

Press release, Borås, 26 October 2023

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

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

### THE THIRD QUARTER 2023

- Net sales decreased by 4.2 % to SEK 824.5 (860.8) million. Organically, net sales decreased by 4.2 %.
- The gross margin increased to 52.1 (50.0) %.
- Adjusted EBITA amounted to SEK 67.3 (30.2) million. The adjusted EBITA margin stood at 8.2 (3.5) %.
- The operating profit/loss amounted to SEK 43.7 (-3.7) million. The operating margin was 5.3 (-0.4) %.
- Cash flow from operating activities amounted to SEK 16.9 (-0.4) million.
- Inventories amounted to SEK 722.5 (785.9) million.

### NINE MONTHS 2023

- Net sales decreased by 5.4 % to SEK 2 443.0 (2 581.8) million. Organically, net sales decreased by 3.2 %.
- The gross margin increased to 52.2 (51.0) %.
- Adjusted EBITA amounted to SEK 115.4 (53.7) million. The adjusted EBITA margin stood at 4.7 (2.1) %.
- The operating profit/loss amounted to SEK 40.6 (-28.6) million. The operating margin was 1.7 (-1.1) %.
- Cash flow from operating activities amounted to SEK -7.4 (-87.5) million.
- Inventories amounted to SEK 722.5 (785.9) million.

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

#### FOCUS ON PROFITABILITY YIELDS RESULTS

During the third quarter of the year, we continued to focus on profitability and efficiency, which resulted in a good profit development both in the quarter and during the year.

A company roadshow will be held to update the bond investors on the strategy that has been implemented following the ownership change in 2022 and to give additional insights to the financial performance of the group. The roadshow will commence the week starting the 6 th November 2023. ABG Sundal Collier has been engaged as a Financial Advisor to the group.

We are delivering strong results, driven primarily by a stronger gross margin, lower marketing costs and lower operating costs. The gross margin increased 2.1 percentage points to 52.1 per cent, representing an increase in adjusted EBITA of over 100 per cent for the first nine months of the year. This is a clear sign that our focus on costs and profitability is having a real impact.

As part of our cost focus, we are seeing continued efficiency improvements in both inventory and distribution, while also continuing to develop our business by adding new delivery services and focusing on improving lead times to the customer.

As an example, lead times for delivery of heavy goods have been reduced 1.5 days as compared with last year. During the year we decided to move our returns management in Poland closer to our home market in the Nordics, resulting in a 2–3-day improvement in returns lead time for Sweden and Denmark.

It is also evident that consumer purchasing power remained dampened during the quarter by the interest rate situation, inflation and geopolitical developments. An unusually warm autumn also impacted demand for and sales of seasonal clothing, such as jackets and knitwear. The Swedish Trade Federation's E-commerce Indicator estimates that e-commerce in Sweden decreased 4 per cent for the January – August period as compared with last year. Fashion and footwear continue to grow, while home furnishings and furniture decreased at least 15 per cent, according to the E-commerce Indicator. In view of this, Ellos Group's Fashion and Home offer is strong. During the quarter our organic net sales decreased 4.2 per cent as compared with third quarter 2022.

In times like these, it is particularly important to continuously develop our product offering and provide customers with attractive, affordable fashion and home products. We are improving our range and customer experience, with focus on our core

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customers – women in mid-life. During the third quarter Ellos launched a successful carpet collection with Marie Olsson Nylander. Jotex also had several exciting collaborations, including a collection with architect Andreas Martin-Löf launched during Stockholm Design Week.

We continue to reap the benefits of previous years' investments in systems and processes to effectively scale sales of our private labels in selected markets in Europe. Customers in eight European markets have access to our fashion and home furnishings product range, and the positive sales trend in these markets reinforces our conviction that our private labels provide us with a strong, competitive offer.

In addition, our work with purchasing and good inventory management has created a healthy balance in inventory levels. Inventories are SEK 63.4 million lower as compared with last year. Cash flow from operating activities increased to SEK 16.9 million during the quarter.

We are now entering the crucial fourth quarter and the year's busiest trading period, with Black Week and Christmas season. In light of the uncertainty about the economic situation and how this will affect customers' purchasing behaviour, we can expect a high degree of campaign pressure resulting in discounts and price reductions. Preparations are in full swing operationally for offering our customers a positive and smooth shopping experience, from order to delivery, while working closely with our suppliers to provide a commercially attractive offer.

Ellos Group continues its unflagging efforts to lay a solid foundation for profitable growth. A strong customer focus, cost efficiency and inventory efficiency are high on our agenda in 2023, and we are closely monitoring market developments so that we can quickly adapt. As a leading e-commerce player with strong and valued home furnishing and fashion brands, we are well positioned to create value for our customers.

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 26 October 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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