

# ELLOS GROUP

Ellos Group AB (publ) group

## INTERIM REPORT JANUARY - SEPTEMBER 2023

”Focus on profitability yields results”

### 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.

### FINANCIALS KPI'S

AMOUNT IN MSEK	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	CHANGE	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022	CHANGE
Net sales	824.5	860.8	-4.2%	2 443.0	2 581.8	-5.4%
Organic growth, net sales %	-4.2	1.0		-3.2	0.0	
Gross margin, %	52.1	50.0		52.2	51.0	
Adjusted EBITA	67.3	30.2	>100%	115.4	53.7	>100%
Adjusted EBITA- margin, %	8.2	3.5		4.7	2.1	
Operating profit/loss	43.7	-3.7	>100%	40.6	-28.6	>100%
Operating margin, %	5.3	-0.4		1.7	-1.1	
Profit/loss for the period	-19.3	-47.5	59.4%	-173.8	-170.1	-2.2%
Cash-flow from operations	16.9	-0.4	>100%	-7.4	-87.65	91.5%



\*Not defined according to IFRS. See page 17.

# 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 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







## THIRD QUARTER 2023

### SALES

Net sales for the period amounted to SEK 824.5 (860.8) million which is a decrease of 4.2 % compared to last year. The organic growth, i.e. excluding exchange rate changes and dispose of operations (Stayhard) were -4.2 %.

### GROSS PROFIT

Gross profit for the period amounted to SEK 429.7 (430.2) million which is a decrease of 0.5 million compared to last year. The quarter's gross margin increased to 52.1% (50.0%) where a strengthened product margin was the primary reason.

### OPERATING COSTS

Selling expenses amounted to SEK 292.4 (329.5) million which is a decrease of SEK 37.1 million compared to last year. In relation to net sales, selling expenses decreased by 2.8 percentage point mainly due to an improved marketing efficiency and lower distribution costs. 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 100.3 (94.6) million increased by SEK 5.7 million.

Other income amounted to SEK 15.4 (2.1) million and other costs to SEK -8.7 (-11.9) million. The previous year included non-recurring costs that amounted to SEK 9.3 million. The rest of the improvement is explained by marketing revenues, electricity support and the compensation received from the Consumer Ombudsman for legal costs in the Patent and Marketing Court.

### ADJUSTED EBITA

Adjusted EBITA amounted to SEK 67.3 (30.2) million which means a increase of SEK 37.1 million compared with the corresponding period last year.

### EBITA

EBITA amounted to SEK 67.3 (19.9) million which is an increase of SEK 47.4 million compared with the same period last year.

### FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 2.0 (2.7) million and financial expenses amounted to SEK -49.3 (-47.1) 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 -15.7 (0.6) million.

### NET PROFIT

Net profit for the period amounted to SEK -19.3 (-47.5) million.

### CASH FLOW

Cash flow from operating activities amounted to SEK 16.9 (-0.4) million. The cash flow includes bond loan interest expenses amounting to SEK 39.0 (26.1) million.

Inventories increased during the quarter by SEK 23.5 (-6.4) million, which had a negative effect on cash flow.

Accounts payable decreased during the quarter by SEK -9.3 (-33.2) million and has had a negative effect on cash flow.

Cash flow from investments totalled SEK -4.7 (-6.7) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK -3.9 (6.1) million and mainly referred to amortization of lease liabilities.

Cash and cash equivalents amounted to SEK 164.6 (155.7) million.

Cash flow for the period totalled SEK 8.3 (-1.0) million.



## NINE MONTHS 2023

### SALES

Net sales for the period amounted to SEK 2 443.0 (2 581.8) 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 -3.2 %.

### GROSS PROFIT

Gross profit for the period amounted to SEK 1 275.5 (1 317.2) million which is a decrease of 41.7 million compared to last year. The gross margin increased by 1.2 percentage points compared with the same period last year and amounted to 52.2 (51.0) % mainly due to increased product margin.

### OPERATING COSTS

Selling expenses amounted to SEK 918.0 (1 013.8) million which is a decrease of SEK 95.8 million compared to last year. In relation to net sales, selling expenses decreased by 1.7 percentage point due to decreased marketing costs. Selling expenses include amortization of acquisition-related intangible assets of SEK 70.9 (70.9) million.

Administrative expenses, which amounted to SEK 325.4 (303.3) million increased by SEK 22.1 million partly due to provisions for variable salary components, increased IT costs including depreciation and the pension adjustments made in the previous year.

Other income amounted to SEK 26.2 (7.1) million and other costs to SEK -17.7 (-35.8) million. Apart from the fact that the previous year contained non-recurring costs of SEK 9.3 million, the improvement is primarily FX related.

### ADJUSTED EBITA

Adjusted EBITA amounted to SEK 115.4 (53.7) million which means a increase of SEK 61.7 million compared with the corresponding period last year.

### EBITA

EBITA amounted to SEK 111.5 (42.3) million which is an increase of SEK 69.2 million compared with the same period last year.

### FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 8.6 (13.1) million and financial expenses amounted to SEK -211.9 (-157.0) million. The increase in financial expenses is explained by increased interest costs for the group's credits and debt to group companies.

Income tax for the period amounted to SEK -11.1 (2.4) million.

### NET PROFIT

Net profit for the period amounted to SEK -173.8 (-170.1) million.

### CASH FLOW

Cash flow from operating activities amounted to SEK -7.4 (-87.5) million. The cash flow includes bond loan interest expenses amounting to SEK 108.0 (77.3) million.

Inventories increased during the period by SEK 22.6 (47.2) million, which had a negative effect on cash flow.

Accounts payable decreased during the period by SEK -64.4 (-99.6) million and has had a negative effect on cash flow.

Cash flow from investments totalled SEK -19.2 (-28.4) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK 33.7 (75.3) million and mainly referred to changes in the group's revolving credit.

Cash and cash equivalents amounted to SEK 164.6 (155.7) million.

Cash flow for the period totalled SEK 7.1 (-40.6) million.



### **SIGNIFICANT EVENTS DURING THE THIRD QUARTER**

No significant events to report.

### **EVENTS AFTER CLOSING DATE**

No significant events to report.

### **NUMBER OF EMPLOYEES**

As at 30 September 2023, the group had 568 (592) 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 in August 2023 the group received a positive decision. This decision becomes legally binding on October 30, 2023, unless appealed by the Finnish Tax Agency. 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 third quarter amounted to SEK -0.1 (0.0) 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 -42.9 (-41.8) million for the third quarter and primarily comprised interest on issued bonds as well as interest on current liabilities to group companies.



## Distrubution of net sales

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2023	JUL - SEP 2022		JAN - SEP 2023	JAN - SEP 2022	
Revenue from agreements with customers	753.5	783.9	-3.9%	2 222.6	2 343.0	-5.1%
Additional purchase price Resurs Bank	71.0	76.9	-7.7%	220.4	238.8	-7.7%
Net sales	824.5	860.8	-4.2%	2 443.0	2 581.8	-5.4%

## Net sales, components

Amount in MSEK	3 MONTHS		CHANGE	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2023			JUL - SEP 2022			JAN - SEP 2023		
Organic growth	-35.8	-4.2%		8.5	1.0%		-79.1	-3.2%	
Currency effects	13.9	1.6%		18.0	2.2%		27.4	1.1%	
Dispose of operations	-14.5	-1.7%		-15.7	-1.9%		-87.2	-3.4%	
Change in net sales	-36.3	-4.2%		10.8	1.3%		-138.8	-5.4%	

## Net sales per country where the customer is located

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2023	JUL - SEP 2022		JAN - SEP 2023	JAN - SEP 2022	
Sweden	418.0	438.9	-4.8%	1 265.0	1 358.2	-6.9%
Norway	164.4	158.6	3.7%	448.7	465.8	-3.7%
Finland	131.3	134.0	-2.0%	372.2	388.2	-4.1%
Denmark	57.7	63.4	-9.0%	182.0	188.2	-3.3%
Germany	26.0	29.2	-11.0%	89.9	85.8	4.8%
Other Europe	24.8	34.8	-28.7%	77.8	86.6	-10.2%
USA	2.3	1.9	21.1%	7.4	9.0	-17.8%
Net sales	824.5	860.8	-4.2%	2 443.0	2 581.8	-5.4%

## Other income

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2023	JUL - SEP 2022		JAN - SEP 2023	JAN - SEP 2022	
Rental income	1.3	1.2	8.3%	4,0	3.6	11.1%
Exchange gain	7.6	0.9	>100%	13,9	1.6	>100%
Other	6.5	0.0	>100%	8,3	1.9	>100%
Other income	15.4	2.1	>100%	26,2	7.1	>100%

## Other costs

Amount in MSEK	3 MONTHS		CHANGE	9 MONTHS		CHANGE
	JUL - SEP 2023	JUL - SEP 2022		JAN - SEP 2023	JAN - SEP 2022	
Loss on consignment sales	0.0	-1.4	>100%	0.0	-1.4	>100%
Sale/disposal of fixed assets	0.0	-7.7	>100%	0.0	-7.7	>100%
Exchange loss	-8.7	-2.8	>-100%	-17.7	-26.7	33.7%
Other costs	-8.7	-11.9	26.9%	-17.7	-35.8	50.6%

## Consolidated income statement

Amount in MSEK	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
Net sales	824.5	860.8	2 443.0	2 581.8
Cost of goods sold	-394.8	-430.6	-1 167.5	-1 264.6
Gross profit	429.7	430.2	1 275.5	1 317.2
Selling expenses	-292.4	-329.5	-918.0	-1 013.8
Administrative expenses	-100.3	-94.6	-325.4	-303.3
Other income	15.4	2.1	26.2	7.1
Other costs	-8.7	-11.9	-17.7	-35.8
Operating profit/loss	43.7	-3.7	40.6	-28.6
<b>Financial items</b>				
Financial income	2.0	2.7	8.6	13.1
Financial costs	-49.3	-47.1	-211.9	-157
Financial items	-47.3	-44.4	-203.3	-143.9
Profit/loss before tax	-3.6	-48.1	-162.7	-172.5
Income tax	-15.7	0.6	-11.1	2.4
Profit/loss for the period	-19.3	-47.5	-173.8	-170.1
<b>Attributable to:</b>				
Parent company's shareholders	-19.3	-47.5	-173.8	-170.1

## Consolidated statement of comprehensive income

Amount in MSEK	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
Profit/loss for the period	-19.3	-47.5	-173.8	-170.1
<b>Items not to be returned to the income statement:</b>				
Actuarial gains/losses	2.9	0.0	14.0	29.0
Tax effect	-0.6	0.0	-2.9	-6.0
Items not to be returned to the income statement	2.3	0.0	11.1	23.0
<b>Items that can later be reversed to the income statement:</b>				
Translation differences for the period	-3.5	1.4	8.4	2.9
Cash-flow hedges change in value	15.0	106.3	25.3	209.1
Cash-flow hedges returned to the income statement	4.9	-92.0	-10.2	-152.8
Tax effect	-4.1	-2.9	-3.1	-11.6
Items that can later be reversed to the income statement	12.3	12.8	20.4	47.6
Comprehensive income	-4.7	-34.7	-142.3	-99.5
Attributable to parent company's shareholders	-4.7	-34.7	-142.3	-99.5



## Consolidated statement of financial position

Amount in MSEK	2023-09-30	2022-09-30	2022-12-31
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Goodwill	677.0	677.0	677.0
Trademarks	445.3	445.3	445.3
Customer relationships	299.5	394.1	370.4
Development expenditure	87.5	95.5	94.5
Right-of-use assets	462.0	512.4	495.8
Equipment, tools, fixtures and fittings	52.7	54.0	53.9
Investments in leased property	64.7	69.9	68.4
Constuction in progress within property, plant and equipment	0.0	2.3	3.1
Non-current receivables	7.5	7.2	6.7
Deferred tax assets	24.7	24.9	27.6
<b>Total non-current assets</b>	<b>2 120.9</b>	<b>2 282.6</b>	<b>2 242.7</b>
<b><i>Current asset</i></b>			
Inventories	722.5	785.9	699.9
Return assets	13.4	13.2	16.3
Accrued income	31.8	30.5	33.3
Trade receivables	56.4	47.7	62.5
Current tax assets	70.9	100.4	53.0
Derivate instruments	28.6	120.6	35.5
Other current receivables	21.5	19.1	15.3
Prepaid expenses	43.9	28.5	36.4
Cash & cash equivalents	164.6	155.7	157.5
<b>Total current assets</b>	<b>1 153.6</b>	<b>1 301.6</b>	<b>1 109.7</b>
<b>TOTAL ASSETS</b>	<b>3 274.5</b>	<b>3 584.2</b>	<b>3 352.4</b>



## Consolidated statement of financial position

Amount in MSEK	2023-09-30	2022-09-30	2022-12-31
<b>EQUITY AND LIABILITIES</b>			
<b><i>Equity attributable to parent company's shareholders</i></b>			
Share capital	0.5	0.5	0.5
Additional paid-in capital	683.2	679.9	683.2
Reserves	-21.0	36.9	-41.4
Retained earnings including the profit/loss for the year	-1 157.5	-876.5	-994.8
<b>Total Equity</b>	<b>-494.8</b>	<b>-159.3</b>	<b>-352.5</b>
<b><i>Non-current liabilities</i></b>			
Bond issue	0.0	1 476.7	1 479.9
Long-term lease liabilities	399.3	446.5	431.8
Other long-term liabilities	0.0	9.0	0.0
Deferred tax liabilities	155.9	188.7	170.7
Provision for endowment insurance, pensions	9.6	0.0	8.6
Provision for pensions	99.8	133.7	113.3
<b>Total non-current liabilities</b>	<b>664.6</b>	<b>2 254.6</b>	<b>2 204.3</b>
<b><i>Current liabilities</i></b>			
Bond issue	1 489.4	0.0	0.0
Interest-bearing liabilities	170.0	134.6	89.5
Current lease liabilities	69.7	69.4	68.7
Trade payables	276.9	321.4	341.3
Current liabilities to Group companies	613.1	0.0	539.7
Current tax liabilities	45.1	42.1	31.2
Other provisions	2.4	477.6	6.1
Derivatives	31.8	40.2	48.0
Other current liabilities	145.2	126.3	125.3
Repayment liability	29.6	29.2	32.2
Accrued expenses	231.5	248.1	218.7
<b>Total Current liabilities</b>	<b>3 104.7</b>	<b>1 488.9</b>	<b>1 500.6</b>
<b>Total liabilities</b>	<b>3 769.3</b>	<b>3 743.5</b>	<b>3 704.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 274.5</b>	<b>3 584.2</b>	<b>3 352.4</b>

## 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
<b>Comprehensive income</b>						
Profit/loss for the period					-173.8	-173.8
<b>Other comprehensive income:</b>						
Cash flow hedges						
Change in fair value for the year				25.3		25.3
Transferred to the income statement				-10.2		-10.2
Translation differences			8.4			8.4
Actuarial gains/losses					14.0	14.0
Tax attributable to items in other comprehensive income				-3.1	-2.9	-6.0
Other comprehensive income, after tax			8.4	12.0	11.1	31.5
Comprehensive income			8.4	12.0	-162.7	-142.3
<b>Transactions with shareholders:</b>						
Dividends					0.0	0.0
Transactions with shareholders	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 30 September 2023	0.5	683.2	-2.0	-19.0	-1 157.5	-494.8

## 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
<b>Comprehensive income</b>						
Profit/loss for the period					-170.1	-170.1
<b>Other comprehensive income:</b>						
Cash flow hedges						
Change in fair value for the year				209.1		209.1
Transferred to the income statement				-152.8		-152.8
Translation differences			2.9			2.9
Actuarial gains/losses					29.0	29.0
Tax attributable to items in other comprehensive income				-11.6	-6.0	-17.6
Other comprehensive income, after tax	0.0	0.0	2.9	44.7	23.0	70.7
Comprehensive income	0.0	0.0	2.9	44.7	-147.1	-99.5
<b>Transactions with shareholders:</b>						
Dividends					0.0	0.0
Transactions with shareholders	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 30 September 2022	0.5	679.9	-7.3	44.2	-876.5	-159.3

## Consolidated cash flow statement

Amount in MSEK	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>Cash flow from operating activities</b>				
Cash-flow from operations before changes in working capital	36.3	5.3	31.0	-31.6
Cash-flow from changes in working capital	-19.4	-5.7	-38.4	-55.9
<b>Cash-flow from operations</b>	<b>16.9</b>	<b>-0.4</b>	<b>-7.4</b>	<b>-87.5</b>
<b>Investments</b>				
Acquisition of intangible fixed assets	-4.3	-4.8	-14.8	-19.4
Acquisition of tangible fixed assets	-0.2	-1.6	-3.7	-8.1
Acquisition of financial fixed assets	-0.2	-0.3	-0.7	-0.9
<b>Cash-flow from investments</b>	<b>-4.7</b>	<b>-6.7</b>	<b>-19.2</b>	<b>-28.4</b>
<b>Financing activities</b>				
Payment of warrants	0.0	-14.6	0.0	-14.6
Payment of lease liabilities	-15.7	-15.0	-46.8	-44.7
Change of revolving credit	11.8	35.7	80.5	134.6
<b>Cash-flow from financing activities</b>	<b>-3.9</b>	<b>6.1</b>	<b>33.7</b>	<b>75.3</b>
<b>Cash-flow for the period</b>	<b>8.3</b>	<b>-1.0</b>	<b>7.1</b>	<b>-40.6</b>
Cash and cash equivalents at beginning of period	156.3	156.7	157.5	196.3
Exchange rate difference in liquid assets	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents at end of period</b>	<b>164.6</b>	<b>155.7</b>	<b>164.6</b>	<b>155.7</b>





## Parent company income statement

Amount in MSEK	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
Net sales	1.6	1.0	4.6	2.9
Gross profit	1.6	1.0	4.6	2.9
Administrative expenses	-1.7	-1.0	-4.6	-3.3
Operating profit	-0.1	0.0	0.0	-0.4
<b>Financial items</b>				
Interest income	4.8	1.8	9.5	13.5
Interest costs	-47.7	-43.6	-202.5	-136.7
Financial items	-42.9	-41.8	-193.0	-123.1
Profit/loss after financial costs	-43.0	-41.8	-193.0	-123.6
Dividend	300.0	0.0	300.0	0.0
Profit/loss before tax	257.0	-41.8	107.0	-123.6
Income tax	-2.9	0.0	4.0	-4.1
Profit/loss for the period	254.1	-41.8	111.0	-127.6

## Parent company statement of comprehensive income

Amount in MSEK	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
Profit/loss for the period	254.1	-41.8	111.0	-127.6
Comprehensive income	254.1	-41.8	111.0	-127.6



## Parent company's balance sheet

Amount in MSEK	2023-09-30	2022-09-30	2022-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Shares in subsidiaries	2 370.9	2369.8	2 369.9
Deferred tax assets	11.5	0.0	7.4
<b>Total Fixed assets</b>	<b>2 382.4</b>	<b>2369.8</b>	<b>2 377.3</b>
<b>Current assets</b>			
Receivables from group companies	459.7	168.1	166.2
Tax assets	0.5	0.0	0.3
Other current assets	0.0	0.1	0.1
Prepayments and accrued income	1.8	1.7	1.1
Cash and bank	10.5	2.3	6.6
<b>Total Current assets</b>	<b>472.5</b>	<b>172.2</b>	<b>174.3</b>
<b>TOTAL ASSETS</b>	<b>2 854.9</b>	<b>2 542.0</b>	<b>2 551.6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	0.5	0.5	0.5
<b>Non-restricted equity</b>			
Non-restricted equity	581.9	547.5	469.9
<b>Total Equity</b>	<b>582.4</b>	<b>548.0</b>	<b>470.4</b>
<b>Long-term liabilities</b>			
Bond issue	0.0	1476.7	1 479.9
<b>Total Long-term liabilities</b>	<b>0.0</b>	<b>1476.7</b>	<b>1 479.9</b>
<b>Current liabilities</b>			
Bond issue	1 489.4	0.0	0.0
Accounts payable	0.0	0.0	0.4
Liabilities to group companies	751.8	13.0	575.1
Tax liabilities	0.0	3.7	0.0
Other provisions	0.0	476.7	0.0
Other current liabilities	0.8	0.0	0.0
Accrued expenses and prepaid income	30.5	23.7	25.8
<b>Total Current liabilities</b>	<b>2 272.5</b>	<b>517.1</b>	<b>601.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 854.9</b>	<b>2 542.0</b>	<b>2 551.6</b>

## Financial KPI's

Amount in MSEK	3 MONTHS JUL - SEP 2023	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
Net sales	824.5	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	429.7	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. %	52.1	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	429.7	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. %	52.1	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	67.3	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	67.3	41.3	6.8	26.5	30.2	8.4	15.0	38.9	36.4	54.6	31.4	99.4	85.0	104.8	0.9
Adjusted EBITA-margin. %	8.2	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	95.0	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	95.0	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	43.7	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. %	5.3	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	-47.3	-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	-3.6	-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	-19.3	-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	16.9	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	8.3	-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	3 274.5	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	164.6	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	722.5	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	-494.8	-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	1 494.8	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	568	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 September 2023 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 28.6 (120.6) million and derivative contracts with negative values amounted to SEK 31.8 (40.2) 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 JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>Gross profit, MSEK</b>				
Net sales	824.5	860.8	2 443.0	2 581.8
Cost of goods sold	-394.8	-430.6	-1 167.5	-1 264.6
<b>Gross profit</b>	<b>429.7</b>	<b>430.2</b>	<b>1 275.5</b>	<b>1 317.2</b>

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 JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>Gross Margin, %</b>				
Gross profit, in MSEK	429.7	430.2	1 275.5	1 317.2
Net sales, in MSEK	824.5	860.8	2 443.0	2 581.8
<b>Gross margin</b>	<b>52.1</b>	<b>50.0</b>	<b>52.2</b>	<b>51.0</b>

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 JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>EBITA, MSEK</b>				
Operating profit/loss	43.7	-3.7	40.6	-28.6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.6	70.9	70.9
<b>EBITA</b>	<b>67.3</b>	<b>19.9</b>	<b>111.5</b>	<b>42.3</b>

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

	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>ADJUSTED EBITA, MSEK</b>				
Operating profit/loss	43.7	-3.7	40.6	-28.6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.6	70.9	70.9
<b>Non-recurring items</b>				
Restructuring costs	0.0	10.3	3.9	10.3
Strategic costs	0.0	0.0	0.0	1.1
<b>Adjusted EBITA</b>	<b>67.3</b>	<b>30.2</b>	<b>115.4</b>	<b>53.7</b>

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 JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>ADJUSTED EBITA marginal, %</b>				
Net sales, in MSEK	824.5	860.8	2 443.0	2 581.8
Adjusted EBITA, in MSEK	67.3	30.3	115.4	53.7
Adjusted EBITA- margin	8.2	3.5	4.7	2.1

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

	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>ADJUSTED EBITDA, MSEK</b>				
Operating profit/loss	43.7	-3.7	40.6	-28.6
Amortization, depreciation and impairment	51.3	50.7	154.0	151.7
<b>EBITDA</b>	<b>95.0</b>	<b>47.0</b>	<b>194.6</b>	<b>123.1</b>
<b>Non-recurring items</b>				
Restructuring costs	0.0	10.3	3.9	10.3
Strategic costs	0.0	0.0	0.0	1.1
<b>Adjusted EBITDA</b>	<b>95.0</b>	<b>57.3</b>	<b>198.5</b>	<b>134.5</b>

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 JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>OPERATING PROFIT/LOSS, MSEK</b>				
Profit/loss before tax	-3.6	-48.2	-162.7	-172.5
Financial items	-47.3	-44.5	-203.3	-143.9
<b>Operating profit/loss</b>	<b>43.7</b>	<b>-3.7</b>	<b>40.6</b>	<b>-28.6</b>

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

	3 MONTHS JUL - SEP 2023	3 MONTHS JUL - SEP 2022	9 MONTHS JAN - SEP 2023	9 MONTHS JAN - SEP 2022
<b>OPERATING MARGIN, %</b>				
Operating profit/loss, in MSEK	43.7	-3.7	40.6	-28.6
Net sales, in MSEK	824.5	860.8	2 443.0	2 581.8
<b>Operating margin</b>	<b>5.3</b>	<b>-0.4</b>	<b>1.7</b>	<b>-1.1</b>

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

	2023-09-30	2022-09-30	2022-12-31
<b>NET DEBT, MSEK</b>			
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 489.4	1 476.7	1 479.9
Interest-bearing liabilities, short-term	170.0	134.6	89.5
Cash and cash equivalents	-164.6	-155.7	-157.5
<b>Net debt</b>	<b>1 494.8</b>	<b>1 455.6</b>	<b>1 411.9</b>

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 26 October 2023

The Board of Directors

## FUTURE REPORTINGS AND EVENTS

Interim report fourth quarter 2023	23 February 2024
Annual report 2023	18 April 2024
Interim report first quarter 2024	8 May 2024
Annual general meeting	16 May 2024

The interim report will be published and available at Ellos Groups website, [www.ellosgroup.com](http://www.ellosgroup.com). 26 October 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.  
The information was submitted for publication, through the agency of the contact person set out above,  
at 08.30 CEST on October 26, 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](http://www.ellosgroup.com)

