating profit/loss	13.8	-1.7	-3.1	-24.9
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.6	47.3	47.3
Non-recurring items				
Restructuring costs	3.9	0.0	3.9	0.0
Strategic costs	0.0	0.0	0.0	1.1
Increase in PRI pension liabilities	0.0	-13.5	0.0	0.0
Adjusted EBITA	41.3	8.4	48.1	23.4

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.

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
ADJUSTED EBITA marginal, %				
Net sales, in MSEK	802.1	858.4	1 618.5	1 721.0
Adjusted EBITA, in MSEK	41.3	8.4	48.1	23.4
Adjusted EBITA- margin	5.1	1.0	3.0	1.4

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

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
ADJUSTED EBITDA, MSEK				
Operating profit/loss	13.8	-1.7	-3.1	-24.9
Amortization, depreciation and impairment	51.3	50.6	102.6	101.0
EBITDA	65.1	48.9	99.5	76.1
Non-recurring items				
Restructuring costs	3.9	0.0	3.9	0.0
Strategic costs	0.0	0.0	0.0	1.1
Increase in PRI pension liabilities	0.0	-13.5	0.0	0.0
Adjusted EBITDA	69.0	35.4	103.4	77.1

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.

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
OPERATING PROFIT/LOSS, MSEK				
Profit/loss before tax	-82.8	-58.3	-159.1	-124.3
Financial items	-96.6	-56.6	-156.0	-99.4
Operating profit/loss	13.8	-1.7	-3.1	-24.9

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

	3 MONTHS APR - JUN 2023	3 MONTHS APR - JUN 2022	6 MONTHS JAN - JUN 2023	6 MONTHS JAN - JUN 2022
OPERATING MARGIN, %				
Operating profit/loss, in MSEK	13.8	-1.7	-3.1	-24.9
Net sales, in MSEK	802.1	858.4	1 618.5	1 721.0
Operating margin	1.7	-0.2	-0.2	-1.4

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

	2023-06-30	2022-06-30	2022-12-31
NET DEBT, MSEK			
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 486.2	1 473.5	1 479.9
Interest-bearing liabilities, short-term	158.3	98.9	89.5
Cash and cash equivalents	-156.3	-156.7	-157.5
Net debt	1 488.2	1 415.7	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 cash equivalents 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 25 August 2023

Arthur Engel
Chairman of the board

Hans Ohlsson
CEO

Robert Campbell Furuholm
Board member

Patrik Illerstig
Board member

Kristina Schauman
Board member

Hans Lindau
Employee representative

Åsa Tobrant
Employee representative

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FUTURE REPORTINGS AND EVENTS

Interim report third quarter 2023

16 November 2023

The interim report will be published and available at Ellos Groups website, www.ellosgroup.com. 25 August 2023.

FOR FURTHER INFORMATION

CFO: Johan Stigson
Tel. +46 (0)33 16 08 05

This is information that Ellos Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 CEST on August 25, 2023

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

