Annual Report

and

Consolidated Financial Statements

2023-01-01 – 2023-12-31

Ellos Group AB (publ)

559175-1325

For Translation Purposes Only

ELLOS GROUP

ellos Jotex home room elpy

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Annual report and consolidated financial statements for Ellos Group AB (publ)

The Board of Directors and CEO of Ellos Group AB (publ), Corporate Identity Number 559175-1325, whose registered office is in Borås in Sweden, hereby present the Annual Report and consolidated financial statements for the reporting year 1 Januari 2023 - 31 December 2023.

DIRECTORS' REPORT

Ellos Group AB is a wholly owned subsidiary of Cidron e-Com S.à.r.l. based in Luxembourg

INFORMATION ON BUSINESS ACTIVITIES

The Group conducts e-commerce business on the three e-commerce sites Ellos, Jotex and Homeroom. The business, which was set up in 1947, is conducted in wholly-owned companies in Sweden, Norway, Finland and Denmark. The Parent Company Ellos Group AB (publ) is a holding company that performed administration and management services for the Group's other companies.

Ellos primarily offers fashion and home interiors through its own brands but also via a number of external brands. Jotex's activities focus on self-designed modern home interiors, while Homeroom is a dropship-based platform selling home interiors through the Group's own brands and a large range of external brands. The Group's activities rest on a common e-commerce platform on which the three e-commerce sites are commercially independent while simultaneously allowing the Group to benefit from economies of scale, for instance through coordinated procurement, logistics, payment solutions and customer service. The Group's head office is based in Borås, which is also where warehousing and logistics facilities that support all markets are located.

The Ellos Group offers customers various payment methods, among other things through the own brand Elpy. Through cooperation with a third party, the Group is able to offer payment solutions such as partial payment, interest free partial payment or invoicing. In addition, customers can pay through card payments and other external payment solutions.

FINANCING

The group's credit facilities, a revolving credit of SEK 350 million, expire on January 20, 2024. A replacement funding for the revolving credit has been obtained in February 2024 in the form of a bond of SEK 250 million that expires on February 9, 2025. The group's bonds of a total of SEK 1,500 million expire on July 24, 2024. It is essential for the group's continued operations, that a new financing is secured for the group. The group works actively to ensure financing when these bonds expire. The financial statements have been prepared according to the going concern principle, but there is a significant factor of uncertainty regarding conditions that may give rise to significant doubts regarding the group's future financing.

PERFORMANCE OF THE BUSINESS AND ITS RESULTS AND FINANCIAL POSITION (GROUP)

	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Net sales	3 436 630	3 624 018	3 605 647	3 186 819
Gross profit/loss	1 418 801	1 434 479	1 503 831	1 207 613
Gross margin (%)	41.3	39.6	41.7	37.9
Operating profit/loss	83 050	-40 574	43 577	-343 368
Operating margin (%)	2.4	-1.1	1.2	-10.8
Adjusted EBITA	189 022	79 825	161 359	290 175
Adjusted EBITA-margin (%)	5.5	2.2	4.5	9.1
Profit/loss for the year	-180 121	-305 045	-148 155	-493 711
Cash flow from operations	155 484	-18 344	-16 251	131 446

See Note 37 for definitions.

Net sales
Net sales for the period amounted to SEK 3 436.6 (3 624.0) million, which is a decrease of 5.2 %. The organic growth, i.e. excluding currency changes and sold operations (Stayhard) were -3.6 %.

Gross profit - adjusted gross profit
Gross profit for the period amounted to SEK 1 418.8 (1 434.5) million which is a decrease of 15.7 million compared to last year. The gross margin which amounted to by 41.3 (39.6) % increased by 1.7 percentege points compared to the same period last year mainly due to an increased product margin.

Operating profit
Selling expenses amounted to SEK 902.2 (1 018.7) million which is a decrease of SEK 116.5 million compared to last year. In relation to net sales, selling expenses decrease by 1.9 percentage points mainly due to decreased marketing costs. Selling expenses include amortization of acquisition-related intangible assets of SEK 94.6 (94.6) million.

Administrative expenses, which amounted to SEK 441.6 (435.5) million increased by SEK 6.1 million partly due to provisions for variable salary components, increased IT costs including depreciation.

Other income and expenses
Other income amounted to SEK 35.4 (11.4) million and others costs to SEK -27.3 (-32.2) million. The improved net of SEK 8.1 (-20.8) million is mainly explained by negative currency effects in the previous year, but is also positively affected by increased marketing revenues and received electricity compensation.

Adjusted EBITA
Adjusted EBITA amounted to SEK 189.0 (79.8), million which means an increase of SEK 109.2 million compared to the corresponding period last year.

EBITA
EBITA amounted to SEK 177.6 (54.0) million, which is an increase of SEK 123.6 million compared to the same period last year.

Financial income/expense
Financial income amounted to SEK 26.6 (17.4) million and financial expenses amounted to SEK -265.9 (-260.3) million. The increase of financial income is mainly explained by increased interest rates as well as currency effects while the increase in financial expenses is explained by increased interest costs for the group's credits and liabilities to group companies and also a positive revaluation effect on the intra-group debt.

Financial income primarly included, interest income from older partial payment or invoicing receivables, previously transferred to debt collection companies. (see note 20). For additional information see note 13.

The financial costs mainly included interest, SEK -155.2 (-114.0) million, linked to the Group's issued bond, interest for current liabilities to group companies SEK -68.9 (-40.7) million and interest for the Group's leasing liabilities SEK -14.0 (-14.2) million. In addition, the previous year included an exchange rate loss for the revaluation of the liabilities to group companies, which is in EUR, at the exchange rate on the balance sheet date of SEK -52.8 milion.

Financial items amounted to SEK -239.2 (-242.9) million.

Tax
The Group's tax for the period amounted to SEK -23.9 (-21.6) million and refers to current and deferred tax. The current tax for the year 2022 has been affected by tax for the tax year 2020 with SEK -20.5 million regarding a re-examination made by The Swedish Tax Agency.

Profit/loss for the year
Loss for the year amounted to SEK -180.1 (-305.0) million.

Cash flow and financial position
Cash flow from operating activities amounted to SEK 155.5 (-18.3) million. A positive impact of SEK 40.7 (-3.9) million came from changes in working capital and cash flow from operating activities had a positive impact of SEK 114.8 (-14.5) million. The cash flow includes bond loan interest expenses amounting to SEK 148.8 (108.9) million.

Cash flow from investing activities amounted to SEK -29.0 (-38.3) million where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK -132.9 (17.9) million and mainly referred to amortization of leasing debt SEK -68.0 (-60.3) million, changes in the group's revolving credit SEK -64.8 (89.5) million and payment of options SEK 0.0 (-14.6) million.

Cash flow for the period amounted to SEK -6.4 (-38.8) million.

The Group´s credits at the balance sheet date consists of a revolving credit amounted to SEK 350 (350) million and the credit space was used with SEK 24.7 (89.5) million as well as for guarantees provided by the bank amounting to SEK 131.1 (146.5) million. The Group's net debt (see definition note 37) amounted to SEK 1,366.2 (1,411.9) million and includes the Group's bond with a nominal value of SEK 1,500 million.

Cash and cash equivalents on the balance sheet date amounted to SEK 151.1 (157.5) million.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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 Furuhjelm (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 Furuhjelm (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)

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

For significant events after the end of the financial year please see note 38.

RISKS AND UNCERTAINTIES IN OPERATIONS

The group is exposed to risks that can affect operations and results. It is constantly going on, in the day-to-day operations, onework to identify, assess and evaluate risks that can will occur. The group works proactively to reduce the risks. Most risk areas can be handled internally routines while others are controlled by external factors.

Main operational risks related to the group or industry which have been identified and which are deemed to have a significant the impact on the group is reported below. The financial risks is dealt with in note 4.

Competition

The market for the sale of durable goods such as clothing and home furnishing products online is highly competitive from both local and international players with origins in both e-commerce and other retail. A major player can establish itself, which can lead to major changes in market conditions. Increased competition can mean that the group's market share decreases and that the group's profit margins fall. The group has a mix of internal and external brands, which is an advantage from a competitive point of view, and the group has a constant focus on strengthened and improved customer satisfaction.

Fashion trends and consumer preferences

The Group's success is based on its ability to identify and adapt to changing fashion trends and customer preferences, and to produce new and attractive products at the right time, especially with regard to sales of clothing. If the Group misjudges consumer trends or is unable to sell existing products, this could lead to surplus inventories of certain products, price reductions (leading to lower margins/reduced profit) and missed sales opportunities for other products. The Group's buyers and designers monitor and analyse the market and market trends on a continuous basis in order to be able to quickly predict customers' future buying patterns and adapt the Group's purchasing accordingly.

Weather and seasonal variations

Sales of clothing, in particular, are affected by changes in the weather. Unusual weather, particularly as the seasons change, for instance when summer turns into autumn, can adversely affect demand and the profitability of the Group's products. The Group has two large product groups, clothing and home interiors, which to some extent differ from each other in terms of dependence on the weather and seasons, which could offer an opportunity to compensate for loss of sales in one area with stronger sales in another area.

Economic situation

Changes in the economy and other macro-economics conditions in the countries the group appears to affect the business and the result by changing the customers' consumption patterns and general willingness to buy. The previous the pandemic and the war going on in Ukraine are two events that had a major impact on customers' behavior and purchasing patterns. The group reviews their business in order to maintain and increase their market shares while improving customer satisfaction.

Import Restrictions and other conditions when purchasing goods

The group uses external suppliers for goods purchases, mainly from Asia, and is thus exposed to changes and any import restrictions in these countries. This can affect the purchase prices and the supply of goods. Because the group has suppliers in many different countries, the risk is mitigated to some extent.

Marketing

The group needs to closely monitor and evaluate efficiency in the various marketing channels used. The group is dependence on external actors in their market activities and that there is a risk that the cost of using different channels will not be met up to the efficiency desired by the group.

Payment solutions that include credit and consumer finance

The Group offers payment solutions that involve offering customers credit when buying Ellos and Jotex products and consumer finance, which is offered in cooperation with Resurs Bank AB. Within the framework of its operations, the Group is indirectly exposed to risks associated with granting of credit. See Note 4 for further information.

Data integrity and control over digital infrastructure

The Group's operations as an e-commerce operator are highly dependent on secure IT and control systems. The e-commerce platform and IT systems used by the Group are continuously updated to match market requirements and to maintain satisfactory security in the company's digital structure. The Group is highly dependent on the security and functional performance of the e-commerce platform, which means that the Group's IT systems are closely monitored to safeguard operation and detect any interference.

Financial risk

The group needs a certain amount of liquidity in order to continue conduct their business according to set goals. The liquidity which is available are partly cash and partly the credits that the group has. There is a risk that the group does not have a sufficient large liquidity reserve to cover future needs. The risk is reduced through clear liquidity planning.

Compliance with regulations

Risk that the group does not follow the various rules that need to applied to the business conducted such as GDPR, different permits, etc. The group is actively working on implementation routines that must ensure compliance with the regulations that manages the business and has employed specialists with relevant competence to ensure implementation and follow-up of internal procedures and at the same time minimize this risk.

Sustainability Report

This Sustainability Report covers the full year 2023 for Ellos Group AB (Ellos Group).

Ellos Group's business model

Ellos Group is a leading e-commerce group in the Nordic region, comprising the e-commerce sites Ellos, Jotex and Homeroom. Ellos is a women's online fashion store, Jotex is an online home interiors expert and Homeroom is a platform that brings together home interiors in the Nordic market. For information on all legal entities included in the Group, see Note 19.

The textile industry, which is the sector Ellos Group operates in, faces major challenges linked to sustainability. The textile industry is a large consumer of natural resources such as water and oil, and the production processes use a lot of chemicals. There is also a risk that these industries contribute to a less sustainable pattern of consumption, characterised by throwaway fast fashion. The social issues are also significant, with complex supply chains and production in countries where there is a risk of poor working conditions and shortcomings in protection of human rights.

Ellos Group takes responsibility in these matters and aims to do so through conscious choices in terms of materials and production processes. The company works systematically and in close cooperation with its suppliers in order to facilitate and uphold good working conditions, human rights and environmental considerations in the supply chain. Ellos Group aims to offer a high degree of fashion with good quality that customers can use for a long time, and encourages customers to reuse or recycle clothes, textiles and furniture that they no longer need.

Design and purchasing

Around 20 percent of the product ranges on Ellos Group's e-commerce sites consist of the company's own brands while 80 percent comprises external brands. Our own brands are developed and designed by Ellos Group's design and purchasing departments and accounted for 63% of sales in 2023.

Sustainability work starts in the design stage. In the design and purchasing process, many decisions are taken that affect the consequences the company's operations have for people and the environment. The choice of materials and production technologies is important. If, for instance, the Group chooses to use GOTS certified cotton Initiative instead of conventionally cultivated cotton, this has an impact on both environmental and social issues in the supply chain through sustainable production processes and better control of working conditions in the value chain.

Ellos Group carries out work to identify the risks of various chemicals and minimise the use of hazardous chemicals which may present a risk to people or the environment. Ellos Group applies its own restrictions, which are more far-reaching than statutory requirements. In cases where legal requirements between countries differ, Ellos Group generally applies the strictest requirements. Ellos Group joined the PFAS movement in 2021, and works to reduce the use of highly fluorinated substances in its own products and external brands in the range.

The company has started to take a more focused approach to its work on climate impact already in the design and purchasing processes by participating in STICA (Swedish Textile Initiative for Climate Action) , and since 2020 reports its full climate footprint in Scope 1, Scope 2 and Scope 3. The group also works actively with recycling and reuse og materials, which also starts with design and purchasing. This takes place through increased purchases of recycled materials as replacements for newly produced materials and design solutions that facilitate recycling.

Production

The Group has no factories of its own and cooperates with suppliers and agents. In 2023, Ellos Group had suppliers primarily in Asia, with the largest volumes produced in China, India and Bangladesh. The group is aware that production may have a large social and environmental impact on the operations of suppliers and sub-suppliers and works actively to exercise due diligence regarding human rights and environmental protection with our suppliers.

Ellos Group requires all suppliers to safeguard good working conditions and uphold human rights for the people working on production of the company's products. In 2023, the group adopted a new policy for human rights that provide comprehensive principles for how we should exercise due diligence in our work. We are working to fully incorporate the principles into our operating standards and management practices.

In addition to the policy, we communicate our ethical expectations business conduct through our Code of Conduct. The Code of Conduct applies to all suppliers and its subcontractors who are involved in the manufacture or supply of products to one of the companies that are part of the Ellos Group. The Code of Conduct is part of our contractual agreements with all our business partners. The code of conduct for suppliers has been updated during the spring 2023 with added reference to human rights due diligence (HRDD).

The Code of Conduct includes standpoints on child labour, forced labour, discrimination, freedom of association, wages and benefits, the environment, health and safety. The Group's primary procurement agent, Global Sustainable Sourcing (GSS), carries out regular audits and inspections. For goods purchased through other suppliers, the company uses Bureau Veritas, which carries out audits and inspections of a majority of suppliers. Ellos Group may also approve suppliers' existing audit protocols.

To further strengthen this work, Ellos Group has started work with Worldfavor. Worldfavor is a platform to follow up our supply chain through self-assessment surveys and data collection. The work with Worldfavor has just begun, but we see this work as an important part of our strengthened work with HRDD.

Important environmental issues such as consumption and cleaning of water and the use and presence of dangerous chemicals are checked through random testing of suppliers. Preventive work is carried out to minimise the proportion of goods that must be destroyed because they do not meet Ellos Group's quality or safety requirements. This is implemented through systematic quality work and a detailed Supplier manual.

Ellos Group aims to build long-term relationships with its suppliers and to work with them to ensure that they comply with the company's social and environmental requirements. Regular audits and plans of action are used to follow up and constantly improve the social and environmental impact of production of the company's products.

Transportation

Transportation of the groups products from suppliers to Ellos Group in Borås primarily involves sea freight (99% of volumes), with road freight used for shorter distances. Use of air freight is rare and stood alone for 0.1% of the company's incoming transport in 2023, measured as a share of the total number of tonne km. The climate impact from the Group's transports has decreased sharply compared to 2022 (-25%). This is due to a reduced number of goods that have been shipped from suppliers to Ellos Group's warehouse, but also to the fact that emissions from customer transport have decreased. Transport to Ellos Group's customers takes place primarily by truck from the warehouse in Viared. All transport is handled by external logistics companies. The most important sustainability issues in terms of transport are climate impact and working conditions for drivers. The goal is for all transport to the customer to take place with fossil-free deliveries by 2030. Ellos Group cooperates with logistics suppliers to optimise product flows and understand how the negative environmental impact of transportation can be minimised. It is also important that the quality of goods is maintained and products do not incur moisture damage or breakage during transportation.

Own operations

Ellos Group's own operations are based in Borås and include the head office, including design and purchasing departments, photography studios, central warehouses and logistics centres for all three e-commerce sites. At year-end, Ellos Group had a total of 558 employees.
Key environmental issues in the company's own operations are energy, emissions and waste management. As employer, Ellos Group has a big responsibility with regard to working conditions, occupational health and safety and employee satisfaction. Gender equality and diversity are important to Ellos Group, to harness differences and thus enable the company to better represent its customer base and be a more attractive employer.

Customers

Ellos Group's e-commerce sites had 2.1 million shopping customers in 2023 and delivered 5.7 million packages to customers in Sweden, Finland, Norway, Denmark, Germany, Netherlands, Austria and Poland.
Ellos Group's customers have a major influence on sustainability issues through the way in which they look after the products, how long they hold on to them, and whether they choose to reuse or recycle the products when they no longer want to keep them. The company is encouraging sustainable behaviour among customers by providing clear washing instructions, guidance on how to care for products to make them last longer and by promoting reuse and recycling.

Return handling

Returns are an important issue for Ellos Group and we work continuously to streamline return handling throughout the value chain. Ellos Group handles returns in Sweden, Estonia and Poland, and the group have since long handled the majority of returns that customers make in Poland. In 2023, the majority of return handling was moved to Estonia.

Returns from Ellos customers in Sweden, Norway, Finland and Denmark are sent to a center in Estonia where they are reviewed, repackaged and sent back to our warehouse in Borås. For our customers in Germany, Holland, Poland and Austria, the returns are sent to Poland. All heavy goods, e.g. furniture and carpets, we handle in Sweden, at Ellos Group's warehouse in Borås and these returns do not go through any partners.

Returns and transport in general are an important sustainability issue for Ellos Group. Among other things, we have chosen not to offer free returns except in exceptional cases and in certain markets. We work actively to minimize our environmental impact together with our distribution partners and our goal is to have completely carbon dioxide-neutral transport to customers by 2030 at the latest.

Ellos Group discards a very small percentage, only about 0.5%, of returned goods in fashion. Within the home, the figure is about 4.0%, as hard home products have a greater risk of being damaged during transport. Our products that are returned are routinely entered as new sales in our e-commerce or to our outlet store. For several years, we also have a collaboration with an established charity organization where we donate defective and broken products that for various reasons could not go on sale with us. The products that are discarded are left for recycling and are only goods that are so broken that they cannot be resold.

Community

Community engagement is important to Ellos Group, which wants to contribute to the community in which it operates by being an active citizen in the community and supporting relevant social issues and initiatives. Gender equality, diversity and integration are important issues. The Group wants to offer the same opportunities to all employees, irrespective of gender or other differences. Ellos Group seeks to achieve gender balance at various levels of the company and an organisation that reflects society and the Group's customers in respect of other differences such as ethnic background.

Entire value chain

Anti-corruption is an issue that is relevant at all stages of the value chain. Ellos Group must ensure good business practice and combat corruption in all meetings with suppliers, customers and other business partners.

MATERIAL SUSTAINABILITY ISSUES

Ellos Group's sustainability work focuses on matters the company has identified as material issues. In 2020, the company implemented a stakeholder dialogue and materiality analysis which involved around 600 people, in order to obtain an up-to-date picture of the kind of issues stakeholders rate as top priority and the kind of expectations stakeholders - customers, employees, society, suppliers and owners - have of Ellos Group.

The sustainability issues and risks that exist in Ellos Group's value chain have been evaluated on the basis of how important they are to stakeholders and the extent of Ellos Group's impact on each of these issues. Through this process we identified five key focus issues: sustainable materials, social assessment of suppliers, chemicals, packaging and logistics solutions for customers. The Group has prioritised working on these issues since they were identified.

Key performance indicators	2023	2022	2021	2020	2019
Materials and certifications					
Organic cotton, proportion of total cotton	22%	12%	24%	18%	-
Share of recycled polyester and polyamide	46%	39%	20%	10%	1%
Share of FSC-certified wooden furniture	43%	15%	13%	2%	-
Suppliers					
Compliance with Ellos Group's Code of Conduct for suppliers					
Proportion of suppliers with approved audit protocols	100%	96%	100%	100%	98%
Environment					
Energy consumption, MWh	11 255	11 688	12 200	11 860	10 977
Proportion of renewable energy	100%	100%	100%	100%	100%
Greenhouse gases, tonnes CO2	90 056	89 216	117 004	120 414	6 986
Scope1	34	25	73	9	163
Scope 2	298	228	220	224	247
Scope 3*	89 724	88 963	116 711	120 172	6 576
Tons of CO2e per kSEK sales	0,0026	0,0025	0,0033	0,0038	-
Recycled waste in offices and warehouses	80%	82%	98%	93%	88%

**Excluding goods purchased before the year 2020. The CO2e emissions for 2020 and 2021 have been adjusted in accordance with a new calculation method used from 2022 onwards for purchased goods.*

Gender equality	2023	2022	2021	2020	2019
The gender ratio in 2023 in Ellos Group was 63% women and 37% men					
All managers women/men	49%/51%	50%/50%	48%/52%	48%/52%	48%/52%
Senior executives women/men	36%/64%	35%/65%	36%/64%	36%/64%	42%/58%

INFORMATION ABOUT SUSTAINABILITY REPORTING

In addition to this Sustainability Report, which forms part of the Directors' Report, since 2015 the company has published a more detailed sustainability report on an annual basis. In 2023, however, such a report will not be published as the company invests time and focus on the coming sustainability reporting in accordance with CSRD.

SUSTAINABILITY AREAS – POLICIES, RISKS AND MANAGEMENT

General policy

Ellos Group's Code of Conduct is an ethical framework that contains a number of policies and associated guidelines. The framework comprises three main areas: anti-corruption and business ethics, labour standards and human rights, and environment. All policies are easily accessible to all employees on the company's intranet. In addition, a summary of Ellos Group's Code of Conduct is provided in a separate document that clearly and simply communicates the groups Code of Conduct to its employees.

Policy outcome: Clarity provided for all employees regarding requirements, expectations and decisions and on the process for reporting irregularities via an external whistleblower system.

Environment

Ellos Group has an impact on the environment at several stages of the supply chain, partly through its own operations, which are centralised in Borås, but especially via purchasing from suppliers, primarily in Asia. For these different areas, the following is in place:

Environmental policy, for the operations in Borås. This aims to minimise the environmental impact of the Group's operations, for example through active work on recycling and energy-saving measures.
Policy outcome: The Environmental policy clarifies what is expected of the groups employees and how staff can contribute to reducing the groups negative environmental impact by making better choices in their day-to-day work.

Ellos Group Supplier manual, for supplier operations. This includes statutory requirements, information on materials that are not accepted in the company's product range, quality and safety requirements, chemical restrictions, requirements regarding product testing and packaging instructions to protect the products during transportation.

Outcome of implementation of Ellos Group's Supplier manual: This regulates many issues between Ellos Group as buyer and its suppliers, it clarifies Ellos Group's requirements and expectations. It has resulted in better communication with suppliers and improved compliance with Ellos Group's environmental and quality requirements. The fact that the group has taken a clear stance in issues relating to material choices, for instance, means that we are able to accommodate customer's questions and requests.

Environmental risks and management of these risks

Own operations:

Environmental risks in our own operations include energy consumption, greenhouse gas emissions and waste management. The company's environmental policy contains guidelines on how to manage these risks.
Management of these risks primarily involves monitoring and annual measurement of energy consumption, CO2 emissions and recycling of waste. The company has a an ambition to reduce both energy consumption and emissions, and through measurement and monitoring the Group is continuously working on finding and implementing improvements. For example, since measurements began, the Group has made the transition to 100% renewable electricity for its own operations, resulting in a reduction in CO2 emissions.

Suppliers:

Production of Ellos Group's products, which is carried out by the company's suppliers, contains many environmental risks. Important risks include consumption of water and oil, use of dangerous chemicals, emissions into air and water, energy, emissions of greenhouse gases and destruction of products that do not meet quality and safety requirements or which have been damaged by moisture during transportation.
Ellos Group manages these risks through several steps in the value chain, primarily by specifying requirements such as chemical controls, environmental requirements and quality requirements in Ellos Group's Supplier manual. Ellos Group also requires its suppliers to maintain an audit protocol to ensure compliance with Ellos Group's Code of Conduct for suppliers where both requirements for working conditions and environmental issues are followed up.

Ellos Group har identified material choices that have a less negative environmental impact, such as cotton through Better Cotton Initiative, (BCI), which involves less consumption and better management of water and chemicals. In 2015, the Group joined the Better Cotton Initiative (BCI) in order to support more sustainable cotton production. Goals have been set to increase the proportion of material which has a smaller environmental impact than conventional materials. In 2030, 100% of Ellos Group's material must be recycled or otherwise more sustainably produced. Through membership of STICA and Teko, Ellos Group aims to contribute to reduced climate impact and management of water and chemicals in the supply chain. The Group is also working to protect animal rights in the process chain and, for example, does not permit hygiene products tested on animals and there is no real fur in the Group's product range.

The Group works proactively to reduce and counteract harmful chemicals in products. Ellos Group adheres to legal requirements and is at the forefront of efforts to phase out chemicals that are classified as hazardous to humans and the environment.

Only a very small proportion of the company's products are not offered for sale. Where this happens, in the first instance textiles and products are offered to non-profit organisations and charities, allowing products to have a useful life. Only for products that are not safe to put on the market based on quality, Ellos Group may as a last resort ensure that products are destroyed, usually via incineration. In order to minimise the risk of products having to be destroyed, we cooperate with suppliers through training, requirement specifications and information. For example, there is a separate chapter in Ellos Group's Supplier manual that shows how suppliers can proactively avoid moisture damage during production and delivery.

PERSONNEL AND SOCIAL CONDITIONS – ELLOS GROUP'S OWN OPERATIONS

Ellos Group has a number of policies that cover the company's responsibility as employer and its own staff, including Employee Handbook, Equality Policy, Diversity Policy, Anti-discrimination and Anti-harassment Policy and Whistleblower Policy.

Policy outcome: The Group's policies for personnel and social conditions ensure employees in Ellos Group are aware of their rights and responsibilities as employees of the Group, what is expected of the Group, what is expected of staff and what they can expect of the company and colleagues, which behaviours are not acceptable and how to report any irregularities.

Risks and management of risks

There are several risks and opportunities linked to personnel and social conditions in the company. Ellos Group aims to create an attractive workplace where employees thrive and develop, and is continuously working to create the appropriate conditions for this. The Group has collective agreements in place and conducts regular employee engagement surveys, and the results of these are followed up at departmental level to try to find opportunities for improvement.

Gender equality and diversity are important to Ellos Group and these issues are associated with the risk that the company does not offer the same opportunities to all staff irrespective of gender or other differences. The company seeks to achieve gender balance at various levels of the company and an organisation that reflects our community and the Group's customers in respect of other differences such as ethnic background. The company is actively working on identifying and supporting female employees with potential to be developed for senior positions. Many people in senior positions have also completed inclusive leadership training. At the end of 2023, the proportion of female staff in the company was 63% (63), in the senior management team 36% (35) and in the Board of Directors 25% (0) for most of the year.

There is a risk of discrimination and harassment as a result of gender, transgender identity or expression, ethnic group, religion or other belief, disability, sexual orientation or age. Ellos Group condemns all forms of discrimination and harassment and does not tolerate such behaviour in the workplace. The company's Anti-discrimination and Anti-harassment policies list several alternative reporting channels and plans of action, should an employee be subjected to such behaviours.

Another important area is employees' working environment, health and risks. Matters associated with this area include occupational accidents and injury and sickness absence. Ellos Group works systematically to safeguard employees' health and safety in the workplace. The company together with the occupational health and safety representative conduct regular workplace inspections which look at the physical and psychosocial working environment. During the year 40 managers completed a work environment training. The group measures and follows up sickness absence and occupational injuries, which enables it to identify areas of risk and opportunities for improvement. We also carry out substantial preventive work, for instance a wide range of wellness activities.

Change work during the year

No significant changes in the organization have taken place during 2023.

Increasingly attractive employer

Ellos Group works actively to be an attractive employer for its employees. During 2023, 4 were carried out employee surveys where the company measures eNPS as well as engaged employee index. On average, the eNPS result was 29 (18) and employee index 86%.

Social responsibility

Ellos Group feels a responsibility for the community in which the company is active, mainly Borås and Västra Götaland, where the Group's own operations are located. The company wants to be among the reasons that make the city Borås an attractive place in which to live and work. As part of this, in 2023 the company sponsored the sports clubs and associations IF Elfsborg, Borås Basket, Borås Hockey (the women's team; with the connection to our business and our customer: ”the woman in mid-life”). Ellos Group was particularly involved in IF Elfsborg's CSR work, through which the Group was able to engage with people who are far from the labour market, as well as their women's football programme, known as Flickakademin. During the year, Ellos Group also sponsored Norrby Idrottsförening to help bridge the gap between ethnic and social groups within the city of Borås. In 2023, Ellos also continued its collaboration with the Cancer Foundation and Rosa Bandet; Together against cancer. Ellos supports them by selling this year's pink ribbons and bracelets, where the revenues go directly to the Cancer Foundation's research and work.

SOCIAL CONDITIONS AND RESPECT FOR HUMAN RIGHTS – ELLOS GROUP'S SUPPLIERS

In order to ensure good social conditions and uphold human rights in suppliers and sub-suppliers, Ellos Group has a Code of Conduct for suppliers that all suppliers must sign and which requires compliance with the ILO and UN conventions and which contains requirements and positions on child labour, forced labour, discrimination, freedom of association, wages and benefits, environment, health and safety.

Policy outcome: The Code of Conduct describes Ellos Group's requirements of suppliers. Suppliers must read and sign the Code before being accepted as suppliers, which means that suppliers who do not accept the requirements cannot become suppliers to Ellos Group. Thanks to the policy and the monitoring tools applied, Ellos Group has improved transparency in the supply chain and therefore increased its control over social conditions and respect for human rights at its suppliers.

Risks and management of risks

Ellos Group purchases a large proportion of its products from suppliers in countries where social conditions and human rights contain risks, for instance risk of poor health and safety, child labour, forced labour, restrictions on freedom of association, long working hours and wages below the minimum wage. For Ellos Group it is a high priority to work to promote good social conditions and respect for human rights for the people who produce the company's products.
Ellos Group requires every new supplier to sign the company's Code of Conduct for suppliers. Supplier compliance with Ellos Group's Code of Conduct for suppliers is monitored through a structured monitoring system. Regular audits are carried out, using an audit protocol comprising more than 200 checkpoints and which includes checking documents, interviews with staff and management, and inspections of production units and facilities for staff. Since we began focusing on this issue, the Group has monitored the proportion of suppliers who have an audit protocol not older then 24 months. In 2023, 100% of all factories could present audit reports. Ellos Group remains a signatory to Accord in Bangladesh, an independent, legally binding agreement between companies and trade unions aimed at safeguarding occupational health and safety in this important market for production. In 2023, the group signed the new work environment agreement with International Accord as well as Pakistan Accord.

COMBATING CORRUPTION

Ellos Group has a policy for business ethics and anti-corruption and also a whistleblower policy.

Policy outcome: The policies define Ellos Group's position on what constitutes good business ethics and provide clear information on what the concept corruption involves. The policies provide clear guidelines on how employees should act in different situations, which helps employees to act correctly and recognise and react to incorrect behaviour in other operators. The whistleblower policy provides an anonymous way to report serious wrongdoing, increasing the probability that such actions can be detected and stopped.

Risks and management of risks

In all organisations there is a risk of corruption – abuse of power for private gain, which may take many different forms. Corruption may occur in Ellos Group's own organisation or among suppliers, customers and other business partners.
Ellos Group manages this risk through a clear policy that has also been communicated to all employees with examples, approaches and instructions on how to manage and report misdemeanours. An external whistleblower system can be used to report and follow up serious violations of the Code of Conduct. During 2023, 3 deviations were reported and handled through the whistleblower system, but none of them are judged as serious.

Ellos Group and the EU's Taxonomy Regulation
Taxonomy Regulation (EU) 2020/852, adopted in June 2020 and constitutes a framework regulation to facilitate sustainable investments through a classification system that determines environmentally sustainable operations based on 6 environmental goals. The taxonomy regulation applies to large companies that covered by the directive on non-financial reporting, which Ellos Group does. Ellos Group must therefore provide information about the share economic activities that are covered by and are compatible with the taxonomy, in its total turnover and its total capital and operating expenses.

Ellos Group's retail operations
Ellos Group has analyzed its operations based on the technical review criteria for the taxonomy. Ellos Group's main economic activities are categorized as retail. Ellos Group has investigated whether these economic activities are covered by the taxonomy regulation's delegated act, and concluded that our business is not included in any of these sectors.

Turnover
Turnover is defined as the amount obtained through sales of goods and services after deduction of discounts, VAT and returns. Ellos Group has not had any turnover covered by the taxonomy, and this is therefore reported to 0.

Capital expenses
Capital expenses includes capitalized expenditure for investments andis calculated as the sum of investments in assets that are reportedaccording to IAS 16 Tangible fixed assets, IAS 38 Intangible assets assets, IFRS 16 Additional rights of use.

The taxonomy regulation also includes capital expenses. During the year, the Group made continued investments in LED lighting which is covered by the taxonomy, but does not assess that the investment is compatible with the taxonomy requirements and the technical review criteria.

During the year, Ellos Group paid rent for the company's premises in Borås. These expenses are covered by the taxonomy within Acquisitions and ownership of buildings.

Operating expenses
Operating expenses include expenses associated with maintaining the value of the assets, as direct costs relating to development, building renovation, short-term leases, maintenance and repair and other costs relating to daily maintenance of access and to ensure continuity and expediency feature.

Ellos Group has not had any operating expenses that are covered by the taxonomy, and these are therefore reported as 0.

Proportion of turnover of products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

	Year			Substantial Contribution Criteria						DNSH (´Does Not Significantly Harm´)									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change migration (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Ecomony (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		TSEK	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0		-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings (leasing and management of own or leased properties)		0																	
Installation, maintenance, repair of energy-efficient equipment - installation and replacement of energy-efficient light sources.		0																	
Installation, maintenance, repair of charging stations for electric vehicles in buildings and parking spaces adjacent to buildings.		0																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0															0%		
Turnover of Taxonomy eligible activities (A.1 + A.2)		0															0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		3 436 630	100%																
Total		3 436 630	100%																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of CapEx of products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

	Year			Substantial Contribution Criteria						DNSH (´Does Not Significantly Harm´)									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change migration (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Ecomony (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		TSEK	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings (leasing and management of own or leased properties)	7.7	15 877	34.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance, repair of energy-efficient equipment - installation and replacement of energy-efficient light sources.	7.3d	2 660	5.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance, repair of charging stations for electric vehicles in buildings and parking spaces adjacent to buildings.	7.4	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		18 537	39.8%	-	-	-	-	-	-								0%		
CapEx of Taxonomy eligible activities (A.1 + A.2)		0	39.8%	-	-	-	-	-	-								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities	7.7	27 993	60.2%																
Total		46 530	100%																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx of products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

	Year			Substantial Contribution Criteria						DNSH (´Does Not Significantly Harm´)									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change migration (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Cate ry trans onal activ (20)
		TSEK	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	-	-	-	-	-	-	-	-	-	-	-	-	0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings (leasing and management of own or leased properties)																			
Installation, maintenance, repair of energy-efficient equipment - installation and replacement of energy-efficient light sources.																			
Installation, maintenance, repair of charging stations for electric vehicles in buildings and parking spaces adjacent to buildings.																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	-	-	-	-	-	-								0%		
OpEx of Taxonomy eligible activities (A.1 + A.2)		0	0%	-	-	-	-	-	-								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		10 568	100%																
Total		10 568	100%																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Corporate Governance Statement

Ellos Group AB (publ) is a public Swedish limited company based in Borås, Sweden, and the company has a corporate bond listed on Nasdaq in Stockholm.

Ellos Group AB is wholly owned by the listed fashion group Cidron e-Com S,à.r.l. which is thereby the sole owner. The company's articles of association contain no restrictions as to how many votes a shareholder may cast at a general meeting, nor any special regulations on the appointment and dismissal of board members and amendments to the articles of association

The Annual General Meeting for 2022 was held May 17, 2023 in Borås. The Annual General Meeting has not authorized the Board of Directors to decide whether the company should issue new shares or acquire its own shares.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT IN THE FINANCIAL REPORTING

The Board's responsibility for internal management and control is regulated in the Swedish legislation (ABL and ÅRL). Ellos Group AB applies and complies with these requirements. The description included here of how the internal control is organized is limited to internal control regarding financial reporting.

Internal control for financial reporting is a central component of corporate governance in Ellos Group AB and aims to provide reasonable assurance regarding the reliability of the external financial reporting in the form of quarterly reports, annual reports and year-end reports and that financial reporting is prepared in accordance with laws and applicable accounting standards. The Board of Directors as a whole has the overall responsibility for internal control and risk management.

Ellos Group AB applies COSO's framework for internal management and control, which is the most internationally recognized framework for describing and evaluating a group's internal control structure. The COSO framework consists of five components: control environment, risk assessment, control activities, information and communication and follow-up.

The Ellos Group Group has a framework for internal governance and control.

Control Environment

The control environment forms the basis for internal control over financial reporting. An important part of the control environment is the evaluation and approach to business ethics such as how the Board of Directors, the CEO and Group management communicates and operates. Other important parts are the Group's organizational structure, leadership, decision paths, delegation of authority and responsibilities as well the expertise that the employees possess.

Important components of Ellos Group AB's control environment are also reflected in the policies and instructions used in the Group.

Examples of such documents are:

- Rules of procedure for the Board of Directors
- Authorization manual
- CEO instruction
- Instructions for financial reporting
- Finance Policy
- Finance Handbook

The internal control documents are updated as needed.

Risk assessment

Risk assessment aims to identify risks of material misstatements in Ellos Group AB's financial reporting and thereby provide guidance on which areas are important to control. The assessment of risks in relation to financial reporting is carried out at least once a year.

The CFO is responsible for coordinating the activities in connection with the risk assessment and presenting the results to the Board.

Control Activities

Control activities are designed to manage the material risks identified in the risk assessment. Ellos Group AB has established an internal control framework in which important control activities and key controls related to financial reporting are compiled. The internal control framework encompasses a number of key business processes such as:

- Sales process
- Purchasing process
- Stock process
- The salary process
- Closing process
- IT process

Information and communication

Both the internal information within Ellos Group AB and the external communication are governed on an overall level by the Group's guidelines for information disclosure. Group management is responsible for informing the employees concerned about their responsibility for maintaining good internal control, in order to ensure effective and accurate disclosure of the financial reporting. This is done, among other things, through regular information meetings in each business area. Adopted policies, guidelines, manuals and instructions are made available to employees via Ellos Group AB's intranet. The Group's finance function is responsible for the external disclosure of financial reporting.

Follow-up

Follow-up of internal control is carried out annually at Ellos Group AB.

The procedure for follow-up is determined based on the assessed risk level and the nature of the risk.

Any noted deviations and established action plans are communicated and any action plans are monitored continuously.

THE PARENT COMPANY

The parent company owns and manages shares in the subsidiaries.

Anticipated future performance

Ellos Group looks positively on the future despite war in Europe and recession. Ellos Group has a range that includes both fashion and home with products in different price ranges, which can be beneficial when the outside world is worried. Ellos Group continues to serve the woman in mid-life with products and services that she demands. We see good opportunities for both sales and profit growth in the coming years.

Proposed appropriation of profits

The following profits (SEK) are at the disposal of the Annual General Meeting

Retained earnings	471 201 692
Profit/loss for the year	143 599 768
	614 801 460

The Board of Directors proposes that profits be appropriated as follows

carried forward	614 801 460
	614 801 460

With regard to the results and financial position of the Parent Company and the Group in other respects, reference is made to the accompanying financial statements. All amounts are shown in thousand Swedish krona unless otherwise stated.


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Consolidated income statement

Amount in SEK thousands	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales	5	3 436 630	3 624 018
Cost of goods sold		-2 017 829	-2 189 539
Gross profit/loss		**1 418 801**	**1 434 479**
Selling expenses		-902 229	-1018 680
Administrative expenses		-441 633	-435 501
Other income	6	35 414	11 347
Other costs	7	-27 303	-32 219
Operating profit/loss	8,9, 10, 11,12	**83 050**	**-40 574**
Financial income/expense			
Financial income	13	26 621	17 398
Financial expense	13	-265 856	-260 270
Total financial income/expense		**-239 235**	**-242 872**
Profit/loss before tax		**-156 185**	**-283 446**
Income tax	14	-23 936	-21 599
Profit/loss for the year		**-180 121**	**-305 045**
Attributable to:			
Parent Company's shareholders		-180 121	-305 045

Consolidated statement of comprehensive income

Amount in SEK thousands	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Profit/loss for the year		-180 121	-305 045
Items not reversed in the income statement:			
Actuarial gains/losses	32	-5 266	49 314
Tax effect	14	1 085	-10 159
Total items not reversed in profit or loss		**-4 181**	**39 155**
Items that will later be reversed in the income statement:			
Translation differences	28	36 146	-227
Cash flow hedges - changes in value	28	-14 484	37 569
Cash flow hedges reversed in profit or loss		15 119	-75 886
Tax effect	14	-131	7 893
Total items to be reversed in profit or loss		**36 650**	**-30 651**
Total comprehensive income		**-147 652**	**-296 541**
Of which attributable to Parent Company's shareholders		-147 652	-296 541

Consolidated statement of financial position

Amount in SEK thousands	Note	2023-12-31	2022-12-31	2022-01-01
ASSETS				
Non-current assets				
Goodwill	15	677 039	677 039	677 039
Trademarks	15	445 293	445 302	445 311
Customer relationships	15	275 843	370 417	464 992
Development expenditure	15	87 310	94 503	104 165
Right-of-use assets	9	528 245	567 066	520 040
Equipment, tools, fixtures and fittings	16	51 314	53 856	57 237
Investments in leased property	17	60 509	68 364	72 698
Construction in progress within property, plant and equipment	18	24	3 088	51
Non-current receivables		7 801	6 768	6 359
Deferred tax assets	31	16 480	28 784	30 911
Total non-current assets		2 149 858	2 315 187	2 378 803
Current assets				
Inventories	21	621 334	699 932	738 641
Returns assets	21	12 363	16 276	12 640
Accrued income	22	30 391	33 295	32 866
Trade receivables	20	65 244	62 542	43 990
Current receivanles from Group companies		0	0	12 838
Current tax assets		50 453	53 019	83 895
Derivative instruments	4	25 654	35 467	44 515
Other current receivables	23	28 851	15 306	47 817
Prepaid expenses	24	34 956	28 937	26 250
Cash and cash equivalents	25	151 111	157 524	196 302
Total current assets		1 020 356	1 102 298	1 239 754
TOTAL ASSETS		3 170 214	3 417 485	3 618 557

Amount in SEK thousands	Note	2023-12-31	2022-12-31	2022-01-01
EQUITY AND LIABILITIES				
Equity attributable to parent company's shareholders				
Share capital	26	500	500	500
Additional paid-in capital	27	683 206	683 206	132 312
Reserves	28	-4 763	-41 413	22 508
Retained earnings including the profit/loss for the year		-1 183 828	-999 526	-219 320
Total equity		**-504 886**	**-357 234**	**-63 999**
Non-current liabilities				
Bond issue	30	0	1 479 877	1 467 168
Non-current lease liability	9	462 993	502 215	467 533
Other non-current liabilities		0	0	42 635
Deferred tax liabilities	31	150 780	170 663	195 693
Provision for endowment insurance, pensions		10 056	8 615	0
Provisions for pensions	32,35	119 262	113 373	162 938
Other provisions		0	0	446 238
Total non-current liabilities		**743 091**	**2 274 743**	**2 335 967**
Current liabilities				
Bond issue	30	1 492 586	0	0
Interest-bearing liabilities	29	24 657	89 479	0
Current lease liability	9	71 954	68 046	53 864
Trade payables		297 795	341 331	421 003
Current liabilities to Holding companies	3	604 596	539 697	61
Current tax liabilities		40 655	31 227	49 018
Other provisions	33	1 519	6 111	446 238
Derivatives	4	43 932	48 044	23 633
Other current liabilities		104 829	125 162	114 347
Repayment liabilities		25 250	32 197	27 181
Accrued expenses	34	224 236	218 682	211 244
Total current liabilities		**2 932 009**	**1 499 976**	**1 346 589**
Total liabilities		**3 675 100**	**3 774 719**	**3 682 556**
TOTAL EQUITY AND LIABILITIES		**3 170 214**	**3 417 485**	**3 618 557**

Consolidated statement of changes in Equity

Amount in SEK thousands	Share capital	Additional paid-in capital	Translation reserve	Hedging reserve	Retained earnings including profit/ loss for the year	Total equity
Opening balance as at 1 January 2022	**500**	**679 900**	**-10 210**	**-553**	**-729 433**	**-59 796**
Adjustment of opening balance, see additional information in note 2.					-4 203	-4 203
Adjusted opening balance as at 1 January 2022	**500**	**679 900**	**-10 210**	**-553**	**-733 636**	**-63 999**
Comprehensive income						
Profit/loss for the year					-305 045	-305 045
Other comprehensive income:						
Cash flow hedges- change in value				37 569		37 569
Cash flow hedges reversed in profit or loss				-75 886		-75 886
Translation differences			-227			-227
Actuarial gains and losses					49 314	49 314
Tax effect				7 893	-10 159	-2 266
Total other comprehensive income, after tax			**-227**	**-30 424**	**39 155**	**8 504**
Total comprehensive income			**-227**	**-30 424**	**-265 890**	**-296 541**
Transactions with shareholders:						
Contribution received in connection with drawing of options (Note 36)		3 306				3 306
Dividends					0	0
Total transactions with shareholders		**3 306**			**0**	**3 306**
Closing balance as at 31 December 2022	**500**	**683 206**	**-10 437**	**-30 976**	**-999 526**	**-357 234**

Consolidated statement of changes in Equity

Amount in SEK thousands	Share capital	Additional paid-in capital	Translation reserve	Hedging reserve	Retained earnings including profit/ loss for the year	Total equity
Opening balance as at 1 January 2023	500	683 206	-10 437	-30 976	-999 526	-357 234
Comprehensive income						
Profit/loss for the year					-180 121	-180 121
Other comprehensive income:						
Cash flow hedges- change in value				-14 484		-14 484
Cash flow hedges reversed in profit or loss				15 119		15 119
Translation differences			36 146			36 146
Actuarial gains and losses					-5 266	-5 266
Tax effect				-131	1 085	954
Total other comprehensive income, after tax			**36 146**	**504**	**-4 181**	**32 469**
Total comprehensive income			**36 146**	**504**	**-184 302**	**-147 652**
Transactions with shareholders:						
Dividends					0	0
Total transactions with shareholders					**0**	**0**
Closing balance as at 31 December 2023	**500**	**683 206**	**25 709**	**-30 472**	**-1 183 828**	**-504 886**

Consolidated statement of cash flows

Amount in SEK thousands	Note	2023-01-01 -202312-31	2022-01-01 -2022-12-31
Cash flow from operating activities			
Operating profit		83 050	-40 574
Adjustments for non-cash items:			
Depreciation/amortisation and impairment	11	212 161	203 699
Interest received		14 210	10 091
Interest paid		-176 990	-134 892
Other financial items paid		1 154	-19 319
Income tax paid		-18 794	-33 478
		114 791	**-14 473**
Increase/decrease in inventories		82 511	35 073
Increase/decrease in trade receivables		201	-18 980
Increase/decrease in other current receivables		-15 237	44 594
Increase/decrease in trade payables		-43 538	-79 672
Increase/decrease in other current liabilities		16 756	15 114
Cash flow from operating activities		**155 484**	**-18 344**
Investing activities			
Acquisitions of property, plant and equipment	16,17,18	-4 782	-12 454
Acquisition of intangible assets	15	-23 211	-25 475
Acquisition of financial assets		-1 033	-409
Cash-flow from investing activities		**-29 026**	**-38 338**
Financing activities			
Payment for warrants		0	3 306
Payment of warrants	12	0	-14 588
Payment of lease liabilities	9	-68 049	-60 309
Change of revolving credit		-64 821	89 479
Cash flow from financing activities		**-132 870**	**17 888**
Cash flow for the year		-6 412	-38 794
Cash and cash equivalents at beginning of year		157 524	196 302
Exchange rate difference in cash and cash equivalents		-1	16
Cash and cash equivalents at end of year	25	**151 111**	**157 524**

Parent company income statement

Amount in SEK thousands	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales	5	7 326	5 436
Gross profit/loss		**7 326**	**5 436**
Administrative costs	8,10,12	-7 216	-5 869
Operating profit/loss		**110**	**-433**
Financial income/expense			
Result from shares in group companies		300 000	0
Interest income	13	19 594	15 478
Interest expense	13	-245 485	-235 868
Total financial income/expense		**74 109**	**-220 390**
Profit/loss after net financial items		**74 219**	**-220 823**
Year-end appropriations			
Received Group contribution		83 586	4 698
Profit/loss before tax		**157 805**	**-216 125**
Income tax	14	-14 205	7 431
Profit/loss for the year		**143 600**	**-208 694**

Parent company statement of comprehensive income

Amount in SEK thousands	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Profit/loss for the year		143 600	-208 694
Other comprehensive income		0	0
Total other comprehensive income		**143 600**	**-208 694**

Parent company´s balance sheet

Amounts in SEK thousand	Note	2023-12-31	2022-12-31
TILLGÅNGAR			
Non-current assets			
Financial assets			
Shares in subsidiaries	19,35	2 371 215	2 369 897
Deferred tax assets		0	7 431
Total non-current assets		**2 371 215**	**2 377 328**
Current assets			
Current receivables			
Receivables from Group companies		377 291	166 209
Current tax assets		0	251
Other current receivables		222	109
Prepaid expenses	24	1 293	1 112
Cash and cash equivalents	25	544	6 590
Total current assets		**379 349**	**174 271**
TOTAL ASSETS		**2 750 565**	**2 551 599**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	26	500	500
		500	**500**
Non-restricted equity			
Profit brought forward		471 201	678 577
Profit/loss for the year		143 600	-208 694
Total non-restricted equity		**614 801**	**469 883**
Total equity		**615 301**	**470 383**
Non-current liabilities			
Bond issue	30,35	0	1 479 877
Total non-current liabilities		**0**	**1 479 877**
Current liabilities			
Bond issue	30,35	1 492 586	0
Accounts payable		223	416
Liabilities to Holding companies		604 596	575 143
Other provisions	33	6 522	0
Other current liabilities		59	0
Accrued expenses and deferred income	34	31 278	25 780
Total current liabilities		**2 135 264**	**601 339**
TOTAL EQUITY AND LIABILITIES		**2 750 565**	**2 551 599**

Parent company statement of changes in Equity

Amounts in SEK thousand	Restricted equity Share capital	Non-restricted equity Retained earnings	 Profit/loss for the year	Total equity
Opening balance as at 1 January 2022	**500**	**823 103**	**-147 942**	**675 661**
Transfer of previous year´s profit/loss		-147 942	147 942	0
Comprehensive income				
Profit/loss for the year			-208 694	-208 694
Total other comprehensive income, after tax			**-208 694**	**-208 694**
Total comprehensive income			**-208 694**	**-208 694**
Transactions with shareholders				
Contribution received in connection with subscription of options		3 416		3 416
Dividends			0	0
Total transactions with shareholders	**0**	**3 416**	**0**	**3 416**
Closing balance as at 31 December 2022	**500**	**678 577**	**-208 694**	**470 383**

Amounts in SEK thousand	Restricted equity Share capital	Non-restricted equity Retained earnings	 Profit/loss for the year	Total equity
Opening balance as at 1 January 2023	**500**	**678 577**	**-208 694**	**470 383**
Transfer of previous year´s profit/loss		-208 694	208 694	0
Comprehensive income				
Profit/loss for the year			143 600	143 600
Total other comprehensive income, after tax			**143 600**	**143 600**
Total comprehensive income			**143 600**	**143 600**
Transactions with shareholders				
Contribution received in connection with subscription of options		1 318		1 318
Dividends			0	0
Total transactions with shareholders	**0**	**1 318**	**0**	**1 318**
Closing balance as at 31 December 2023	**500**	**679 896**	**-65 094**	**615 301**

Parent company statement of cash flow

Amounts in SEK thousand	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Cash flow from operating activities			
Operating profit/loss		110	-433
Interest received		15 558	8 170
Interest paid		-163 712	-114 570
Bank charges etc		-128	-15 130
Tax paid		0	-170
		-148 173	**-122 133**
Change in trade receivables		-132 488	108 501
Change in trade liabilities		-30 083	26 282
Cash flow from operating activities		**-310 744**	**12 650**
Acquisition of subsidiary		0	0
Cash-flow from investing activities		**0**	**0**
Financing activities			
Payment for warrants		0	3 306
Payment of warrants		0	-14 588
Dividend received		300 000	0
Group contribution received		4 698	2 062
Cash flow from financing activities		**304 698**	**-9 220**
Cash flow for the year		-6 046	3 430
Cash and cash equivalents at beginning of year		6 590	3 161
Cash and cash equivalents at end of year	25	**544**	**6 590**

Note 1 General information

The annual report and consolidated financial statements include the Swedish parent company Ellos Group AB (publ), corporate identity number 559175-1325 and its subsidiaries. The Group´s main operations include e-commerce under the Ellos, Jotex and Homeroom brands and Elpy, which is the group´s brand for payment solutions. The business activities are carried out in the Nordic countries in Sweden, Norway, Finland, Denmark as well as in Germany, Poland, Austria and the Netherlands in the rest of Europe. The group's products are also sold via other sales platforms to more countries in Europe.

The parent company Ellos Group AB (publ), corporate identity number 559175-1325, is a limited company registered in Sweden domiciled in Borås. The address of the head office is Ödegärdsgatan 6, 504 64 Borås.

The Parent Company of the largest group of which Ellos Group AB (publ) is a subsidiary is Cidron e-com S.à.r.l. based in Luxembourg. Nordic Capital Fund CVI indirectly owns Ellos Group AB (publ) through its holding in Cidron e-Com S.à.r.l.

The consolidated accounts for Cidron e-Com S à.r.l. are available at their head office, 7 Rue Lou Hemmer, L-1748, Findel, Grand-Duche de Luxenburg.

Note 2 Significant accounting standards

This note presents overall accounting principles for the group. The principles that apply to individual results or balance sheet items are reported in the note for each item.

COMPLIANCE WITH STANDARDS AND LEGISLATION
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 (IFRS IC).

Furthermore, the Group also applies the Swedish Annual Accounts Act and the Swedish Sustainability and Financial Reporting Board's recommendation, RFR 1 Supplementary Accounting Rules for Groups.

In the consolidated financial statements, items have been measured at cost, except in the case of certain financial instruments, which are measured at fair value. The significant accounting standards applied are described below.

New or amended standards and interpretations 2023

Amendments to IAS 1 - Disclosure of Accounting Principles
As of 2023, the group applies the change in IAS 1 regarding information on accounting principles. The changes mean that all occurrences of the term ""significant accounting principles"" are replaced with ""material information about accounting principles"". This has affected the group's disclosures about accounting principles. Other changes that came into force and that apply from 1 January 2023 have had no significant impact on the group's financial reports. Deferred tax has been booked since earlier. From 2023, information about deferred tax receivable- and debt gross is also provided.

New or amended IFRS standards and new interpretations not yet effective
The changes that have not yet entered into force and that apply from 1 January 2024 or later are deemed not to have any significant impact on the group's financial reports.

Correction in the financial reports
The group reports a correction of right-of-use assets, lease liabilities and related items in the income statement and in the statement of cash flows as a result of that an inaccuracy in a pre-system has been identified.

Below presents the correction amount for each affected item i the group's financial reports for the financial years 2021 and 2022.

Consolidated statement of financial position	NEW 2022-12-31	Change	2022-12-31	2022-01-01	Change	2021-12-31
Right-of-use assets	567 066	71 312	495 754	520 040	29 025	491 015
Deferred tax assets	4 884	1 221	3 663	3 736	1 084	2 651
Prepaid expenses	-20 515	-7 486	-13 026	-16 776	-6 010	-10 767
Non-current lease liability	-502 215	-70 404	-431 811	-467 533	-35 321	-432 212
Current lease liability	-68 046	629	-68 674	-53 864	7 019	-60 883
Retained earnings including the profit/loss for the year	18 825	4 729	14 097	14 398	4 203	10 195
Total equity	18 825	4 729	14 097	14 398	4 203	10 195

Consolidated income statement	2022-01-01 -2022-12-31
Cost of goods sold	-1 249
Gross profit/loss	-1 249
Selling expenses	-73
Administrative expenses	998
Operating profit/loss	-324
Financial expense	-338
Profit/loss before tax	-662
Income tax	136
Profit/loss for the year	-526

Consolidated statement of cash flows	2022-01-01 -2022-12-31
Operating profit	-324
Adjustments for non-cash items	
Depriciations/amortisation and impairment	1 193
Interest paid	-338

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

The consolidated financial statements prepared in accordance with the acquisition method include the Parent Company, Ellos Group AB, and the companies in which the Parent Company, directly or indirectly, has a controlling influence.

Subsidiaries are included in the consolidated financial statements from the date the Parent Company gains a controlling interest and until the date when it ceases to have a controlling interest in the subsidiary. This means that the income and expenses of a subsidiary acquired or disposed of during the current financial year are included in the consolidated income statement and statement of other comprehensive income from the date when the Parent Company gains the controlling interest until the date when it ceases to have the controlling interest.

All intra-Group assets and liabilities, equity, revenues and cash flows relating to transactions between companies within the Group are eliminated in full.

The accounting standards for subsidiaries have been adjusted where necessary in order to ensure consistent application of the Group's accounting standards.

Goodwill

The goodwill that arose when the consolidated accounts were drawn up during Ellos Group's acquisition of other group companies constitutes the difference between the acquisition value and the group's share of the the fair value of acquired subsidiaries' identifiable assets and liabilities on the acquisition date. Goodwill recognized in the balance sheet is valued at acquisition value.

Foreign currency

Items included in the financial statements of the Group's various entities are reported in the currency used in the primary economic environment in which each entity mainly operates (functional currency). In the consolidated financial statements, all amounts are translated to Swedish krona (SEK), which is the parent company's functional and reporting currency.

Transactions in foreign currencies in each entity are translated into the entity's functional currency at the exchange rates in force on the transaction date or on the translation date. At each balance sheet date, monetary items in foreign currency are translated at the rate at the balance sheet date. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate on the date when the fair value was determined. Non-monetary items that are measured at their historical cost in a foreign currency are not translated.

Exchange differences are recognised in the income statement in the period in which they arise, with the exception of derivative instruments that constitute hedging instruments and fulfil the conditions for hedge accounting of cash flows, where exchange gains and losses are recognised in other comprehensive income.

When preparing the consolidated financial statements, foreign subsidiaries' assets and liabilities are translated to Swedish krona at the rate in force at the balance sheet date. Income and cost items are translated at the average exchange rate for the period. Any translation differences arising are recognised in other comprehensive income and are transferred to the Group's translation reserve. In the case of disposal of a foreign subsidiary, such translation differences are recognised in the income statement as part of the capital gain or loss.

Segment reporting

The group's internal reporting structure is based on the fact that the group is a segment, which means that no separate segment report is presented. The company's management has evaluated the group's operations and determined that the operations being conducted relate to a segment. They have based their position on the internal reporting that is submitted to the managing director and which he uses for the distribution of resources and evaluation of the results in the group.

PARENT COMPANY'S ACCOUNTING STANDARDS

Changed accounting policies effective for fiscal years beginning on or after January 1, 2023:
The changes in RFR 2 that entered into force and apply from 1 January 2023 have not had any significant impact on the parent company's financial statements.

Amendments to RFR 2 not yet effective
The changes in RFR 2 that have not yet entered into force are deemed not to have had any significant impact on the parent company's financial statements when they are applied for the first time. The Swedish Financial Reporting Council has not yet processed any amendments or additions to Amendments to IAS 1 - Classification of liabilities as short- and long-term.

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 that 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. The accounting standards are unchanged compared with the previous year. The differences between the Parent Company's and the Group's accounting standards are described below:

Classification and presentation types
The Parent Company's income statement and balance sheet are presented in accordance with the Swedish Annual Accounts Act.

Subsidiaries
Investments in subsidiaries are recognised at cost in the Parent Company's financial statements. Acquisition-related costs for subsidiaries, which are recognised as expense in the consolidated financial statements, are included as part of the cost of investments in subsidiaries in the Parent Company. Impairment assessment, through a cash flow review, is done annually for the reported value of shares in subsidiaries.

Financial instruments
The Parent Company does not apply IFRS 9 Financial Instruments. The Parent Company applies a method based on cost in accordance with the Swedish Annual Accounts Act. This means that non-current financial assets are measured at cost less any impairment and current financial assets according to the lower of cost or market. Financial liabilities are measured at amortised cost using the effective interest method.

Note 3 Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Company's executive management and Board to make estimates and judgements, and also to make assumptions that affect the application of the accounting standards and the recognised assets, liabilities, income and expenses. The estimates are based on historical experience and assumptions which in the circumstances are considered to be reasonable and realistic. The results of these estimates and judgements are used to determine the recognised values of assets and liabilities that it is not possible to determine from other sources. The fair value may differ from these estimates and judgements. Listed below are the key assumptions, judgements and estimates made as at the balance sheet date and deemed to have the most significant impact on the Group's position and results.

ESTIMATES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Value of trademarks and goodwil
Trademarks and goodwill acquired and reported as assets with an indeterminate useful life are tested for impairment annually or whenever there is an indication of impairment. Impairment testing requires an estimate of parameters that affect future cash flows. The assumptions that mainly affect the recoverable value are the assumptions regarding changes in volume, profit margin and discount rates. If future events and circumstances change, the assumptions may be affected so that the recognised value of trademarks and goodwill assets changes. Note 15 contains information about the estimates made and the parameters used for calculation of recoverable value. The Group has identified brands that have an indefinite useful life and the motivation for why these brands have an indefinite useful life is reported in Note 2. The recognised value of the Group's trademarks with indefinite useful lives, which were calculated in connection with Ellos Group ABs acquisition of Ellos Group, amounted to SEK 445 (445) million, while goodwill totalled SEK 677 (677) million. The value is unchanged as no write-down has been done. Note 15 contains a sensitivity analysis indicating which impact a changed assumption can have on the group's results and position.

Value of customer relationships

Acquired customer relationships are recognised as an asset in the groups statement of financial position. The assumptions that mainly affect the recoverable value are the assumptions regarding changes in volume, profit margin or customer mobility. If future events and circumstances change, the assumptions may be affected so that the recognised value of these assets changes. The Group's customer relationships were recognised in the amount of SEK 276 (370) million. During the year, amortisation amounted to SEK 95 (95) million and no customer relationships have been acquired. The useful life of customer relationships is estimated at 7 (7) years. This assumption is based on historical information about how long a customer on average remains with Ellos, Jotex and Homeroom. Useful life is reviewed at least annually, based on new and updated information about customer behaviour and loyalty. If the useful life is changed, the depreciation charge will either increase or decrease. A reduction of one year in the useful life will have an impact on the depreciation charge of SEK 16 million per year.

Pension obligations

The value of pension obligations in respect of defined benefit plans is determined using actuarial estimates and is based on assumptions regarding discount rate, expected returns on plan assets, future salary increases, inflation and demographic circumstances. Any changes to these assumptions will impact the estimated value of the pension obligations.

The most significant assumption, the discount rate, is based on the market rate of return on high quality corporate bonds with maturities corresponding to the pension obligations. A lower discount rate increases the present value of the pension obligations and their costs, while a higher discount rate has the opposite effect. Should changes occur in market conditions and financial circumstances, the underlying assumptions may differ from actual developments and may lead to significant changes to the provisions for pensions and similar obligations. The defined benefit plans are recognised under Provisions for pensions. For further information, see Note 32 Employee Benefits.

ASSESSMENTS USED IN APPLYING THE GROUP'S ACCOUNTING STANDARDS

Sales of invoice and instalment plan receivables

Ellos Group has entered into an agreement with Resurs Bank AB regarding the sale of the Group's invoice and instalment plan receivables. In connection with the inception of the agreement in 2013, Resurs Bank AB acquired Ellos Group's outstanding healthy receivables (i.e. receivables not transferred to collection agencies), while simultaneously committing to continuously acquire all new invoice and instalment plan receivables for the brands Ellos and Jotex arising in the Group's e-commerce operations. Ellos Group sells invoice and partial payment receivables that arise on a daily basis at the nominal value. Ellos Group received payment from Resurs immediately when the credit portfolio was sold in 2013 and Ellos Group receives payment daily for new receivables sold. These transactions are regarded as separate cash flows which we judge to be identifiable. Our judgement is that all significant risks and rewards associated with the receivables are transferred from the Ellos Group to Resurs Bank AB, which is why the Group has determined that the conditions for not recognising invoice and instalment plan receivables in the balance sheet have been met.

Liabilities to holding companies

Ellos Group AB has entered into a settlement agreement with its former group parent, FNG N.V. The agreement refers to an arbitration procedure where the former owners of Ellos Group (including Cidron e-Com S.à.r.l.) have made claims against FNG N.V. and Ellos Group AB for breach of certain conditions in the acquisition documents regarding FNG's acquisition of Ellos Group. During 2022, Cidron e-Com S.à.r.l has utilized its pledge in Ellos Group AB (publ) and taken over the ownership of the company. Ellos Group AB (publ) has in the financial statements 2023-12-31 and 2022-12-31 assessed that this debt, which as of the balance sheet date amounts to SEK 604.6 (539.7) million (including interest and with the balance sheet date's conversion rate) should be reported as short-term debt to holding companies.

Note 4 Financial risk management and financial instruments

Financial risk management

The Group's business activities expose it to financial risks such as currency risk, interest rate risk, credit risk and liquidity and financing risk. The Group's financial policy describes how to manage these financial risks.

The financial policy is seen as tool for monitoring financial operations and establishes the framework within which the Group operates. It is reviewed annually and approved by the Board of Directors. The overarching objective is to limit the financial volatility in the income statement and balance sheet, to protect financial assets and future cash flows and to optimise the Group's financing and meet any requirements in financing agreements.

The financial policy refers to four decision-making levels: the Group's Board of Directors, the CEO, the CFO and the Group's integrated Treasury team. The Group's Board of Directors approves policy and guarantees of more than SEK 5 million, is responsible for medium-term to long-term financing and is responsible for upholding covenants. Otherwise the Board of Directors delegates management of financial risks to the CEO, who is responsible for reporting deviations from policy to the Board of Directors. The CEO approves guarantees of up to SEK 5 million. Management of other financial risks is delegated to the CFO, who approves banks and supervises the Treasury team. The CFO delegates management of other financial risks to the Treasury team. They identifies and analyses risks and proposes measures to limit risks to the CFO. The treasury team acts on the CFO´s decisions, operating within the framework of policy, and ensures that financial and commercial risks are limited in close cooperation with the Group's operating entities and subject to approval from the Group's CFO.

Currency risk

The group operates in the Nordic countries and, via the brand Jotex also in some countries in the rest of Europe. The group's products are purchased from Asia and Europe. Through its international trading the Group is exposed to currency risk, both via transactions in foreign currency (transaction exposure) and via translation of foreign subsidiaries' income statements and balance sheets to Swedish krona (translation exposure). According to this policy, currency flows in operating activities are hedged using currency forwards.

Cash flows in foreign currency	2023-01-01 -2023-12-31		2022-01-01 –2022-12-31	
Currency	Outflow SEK thousand	Inflow SEK thousand	Outflow SEK thousand	Inflow SEK thousand
USD	10 616	638 977	15 065	922 875
EUR	626 969	328 590	721 829	360 934
NOK	538 410	71 487	589 612	94 597
DKK	205 454	24 679	224 155	30 997
Other Import currencies	28 072	41 688	35 371	47 216
Total	**1 409 521**	**1 105 422**	**1 586 032**	**1 456 619**

The table shows the Group's purchasing in foreign currency and the Group's sales of goods and services in currencies other than SEK.

Commercial transaction exposure

The Swedish operations import the majority of goods sold in the Group. The principal currency used for imports USD. Goods and services are sold from the Swedish operations to the companies in the Group and invoices are raised in the recipients functional currencies: SEK, NOK, DKK and EUR. Sales to customers by the foreign companies in the Group are denominated in local currencies and result in the foreign subsidiaries handling substantial amounts of both income and expenses in local currencies, thus creating a kind of natural hedge. The Swedish business also sells in EUR to customers in Europe as in PLN to customers in Poland. Transaction exposure and hedging activities in the Group are thus concentrated in a handful of companies in the Group.

According to the Group's financial policy, transaction exposure should be reduced through the use of derivative instruments. The Group's policy, which is unchanged since the previous year, is to secure 70-100 percent of forecasted cash flows. The Board of Directors has taken a decision on hedge accounting. The value of currency forwards at year-end was SEK -18.3 (12.5) million.

Financial transaction exposure

The Group's cash and cash equivalents in foreign currency are hedged in accordance with the financial policy. The nominal amounts are denominated in SEK, NOK, DKK and EUR and are held in a Nordic cash pool. This financial transaction exposure is hedged using currency swaps. The hedge means the impact of currency fluctuations on the consolidated income statement is minimised.

Sensitivity analysis

The Group's sensitivity to exchange rate changes is shown in following table. The analysis is based on currency exposure as at the balance sheet day 2023 and 2022, that is the net amount of all accounts receivables and accounts payables in the respective currencies. In the column "before hedging" we show the impact on results of a hypothetical +10% change in the Swedish krona without hedging and with items measured at the exchange rate on the balance sheet day. "After hedging" shows the impact on results if items are measured at current forward rates and the estimated hedging level is 97 (95)%. The calculation is based on the assumption that all other factors impacting results are unchanged.

A significant proportion of the Group's income and costs are generated in foreign currencies, resulting in currency risk. These financial instruments occur mainly in trade receivables and trade payables, which is the outcome of the flows shown in the table below.

Impact on results before tax

Estimated impact on operating profit/loss of +10% change in SEK against the currencies listed below

	2023		2022	
Currency	Before hedging SEK thousand	After hedging SEK thousand	Before hedging SEK thousand	After hedging SEK thousand
USD	2 986	96	3 920	187
EUR	1 451	43	1 599	73
NOK	670	19	1 248	56
DKK	-4 195	-131	-5 824	-263
HKD	-255	-8	-262	-12
Other currencies	-72	-2	-44	-2
	585	**16**	**637**	**39**

Hedging is used for a very large proportion of financial instruments. A change of + 10% in the SEK exchange rate has an impact on profit/loss before tax of SEK 0.6 (0.6) million based on translation of trade payables and external and internal trade receivables in foreign currency as at the balance sheet date. The corresponding calculation after hedging results in an impact on profit/loss before tax of SEK 0.02 (0.04) million, based on a hedging level of 97 (95)% which is the calculated level as of the balance sheet date.

Translation exposure

The Group's subsidiaries outside Sweden have net assets in functional currencies that are different from the Group's presentation currency, which is SEK. When these companies' income statements and balance sheets are translated into SEK, it results in translation differences which are reported in other comprehensive income. Translation differences resulting from net investments in foreign currency are not hedged but in accordance with the financial policy are monitored and calculated on a regular basis in order to enable the Group to assess the impact on its results and financial position. The impact on other comprehensive income of translation of the net assets of foreign subsidiaries to SEK amounted to SEK 36.1 (-0.3) million in the financial year.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments, interest-bearing assets and liabilities and income, costs and cash flows will change as a result of changes in the market rate. To ensure effective and good risk control, borrowing is handled centrally by the Group's Treasury team. The Group is exposed to interest rate risk through interest-bearing loans, which are one of the Group's sources of financing in addition to equity and cash flow from operating activities. Interest-bearing borrowing primarily comprises 5-year bonds (issued 2019-07-24) of SEK 1,500 million and revolving credit of SEK 350 million, all of which carry a variable interest rate.

The Group's customers can choose between different payment solutions. When credit-based payment solutions are used, they result in the creation of trade receivables, which are sold to Resurs Bank AB at the nominal amount on a daily basis. Depending on how customers choose to make payments, an additional purchase consideration may subsequently arise which is recognised in net sales. Income from these payment solutions is associated with risks. Because some of the income from Resurs Bank is variable and depends on all aspects of the transactions, Ellos Group is indirectly exposed to risks associated with granting of credit, such as customers' ability to pay and the interest rate risk associated with financing costs.

Interest rate exposure

The average fixed rate term for the Group's external loans at the end of 2023 was 3 months. If interest rates were to rise by one percentage point in all countries in which the Group has borrowings or investments, the hypothetical effect on the total amount of net financial income and expense would be around SEK -15 million before tax. The group has a 5-year bond amounting to SEK 1,500 million with a 3-month Stibor + 6.75 percent and revolving credits of SEK 350 million with a variable interest rate of 3-month Stibor + 2.75 percent.

Credit risk

Credit risk refers to the risk that the counterparty in a transaction causes the Group a loss by not fulfilling their contractual obligations.

Credit exposure

Most of the Group's credit risk refers to trade receivables and active measures are taken to limit this risk. In order for a customer to be approved, they must pass a credit risk assessment. Customers are assessed on their current financial situation, previous credit history and other relevant factors. The majority of receivables are distributed among a large number of private individuals with a large geographical spread and few corporate customers, which limits concentration of credit risk. As at 31 December 2023, none of the Group's corporate customers accounted for more than 5.8 (5.4) % of outstanding trade receivables as at the balance sheet day. Also see Note 20 for age distribution of trade receivables and additional information about the Group's management of credit risk.

The credit quality of financial assets not past due or impaired as at the balance sheet date is assessed to be good.

The Group's maximum exposure to credit risk is deemed to correspond to the reported values of all financial assets and is shown in the table below:

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued income	30 391	33 295	0	0
Trade receivables	65 244	62 542	0	0
Receivables from Group companies	0	0	377 291	166 209
Derivatives with positive market values	25 654	35 467	0	0
Other receivables	28 851	15 306	222	109
Cash and cash equivalents	151 111	157 524	544	6 590
Maximum exposure to credit risk	**301 250**	**304 134**	**378 057**	**172 908**

Counterparty credit exposure

Counterparty credit exposure refers to the Group's transactions with external parties relating to bank accounts, financing commitments and financial derivatives and the underlying risk that such a party might default on its contractual obligations. Under the financial policy, the Group has a list of approved counterparties and maximal exposure in respect of each approved counterparty. Approved counterparties must have a minimum credit rating of A-/A2 as assessed by Fitch, Standard & Poor's or Moody's. Exceptions may be made for local banks subject to approval from the CFO. Credit loss provisions relating to cash and cash equivalents are calculated using the general model based on probability of default based on the counterparty's rating and exposure on the balance sheet date. Because of short maturities and highly rated counterparties, the amount is entirely insignificant. Credit risk provisions on accounts receivable are stated in Note 20. Other assets are mainly receivables relating to VAT where there is no credit risk.

Liquidity and financing risk

Liquidity risk refers to the risk that the Group will not be able to meet its obligations relating to the Group's financial liabilities. Financing risk refers to the risk that the Group is unable to raise sufficient financing at a reasonable cost.

In accordance with its financial policy, the Group is continuously monitoring forecast for cash flows and liquidity reserves in order to ensure the Group has sufficient cash assets to meet the needs of operating activities and to cover interest payments and repayments. The forecasts are combined with business intelligence and various simulations and are reviewed both at management meetings and in regular communication with the Board of Directors. Necessary action is taken as needed.

In order to reduce the liquidity risk and financing risk, the Group has a working capital finance agreement with an external bank. The agreement includes SEK 350 million of committed revolving credit. The agreement expired on 20 January 2024. The revolving credit facility also includes bank guarantees totalling SEK 131.1 (146.5) million. Total used revolving credit (excluding bank guarantees) as at the balance sheet date amounted to SEK 24.7 (89.5) million. The Group has covenants linked to the financing agreement relating to debt/equity ratio and cash. For more information about covenants, see section "Interest-bearing liabilities.

The Group is actively working to safeguard an efficient cash management structure, for instance through so-called cash pools. Cash and cash equivalents and unused credit facilities are used to secure liquidity reserves. At the end of 2023, the Group had unused credit facilities of SEK 191.0 (114.0) million and cash and cash equivalents amounting to SEK 151.1 (157.5) million. The Group's cash and cash equivalents must be placed in bank accounts or highly liquid interest-bearing instruments. Surplus cash and cash equivalents in subsidiaries are appropriated by the Group's Treasury function to ensure compliance with the policy recommendations. By ensuring access to guaranteed, long-term credit facilities and by using different maturities and sources of financing in its borrowing, the Group seeks to avoid high financing costs and difficulties with regard to refinancing. For more information about the Group's borrowing, see Note 29 and Note 30. Net outflows are managed through inflows from customers.

Capital structure and capital management

The Group's objective is to have a capital structure (equity and liabilities) that safeguards the long-term future of the business and generates returns for shareholders and benefit for other stakeholders. This is achieved by means of equity and the Group's SEK 350 million financing agreement with an external bank and bonds of SEK 1,500 million.
The revolving credit expired on 20 January 2024 and a new bond of SEK 250 million was issued on 9 February. This bond runs for one year. The bonds of SEK 1,500 million expire in July 2024 and management is actively working to secure new financing until then, which is essential for the group's continued operations. However, there is material uncertainties that can lead to significant doubts about the company's ability to continue operations The Group continuously monitors net debt, which is defined as interest-bearing liabilities, excluding pension liabilities and lease liabilities, less cash and cash equivalents and other interest-bearing assets.

The table below shows the maturities of the Group's financial liabilities. The amounts shown in the table are contractual, non-discounted cash flows including interest and repayments. In the table, the interest rate levels on the balance sheet date was also used for assumptions regarding future interest payments. All cash flows in foreign currencies were translated to SEK at the exchange rate on the balance sheet date.

Interest-bearing liabilities

31 December 2022	Book value	Within 3 months	3-12 months	1-3 years	4-5 years	Total
Interest-bearing liabilities	1 569 356	32 915	101 167	1 686 067		1 820 149
Recognised negative derivatives, inflow	14 116	14 116	16 550			30 666
Recognised negative derivatives, outflow	16	16	17 362			17 378
Trade payables	341 331	341 331				341 331
Current liabilities to Holding companies	583 818		606 002			606 002
Other current liabilities	125 162	125 162				125 162
Repayment liability	32 197	32 197				32 197
Accrued expenses	218 682	218 682				218 682
	2 884 678	**764 421**	**741 081**	**1 686 067**	**0**	**3 191 569**

31 December 2023	Book value	Within 3 months	3-12 months	1-3 years	4-5 years	Total
Interest-bearing liabilities	1 517 243	40 861	1 581 492			1 622 353
Recognised negative derivatives, inflow	11 429	11 429	29 513			40 942
Recognised negative derivatives, outflow	1 546	1 546	1 444			2 990
Trade payables	297 793	297 793				297 793
Current liabilities to Holding companies	604 596		667 361			667 361
Other current liablilites	104 829	104 829				104 829
Repayment liability	25 250	25 250				25 250
Accrued expenses	224 236	224 236				224 236
	2 786 922	**705 944**	**2 279 810**	**0**	**0**	**2 985 754**

The Group's interest-bearing loans consist partly of a bond with a nominal value of SEK 1,500 million and partly of revolving credit facilities of SEK 350 million. The bond and revolving credit carry a variable interest rate. The breakdown is described in the table below:

Maturity	Type of loan	Currency	Nominal amount (in currency)	Nominal amount (SEK thousand)	Carrying amount 2023 (SEK thousand)
Kortfristiga lån					
2019-2024	Bond issue	SEK	1 500 000	1 500 000	1 492 586
2019-2024	Revolving credit	SEK		24 631	24 631
2019-2024	Revolving credit	NOK		2	2
Totalt				1 524 633	1 517 219
Total borrowings				**1 524 633**	**1 517 219**

The amounts in the table refer to both bond and revolving credit facilities included in financing agreements for 2019. The average weighted interest rate at the end of 2023 was 10.1 (8.0) %. The Group's financing agreement contain requirements for two specified financial performance measures (covenants). These performance measures are: Debt/equity ratio and Cash (see Definitions in Note 38). Management and the Board of Directors continuously monitor the Group's projected performance in relation to covenant thresholds and ensure that the Group meets its obligations towards external creditors. These covenants are reported quarterly and was first reported in February 2020 and has been reported continuously every quarter since then. The Group has on all reporting occasions been within the limits of what is permitted for the covenants according to the agreement.

FINANCIAL INSTRUMENTS

Financial assets

All recognised financial assets are measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group only has instruments measured at amortised cost and financial liabilities/ assets measured at fair value through profit or loss (derivatives not used for hedge accounting). Classification of financial assets is based partly on the financial asset's contractual cash flow characteristics and partly on the company's business model. In order for a financial asset to be recognised at amortised cost upon initial recognition, it must give rise to cash flows that are solely payments of principal and interest and the Group sole objective of the holding is to collect such cash flows.

Financial liabilities

All the Group's financial liabilities are measured at amortised cost using the effective interest rate method, except for derivatives that are not held for hedge accounting, which are recognised at fair value through profit or loss.

To summarise, at initial recognition a financial asset or a financial liability is classified in one of the following categories for subsequent measurement:

Financial assets at accrued acquisition value
• Trade receivables
• Other receivables
• Cash and cash equivalents

Financial assets at fair value
• Trade receivables that are sold daily to Resurs Bank
• Derivatives - Currency forwards used for hedging purposes
• Currency forwards not used for hedging purposes

Liabilities at amortised cost
• Trade payables and other liabilities
• Borrowings

Financial liabilities at fair value
• Derivatives - Currency forwards used for hedging purposes
• Currency forwards not used for hedging purpose

Derivatives

The Group enters into derivatives transactions in order to manage currency risks. The Group applies hedge accounting where possible and the derivative instruments are therefore classified as "Derivatives - Currency forwards used for hedging purposes" and "Currency forwards not used for hedging purposes".

Derivative instruments with a positive fair value are reported as assets and derivative instruments with a negative fair value are reported as liabilities. Changes in value of derivative instruments not held for hedging purposes are recognised either in net financial income and expense or in the operating result, depending on the purpose of the instrument.

Unrealised changes in value of derivative instruments that are designated as a cash flow hedge are recognised to the extent that they are very effective in other comprehensive income and the accumulated value changes in the hedging reserve in equity. When the forecast transaction occurs (e.g. a secured forecast sale), the accumulated value changes recognised in the hedging reserve are transferred from equity to the income statement.

Hedge accounting ceases when the hedge no longer meets the criteria for hedge accounting, the Group revokes the designation, the forecast transaction is no longer expected to occur or the hedging instrument expires or is sold, terminated or exercised. The value changes are recognised in the hedging reserve in equity until the forecast transaction affects the income statement or is no longer expected to occur. The changes in value are then transferred to the income statement.

At the end of the financial year, the Group had hedged currency forwards according to the table below. These were recognised at fair value in the consolidated statement of financial position. The table below shows the carrying amounts and a sensitivity analysis, together with the effect of a 10% change in the respective currencies in SEK.

	Net amount in the respective currencies (thousand)	**Nominal amount SEK thousand**	**+10% effect in SEK thousand**
EUR	-31 760	-352 409	-35 241
USD	58 650	588 942	58 894
HKD	16 516	21 232	2 123
NOK	-386 890	-381 917	-38 192
DKK	-125 300	-186 549	-18 655
PLN	-9 400	-24 036	-2 404
Total		**-334 736**	**-33 475**
Tax effect 20.6%			6 896

A negative amount represents a hedged inflow and a positive amount a hedged outflow. All currency forwards will mature in 2024. The Group has no interest rate derivatives.

Fair value of assets and liabilities

The carrying amount of interest-bearing assets and liabilities may differ from their fair value, partly as a result of changes in market rates. However, the Group's assessment is that the interest rate for interest-bearing liabilities was in line with market rates as at 31 December 2023 and that the fair value as at the balance sheet date therefore corresponded to the nominal amount.

For financial instruments such as trade payables and other non-interest-bearing financial assets and liabilities, which are recognised at amortised cost loss any impairment, this amount is estimated to correspond to the fair value, which coincides with the carrying amount due to short maturities.The Group's derivatives instruments were recognised at fair value in the consolidated statement of financial position, were measured according to Level 2 in the IFRS 13 fair value hierarchy.

The Group has the following financial instruments

Carrying amounts of financial assets and financial liabilities by measurement category in accordance with IFRS 9 are presented in the table below.

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Financial assets at amortised cost				
- trade receivables and accrued income	90 202	90 406	0	0
- other assets measured at amortised cost	28 851	15 306	377 513	166 209
- cash and cash equivalents	151 111	157 524	544	6 590
Financial assets at fair value				
- trade receivables	5 433	5 431	0	0
- derivatives				
- currency forwards used for hedging purposes	25 322	30 810	0	0
- currency forwards not used for hedging purposes	331	4 657	0	0
Total financial assets	**301 250**	**304 134**	**378 057**	**172 799**

Currency forwards not used for hedging purposes are held to reduce currency risk in intra-Group flows. Accounts receivable that are reported at fair value as of December 31, 2023 refer to accounts receivable that are sold daily to Resurs Bank.

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Liabilities at amortised cost				
- trade payables and other liabilities	652 108	717 373	636 155	601 339
- borrowings	1 492 586	1 479 877	1 492 586	1 479 877
Financial assets at fair value				
- derivatives:				
- currency forwards used for hedging purposes	38 150	46 872	0	0
- currency forwards not used for hedging purposes	5 782	1 172	0	0
Total financial liabilities	**2 188 626**	**2 245 294**	**2 128 741**	**2 081 216**

Currency forwards not used for hedging purposes are held to reduce currency risk in intra-Group flows. There have been no reclassifications between the valuation categories above during the period.

Net gains / losses from financial assets and financial liabilities broken down by measurement category in accordance with IFRS 9 are presented in the table below.

	Group	
	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Interest income from trade receivables and accrued income	6 478	7 176
Interest expenses on trade payables and other liabilities	-81	-18
Interest expense on borrowings	-156 342	-114 165
Interest expense/income for derivatives used for hedging purposes	302	-851
Interest expense/income for derivatives not used for hedging purposes	521	-1 727
Net gain/loss	**-149 122**	**-109 585**

Financial assets and financial liabilities measured at fair value in the balance sheet are classified into one of three levels based on the information used to determine the fair value. The tables below show the group's classification of financial assets and financial liabilities valued at fair value. During the periods, there have been no significant transfers between the levels.

Currency forwards

Currency forwards are measured on the basis of observable information regarding currency rates and market interest rates as at the balance sheet date for the remaining term (that is, discounted cash flows).

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised according to the three-level fair value hierarchy in IFRS 13 (Level 1, 2 or 3). Measurement of all currency derivatives is categorised in Level 2.

Hedge accounting and derivatives

The Group is exposed to currency risk in its operations associated with purchasing and sales denominated in foreign currency. This risk is managed through the use of currency forwards. Currency forwards are the designated hedging instruments in cash flow hedging relating to projected purchasing and sales denominated in EUR, NOK, DKK, USD, HKD and PLN.

The Group's outstanding currency forwards for purchasing and sales by currency and maturity

Currency forwards	Maturity					
2022-12-31	-1 month	1-3 month	3-6 month	6-9 month	9-12 month	TOTAL
EUR (nom. amount)	-10 300 000	-2 050 000	-13 650 000	-8 000 000	-11 720 000	-45 720 000
EUR (average forward rate)	10,8927	9,7957	10,5164	10,8882	10,9647	
NOK (nom. amount)	-46 140 000	-81 200 000	-156 800 000	-81 360 000	-132 480 000	-497 980 000
NOK (average forward rate)	1,0456	1,0605	1,0507	1,0467	1,0434	
DKK (nom. amount)	-14 690 000	-25 600 000	-33 440 000	-18 340 000	-39 170 000	-131 240 000
DKK (average forward rate)	1,4657	1,4218	1,4133	1,4620	1,4773	
USD (nom. amount)	9 580 000	14 620 000	15 035 000	15 270 000	10 945 000	65 450 000
USD (average forward rate)	9,7175	9,5087	9,8222	10,7345	11,0393	
HKD (nom. amount)	-715 000	2 800 000	1 300 000	5 450 000	1 150 000	9 985 000
HKD (average forward rate)	1,5709	1,2142	1,2082	1,3716	1,3540	
PLN (nom. amount)	-430 000	-2 150 000	-1 290 000	-3 000 000	-3 500 000	-10 370 000
PLN (average forward rate)	2,2596	2,1068	2,1009	2,1362	2,1549	

Currency forwards	Maturity					
2023-12-31	-1 month	1-3 month	3-6 month	6-9 month	9-12 month	TOTAL
EUR (nom. amount)	-4 160 000	-3 914 000	-10 386 000	-5 350 000	-7 950 000	-31 760 000
EUR (average forward rate)	11,3124	11,2654	11,3111	11,7722	11,7729	
NOK (nom. amount)	-32 250 000	-64 482 000	-103 358 000	-79 200000	-107 600 000	-386 890 000
NOK (average forward rate)	0,9722	0,9882	0,9806	1,0037	1,0045	
DKK (nom. amount)	-12 900 000	-24 160 000	-34 040 000	-17 200 000	-37 000 000	-125 300 000
DKK (average forward rate)	1,5092	1,5190	1,5231	1,5838	1,5797	
USD (nom. amount)	8 586 000	11 490 000	12 874 000	14 500 000	11 200 000	58 650 000
USD (average forward rate)	10,2252	10,3098	10,4678	10,8211	108757	
HKD (nom. amount)	7 144 000	2 600 000	1 172 000	4 600 000	1 000 000	16 516 000
HKD (average forward rate)	1,3237	1,3326	1,2896	1,3921	1,4147	
PLN (nom. amount)	-1 200 000	-2 140 000	-1 360 000	-3 500 000	-1 200 000	-9 400 000
PLN (average forward rate)	2,5282	2,3281	2,4002	2,5210	2,5611	

Effect of hedging instrument on consolidated balance sheet:

	Nominal amount SEK	Carrying amount	Line in balance sheet	Change in fair value
As at 31 December 2022				
Currency forwards with positive/negative value		-12 577	Derivative instruments	37 569
As at 31 December 2023				
Currency forwards with positive/negative value		-18 278	Derivative instruments	-14 484

Effect of hedged item on consolidated balance sheet:

	Change in fair value	Hedging reserve
As at 31 December 2022		
Very probable projected sale/purchasing	37 569	-30 976
As at 31 December 2023		
Very probable projected sale/purchasing	-14 484	-30 472

Effect of cash flow hedges on income statement and other comprehensive income:

	Hedging gains/losses recognised in other comprehensive income	Ineffectiveness reported in income statement	Line in income statement	Amount re-classified from other comprehensive income to income statement	Line in income statement
2022					
Very probable projected sale/cost of goods sold	37 569	-	-	-75 886	Sales/Cost of goods sold
2023					
Very probable projected sale/cost of goods sold	-14 484	-	-	15 119	Sales/Cost of goods sold

Offsetting information

The Group has no netted balance sheet items. The Group has ISDA netting agreement with derivatives counterparties. The amounts not offset but which are covered by these general agreements are shown below.

2022-12-31	Amounts recognised in balance sheet	Financial instruments	Net amount
Assets			
Recognised positive derivatives	35 467	-48 044	-12 577
Liabilities			
Recognised negative derivatives	48 044	-48 044	0
Total	83 510	-96 088	-12 577

2023-12-31	Amounts recognised in balance sheet	Financial instruments	Net amount
Assets			
Recognised positive derivatives	25 654	-43 932	-18 278
Liabilities			
Recognised negative derivatives	43 932	-43 932	0
Total	**69 585**	**-87 863**	**-18 278**

Note 5 Revenue

Net sales

The group's net sales consist of:

- e-commerce sales of goods to individuals and companies
- store sales of goods to private individuals and companies
- sales on other companies' market platforms
- additional purchase price when selling accounts receivable
- commission for private loans
- compensation for mediation of insurances
- royalty when other companies use the group's product collections

E-commerce sales of goods to individuals and companies

The Group primarily generates revenue through online sales of fashion, home interiors, sport and beauty to private consumers (B2C) but also a smaller part is sold to companies (B2B) which are either reseller of Ellos products or uses the products in it own operations. The goods are mainly delivered from the group's logistics center in Viared outside Borås. When the item has been packed on the truck that will take it to the customer the control is assessed transfered to the customer and the goods are recorded as revenue at Ellos Group when it concerns deliveries directly to end consumers. This takes place through an automatic flow in the group's ERP system. B2B customers are invoiced once per week or on the last day of each month and then the sales to them are recognized as revenue. Deliveries to customers can also go through something the group calls drop-ship which means that the product goes directly from our supplier to our customer. The item is then recognized as revenue when it has been loaded on the car and has left the dropship supplier's inventory.

In cases where the product is sold with a discount, the value of the discount is reduced net sales.

In cases where the customer is invoiced for any fees when purchasing the item shipping or similar, these fees are recognized as income at the same time as the sale of the goods is recognized as revenue.

All merchandise sales take place with the right of cancellation in at least 30 days. The reserve for returns which are calculated is based on the group's experience of previous transactions and using historical data over returns. The return reserve that is calculated includes a deduction for reduced sales and a reversal of estimated cost of goods as well as additional costs incurred for distribution and logistics in connection with the return from the customer. A Repayment Liability is reported regarding what is reimbursed to the customer while a Return assets are reported for the value of the goods that is expected to be returned from the customer. Returns regarding drop-ship goods are also returned to the Ellos Group's warehouse.

Store sales

During the year, the group had two stores, one of which is a outlet store. Revenue reporting takes place on an ongoing basis via files from the checkout system.

Ellos Group sells goods to consumers via a few market platforms.

Items sold through other companies' trading platforms may be sold directly to the end customer or to the owner of the trading platform. Deliveries of the goods can be made directly to the end customer or via the trading platform's inventory. At Ellos group, these goods deliveries goes in the normal flow to B2C and B2B customers.

Additional purchase price when selling accounts receivables to Resurs Bank

When a private person shops from one of the group's sites they can pay for the goods through various payment solutions as card, invoice or partial payment, etc.

When partial payment or invoicing solutions are used, they result in the creation of trade receivables at Ellos Group, which are sold to Resurs Bank AB at the nominal amount on a daily basis. Depending on how customers choose to settle their claims, an additional purchase price may subsequently arise and this is based on the net income (interest less expenses) which the customer generates at Resurs Bank regarding the customer's purchase at Ellos Group. This additional purchase price is calculated and reported as net sales in Ellos Group monthly.

Commission for private loans

Resurs Bank offers Consumer loans to the Ellos Group's customers and uses the brand Ellos in its marketing, for which it pays commission that is recognised as net sales at Ellos Group. Net sales are reported on ongoing basis and dependent on the lending that Resurs Bank generates through Ellos brand.

Compensation for mediation of insurances

The group's customers can buy various insurance policies via the group's sites. The Group acts as an insurance intermediary, for which it receives remuneration from the various insurance companies. This remuneration is recognised as Net sales. Sales are reported when the customer takes out insurance via Ellos Group.

Royalty when other companies use the group's product collections

Royalties are received from companies that use the Ellos Group's product collections. These revenues are reported in line with the counterparty's sales to end consumers. Settlement takes place monthly. In 2023, the group changed the principle for accounting of Royalty income. These revenues are now reported in Net sales compared to before when they were included in Other income. Comparative figures for 2022 have been recalculated.

Gift cards

When selling gift cards, the entire amount becomes reported as a liability when the customer buys the gift card. Revenue is recognized when the gift card is used or when its validity period expires. The group writes off and reports a revenue for unused gift cards when the validity period of the gift card expires. The validity period for gift cards is three years.

Below follows the analysis of Group's distribution of net sales.

Distribution of net sales	2023-01-01 -2023-12-31	2022-01-01 –2022-12-31
Revenue from agreements with customers	2 927 795	3 088 636
Invoiced fees	203 511	203 260
Royalty	10 173	12 316
Additional purchase price Resurs Bank	295 151	319 806
Total	**3 436 630**	**3 624 018**

Information about geographical areas

The Group operates in four main geographical areas where the group also has companies - Sweden (the company's headquarters), Norway, Finland and Denmark. The Swedish group company Ellos AB also sells, under the brand Jotex to consumers in Germany, Poland, the Netherlands and Austria. The group also sells goods to consumers around Europe via external trading platforms. In addition, some B2B sales in Europe take place mainly in Germany. The royalty which the group receives comes from companies in the USA.

Below is a breakdown of the Group's revenue from sales to external customers based on the location of the customer.

Revenue from external customers by geographical market	2023-01-01 -2023-12-31	2022-01-01 –2022-12-31
Sweden	1 788 493	1 917 990
Norway	630 309	648 947
Finland	514 709	537 051
Denmark	258 120	262 727
Germany	131 147	126 777
Other Europe	100 680	118 211
USA	10 173	12 316
Total	**3 436 630**	**3 624 018**

Below is a breakdown of the Group's intangible and tangible assets by geographical market. The Group's intangible assets like goodwill, trademarks and customer relationships are not included in the table below because these are not allocated by country.

Non-current assets by geographical market	2023-01-01 -2023-12-31	2022-01-01 –2022-12-31
Sweden	644 602	715 565
Total	**644 602**	**715 565**

Information about major customers

The Group has no single customer that accounts for 10% or more of consolidated revenues.

Parent Company

The Parent Company's income amounts to 7 236 (5 436) and consists of administration and management services for the companies in the Group. All of the Parent Company's income is generated within the Group.

Note 6 Other revenue

	Group	
	2023-01-01 -2023-12-31	2022-01-01 –2022-12-31
Rental income	5 160	4 684
Exchange gain	19 044	4 362
Other	11 210	2 301
Total	**35 414**	**11 347**

Other includes, among other things, compensation from collaboration partners SEK 4.0 (0.3) million and electricity compensation SEK 3.3 (0.0) million.

Note 7 Other costs

	Group	
	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Exchange loss	23 337	21 769
Sale/disposal of fixed assets	3 962	9 039
Loss on consignment sales	0	1 411
Other	4	0
Total	**27 303**	**32 219**

Disposals in 2023 refer to assets in the store in Gothenburg which have been closed during the year. The previous year's disposals refer to assets in the store in Kristianstad that was closed at the beginning of 2023 as well as assets that referred to the divested business for brand Stayhard.

Note 8 Disclosure of auditor's remuneration and expenses

	Group		Parent Company	
	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31	2023-01-01 –2023-12-31	2022-01-01 –2022-12-31
EY				
audit assignment	1 810	1 628	802	590
audit work other than audit assignment	202	0	0	0
tax advice	137	470	0	0
Total	**2 149**	**2 098**	**802**	**590**

Audit assignment means the auditor's payment for the statutory audit. The work includes review of the annual report and accounts, the Board of Directors and the CEO's management and the remuneration of audit advice provided in connection with the audit assignment.
Audit activities in addition to the audit assignment relates to other services.

Note 9 Leasing

The Group is the lessee and the leasing agreements reported as right-of use assets and leasing liabilities mainly comprice of office and logistics premises as well as store premises.

The group assesses whether signed agreements are, or contain, one leasing agreement when the agreements are entered into. For short-term leases and agreements of lower value, the group reports the lease payments as an expense linearly over the lease term.

The lease liability is initially measured at the present value of lease payments not paid at the commencement date, discounted usign the group´s marginal borrowing rate. The marginal borrowing rate is the interest rate that the group would have to pay for financing through loans during a corresponding period to which the leasing agreement applies and with corresponding security. When determining the interest rate, the duration of the leasing agreement is taken into account. Lease fees that are included in the valuation of the lease liability includes fixed fees. After the start date the lease liability is valued by increasing the reported value in order to reflect the interest on the lease liability (through the use of the effective interest method), and by reducing the reported value to reflect lease payments paid. The group is reassessing the lease liability and makes a corresponding adjustment to the right of use if the lease agreement changes.

The reported leasing liability mainly consists of leased premises for the head office and two logistics premises in Borås. These three agreements have a term between 2029-2032. There is an option to extend the agreements for these premises. The terms are designed so that if neither party terminates the agreement a certain time before they expire, 24-36 months before, then the agreement is extended by another period which is between 3-5 years.
When the group enters into a lease agreement, an assessment is made whether it is reasonable certain that the option to extend will be exercised. The group has not include any options in the reported leasing liabilities because it has not been deemed reasonably certain that these options will be used. Re-examination of this assessment takes place when there has been a important event that is within the group’s control. Extension of the leasing agreement takes place at the latest at the time of automatic extension if neither party terminates the agreement.

The right-of-use asset is initially reported at the value of the lease liability, with additions for lease payments made at or before the start date of the leasing agreement and initial direct expenditure. The right-of-use asset is reported in the subsequent period at acquisition value minus depreciation and write-downs. Right-of-use assets are depreciated over an estimated useful life. Depreciation begins at the same time as the start date of the lease. Right-of-use assets are presented on a separate line in the report of financial position.

There is no turnover rent for the shop premises.

	Group	
Lease liability	**2023-12-31**	**2022-12-31**
Short-term debt	71 594	68 046
Long-term debt	462 993	502 215
Total	**534 587**	**570 261**

Right-of-use assets	**Byggnader**	**Byggnader**
Opening balance aquisition cost	750 649	637 739
Additional right-of-use assets	0	55 065
Terminated agreements	0	-7 615
Effects of adjusted rent	34 073	57 845
Total	**784 722**	**750 649**

Accumulated depreciation		
Opening balance	-183 584	-117 699
Terminated agreements	0	0
Depreciation for the year	-72 894	-65 885
Total accumulated depreciation	**-256 477**	**-183 584**
Carrying amount	**528 245**	**567 066**

Revenues and expenses reported from leasing agreements	**2023-01-01 -2023-12-31**	**2022-01-01 -2022-12-31**
Income from subletting	5 160	4 575
Lease income in operating profit/loss	**5 160**	**4 575**
Lease cost:		
Variasble lease expenses	3 222	3 180
Short-term leases	3 069	2 850
Leases of assets of low value	374	435
Depreciation of right-of-use assets	72 894	65 885
Lease costs in operating profit/ loss	**79 558**	**72 350**
Interest costs on lease liabilities	**14 011**	**14 213**

The total cashflow during the year amounts to SEK 82.1 (74.5) million.

Note 10 Operating costs

	Group		Parent Company	
	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Goods for resale	1 525 900	1 665 729	0	0
Distribution costs	368 345	393 399	0	0
Costs of employee benefits (Note 12)	395 754	403 522	0	0
Depreciation/amortisation and impairment (Note 15, 16, 17)	139 268	137 815	0	0
Costs of leases (Note 9)	79 558	72 350	0	0
Marketing costs	581 989	675 181	0	0
Other costs	298 179	327 945	7 216	5 869
Total cost of goods sold, sales, administration and other costs	**3 388 993**	**3 675 940**	**7 216**	**5 869**

For its reporting in reports, the group uses a profit and loss account divided by function, and the group's operating expenses are distributed among different types of costs, cost of goods sold, selling costs, administration costs and other costs. In cost of goods sold all costs for buying and distributing products that are sold to the group's customers are reported. The costs included in addition to the cost of goods for the products is, for example, shipping, customs, environmental fees, royalty costs, storage costs and distribution costs of goods to customer. Distribution costs are now included in cost of goods sold. Previously, these were reported as selling costs. The previous year's figures have been recalculated. The item selling costs mainly includes personnel and other costs for handling goods within the group's logistics facility, costs for customer service, marketing costs, personnel and other costs for design, etc of products, IT costs related to sales and store costs such as salaries and rents. In the item administration costs, mainly refers to costs for other central functions, including costs for salaries, for personnel working in finance, IT, people and culture etc. departments as well as rents for office premises and IT costs for administrative systems.

Note 11 Depreciation/amortisation and impairment by function

	Group	
	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Cost of goods sold	59 597	53 660
Selling expenses	100 633	101 243
Administrative expenses	51 931	48 797
Total depreciation/amortisation and impairment	**212 161**	**203 699**

Note 12 Number of employees, salaries, other remuneration and social security costs

	2023-12-31		2022-12-31	
Number of employees	Number employees	Of which number of men	Number employees	Of which number of men
Parent company	0	0	0	0
Subsidiaries	558	206	602	225
Total	**558**	**206**	**602**	**225**

	Group		Parent company	
Breakdown of senior executives as at balance sheet date	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Women:				
directors	1	0	1	0
other management roles including CEOs	4	6	0	0
Men:				
directors	3	3	3	3
other management roles including CEOs	7	8	2	2
Totalt	**15**	**17**	**6**	**5**

	2023-01-01 -2023-12-31		2022-01-01 -2022-12-31	
Salaries, remuneration, etc.	Salaries and other remuneration	Social sec. costs (of which pension costs)	Salaries and other remuneration	Social sec. costs (of which pension costs)
The parent company	1 425	448 (0)	0	0 (0)
Subsidiaries	266 478	127 404 (32 582)	267 780	135 742 (40 880)
Total	267 903	127 852 (32 582)	267 780	135 742 (40 880)

Salaries and remuneration by country and divided between Board members, etc. and other employees	2023-01-01 -2023-12-31 The Board, CEO and other executives (of which of which variable compensation)	Other employees (of which of which variable compensation)	2022-01-01 -2022-12-31 The Board, CEO and other executives (of which of which variable compensation)	Other employees (of which of which variable compensation)
Parent Company	1 425	0	0	0
	(0)	(0)	(0)	(0)
Subsidiaries				
Sweden	17 054	249 424	21 986	245 794
Total subsidiaries	**17 054**	**249 424**	**21 986**	**245 794**
	(4 173)	(6 913)	(3 904)	(700)
Total group	**18 479**	**249 424**	**21 986**	**245 794**

Of the Group's pension costs, SEK 5,354,000 (6,954,000) relate to the Board, CEOs and other executives.
Of the Group's recognised pension liability, SEK 216,000 (190,000) relates to the Group's CEO.

REMUNERATION OF SENIOR EXECUTIVES

Guidelines

Fees are paid to the chairman and members of the board according to the decision of the general meeting.

The Annual General Meeting adopted the following guidelines for remuneration of management.

Remuneration of the CEO and other senior executives consists of basic salary, variable remuneration, other benefits, pensions, financial instruments, etc.

Other senior executives refer to the 10 people who make up the Group management.

The allocation of basic salary and variable remuneration should be commensurate with the executive's responsibility and authority. The variable remuneration for CEOs and senior executives is capped at 50% of basic salary. Variable compensation is based on performance in relation to individual targets.

2022	Basic salary/ Board fee	Variable compensation	Other benefits	Pension costs	Synthetic options	Total
Chairman of the Board Robert Furuhjelm from 2021-08-17	0	0	0	0	0	0
Board member Morten Faye Eriksen from 2021-08-17	0	0	0	0	0	0
Board member Olof Faxander from 2022-06-30	0	0	0	0	0	0
CEO Alain Hellbaut from 2021-12-31 to 2022-03-31	0	0	0	0	0	0
CEO Hans Ohlsson from 2022-03-31	3 725	1 121	1 149	1 524	-4 157	3 362
Other senior executives (13 people)	14 357	2 783	3 195	5 430	-6 083	19 682
	18 082	**3 904**	**4 344**	**6 954**	**-10 240**	**23 044**

2023	Basic salary/ Board fee	Variable compensation	Other benefits	Pension costs	Synthetic options	Total
Chairman of the Board Artur Engel from 2023-01-01	600	0	0	0	0	600
Board member Robert Furuhjelm from 2023-01-01	0	0	0	0	0	0
Board member Patrik Illerstig from 2023-01-01	375	0	0	0	0	375
Board member Christina Schauman from 2023-01-01	450	0	0	0	0	450
CEO Hans Ohlsson from 2022-03-31	3 885	1 374	152	1 091	0	6 503
Other senior executives (10 people)	13 169	2 799	673	4 263	0	20 903
	18 479	**4 173**	**825**	**5 354**	**0**	**28 831**

The CEO of Ellos Group has a retirement age of 65.
The retirement age of other senior executives varies between 62 and 68.

The company has a national pension plan, either via the ITP plan or through occupational pension insurance.

Severance pay

For the Group CEOs a notice period of 6 months applies, whether notice is given by the company or the CEO. Upon termination by the company, severance pay shall amount to 12 months' salary.

Severance pay is not deducted from other income. Upon termination by the Group CEO, no severance pay shall be paid.

For other senior executives, the period of notice of termination by the company is 6-9 months. Upon termination by the company, severance pay shall amount to 0-6 months' salary.

Severance pay is not deducted from other income. Upon termination by the senior executive, no severance pay shall be paid.

Incentive program

Below is a summary of the option programs found in the group.

Syntethic options

The group previously had an option program regarding synthetic options that expired in 2022. Liabilities regarding synthetic options in the group amounts to SEK 0 (0) million.

During the year, the group's results were affected by SEK 0.0 (20.1) million regarding synthetic option liabilities of which SEK 0.0 (10.2) million referred to the group's senior executives. This income has been reported in the financial result.

The Group values synthetic options based on an accepted valuation model (Black & Scholes). Decisive parameters in the option valuation are assumed market values for the company's share, the exercise price, the share's volatility and how long the remaining term of the option is.

Warrants

	2023	
Statement of allocated warrants	Average price in SEK per warrant	Number of warrants
Per 1 January		
Allocated	1 100	63 907
Forfeited		
Redeemed		
Overdue		
Outstanding per 31 December	**1 100**	**63 907**
Redeemable per 31 December		
Remaining weighted average expected contract life of outstanding warrants at the end of the period		**27 months**

Warrants

Statement of allocated warrants	Average price in SEK per warrant	Number of warrants
Per 1 January		
Allocated	1 100	63 907
Forfeited		
Redeemed		
Overdue		
Outstanding per 31 December	**1 100**	**63 907**
Redeemable per 31 December		
Remaining weighted average expected contract life of outstanding warrants at the end of the period		**39 months**

Fair value of allocated warrants

The calculated fair value on the grant date regarding warrants alloctaed in 2022 was SEK 61 per warrant. Fair value on the grant date is calculated using the Black-Scholes valuation model.

Inputs in the model for warrants allocated in 2022 were:
a) the warrants are awarded free of charge and vest annually over a three-year period. Vested warrants can be redeemed within 6 years of vesting
b) redemption price: SEK 1 100
c) allocation date: 30 September 2022
d) expected term has been set at 3.5 years
e) share price on the allocation day: SEK 184
f) expected volatility of the company's share price: 100%
g) expected dividend yield: 0
h) risk-free rate: 2.44%

The expected volatility of the share price is based on the historical volatility (based on the remaining term of the warrant), adjusted for the expected changes in future volatility as a result of available public information.

	Warrants 2023		
Option program	Number	Value SEK	Cost 2022 TSEK
CEO	16 393	61	338
Other senior executives	41 783	61	862
Other employees	5 731	61	118
Total	**63 907**	**61**	**1 318**

	Warrants 2022		
Option program	Number	Value SEK	Cost 2022 TSEK
CEO	16 393	61	28
Other senior executives	41 783	61	72
Other employees	5 731	61	10
Total	**63 907**	**61**	**110**

In addition, the participants have also acquired 54 194 warrants worth SEK 61, since these have been acquired at fair value, they do not constitute a benefit and thus no cost is reported for them.

Note 13 Financial income/expense

	Group		Parent Company	
Financial income	**2023-01-01 -2023-12-31**	**2022-01-01 –2022-12-31**	**2023-01-01 -2023-12-31**	**2022-01-01 –2022-12-31**
Interest income	14 210	10 091	15 558	8 170
Exchange rate gains	4 420	0	4 036	0
Other financial income	7 992	7 307	0	7 308
Total	**26 622**	**17 398**	**19 594**	**15 478**

All interest income is attributable to financial assets valued at amortized cost. Other financial income in 2023 refers to forward points and for 2022 it refers to valuation of synthetic options. The forward points that are paid to the bank for the futures contracts are reported on an ongoing basis as financial income or expense.

	Group		Parent Company	
Financial expense	**2023-01-01 -2023-12-31**	**2022-01-01 –2022-12-31**	**2023-01-01 -2023-12-31**	**2022-01-01 –2022-12-31**
Interest expense credits mm	231 914	161 257	232 647	155 258
Interset expense leasing agreements	14 011	14 213	0	0
Exchange rate loss	0	51 198	0	52 772
Bank charges	19 931	33 602	12 838	27 838
Total	**265 856**	**260 270**	**245 485**	**235 868**

Interest costs are attributable to financial liabilities valued at amortized cost and interest costs for the debt to
group companies regarding a settlement agreement from 2020 which from 2022 is reported as a debt to group companies. Previously, this item was reported as a provision. The interest costs include interest on issued bonds and interest on the company's revolving credit as well as interest costs for leased objects. Bank costs mainly refer to costs when issuing bonds that are periodized over the term of the credits. The financial costs are reported on an ongoing basis when they arise.

Note 14 Income tax

Current tax	Group 2023-01-01 -2023-12-31	Group 2022-01-01 –2022-12-31	Parent Company 2023-01-01 -2023-12-31	Parent Company 2022-01-01 –2022-12-31
Tax on profit/loss for the year	-29 910	-8 454	-6 774	0
Adjustments recognised in the current year relating to the tax of prior years.	-878	-38 110	0	0
Total	**-30 788**	**-46 564**	**-6 774**	**0**

Deferred tax	Group 2023-01-01 -2023-12-31	Group 2022-01-01 –2022-12-31	Parent Company 2023-01-01 -2023-12-31	Parent Company 2022-01-01 –2022-12-31
Uppskjuten skatt hänförlig till temporära skillnader:				
Market valuation derivatives	-535	-175	0	0
Depreciation customer relationships and trademarks	20 239	20 441	0	0
Pension costs	-1 211	-2 643	0	0
Changes in unused loss carryforwards	-12 222	7 160	-7 431	7 431
Accrued expenses	-60	191	0	0
Other	643	-9	0	0
Total	**6 852**	**24 965**	**-7 431**	**7 431**
Total tax	**-23 936**	**-21 599**	**-14 205**	**7 431**

Income tax in Sweden is calculated at 20.6 (20.6) % on taxable income for the year. Tax in other jurisdictions is calculated at the rate applicable for each jurisdiction. Below is a reconciliation between the carrying amount and the tax expense for the year:

Reconciliation of tax expense for the year	Group 2023-01-01 -2023-12-31	Group 2022-01-01 –2022-12-31	Parent Company 2023-01-01 -2023-12-31	Parent Company 2022-01-01 –2022-12-31
Profit/loss before tax	-156 184	-283 446	157 805	-216 125
Tax expense for the year	-23 936	-21 599	-14 205	0
Tax calculated in accordance with Swedish tax rate (20,6%)	32 174	58 390	-32 508	44 522
Tax effect foregin subsidiaries	-8	-306	0	0
Tax effect of non-deductible costs	-1 657	-4 067	-65	-2 645
Tax effect of non-taxable revenues	691	64	61 801	0
Tax effect of used negative net interest income/expense from Group companies	3 430	8 804	0	0
Tax effect of reversal of non-deductible interest	-51 410	-43 672	-41 925	-34 526
Tax effect depeciation intangible assetsd	0	2 478	0	0
Tax effect of previously unutilized loss carryforwards	-10 745	-2 830	0	80
Other	4 466	-2 351	-1 508	0
Total	**-23 058**	**16 511**	**-14 205**	**7 431**
Adjustments recognised in the current year relating to current tax in prior years	-878	-38 110	0	0
Recognised tax expense for the year	**-23 936**	**-21 599**	**-14 205**	**7 431**

Tax recognised in other comprehensive income

Deferred tax	Group 2023-01-01 -2023-12-31	Group 2022-01-01 –2022-12-31
Actuarial gains and losses	-1 085	-10 159
Cash flow hedges		
Changes in value	2 984	-7 740
Reversed to the income statement	-3 115	15 633
Total	**954**	**-2 266**

Note 15 Goodwill and intangible assets

	Group	
	2023-12-31	2022-12-31
Goodwill		
Opening aquisition value	677 039	677 039
Closing aquisition value	677 039	677 039
Reported value carried forward	**677 039**	**677 039**
Trademarks		
Opening aquisition value	447 484	448 428
Disposed trademarks for the year	0	-944
Closing aquisition value	-447 484	-447 484
Opening amortisation	-2 182	-2 173
Amortisation for the year	-9	-9
Closing accumulated amortisation	-2 192	-2 182
Opening impairment	0	-944
Impairment for the year	0	0
Disposed trademarks for the year	0	944
Closing accumulated impairment	0	0
Reported value carried forward	445 293	445 302

	Group	
	2023-12-31	2022-12-31
Customer relations		
Opening aquisition value	662 022	662 022
Closing aquisition value	662 022	662 022
Opening amortisation	-291 605	-197 030
Amortisation for the year	-94 575	-94 575
Closing accumulated amortisation	-386 180	-291 605
Reported value carried forward	275 843	370 417
Capitalised expenditure		
Opening aquisition value	266 639	252 290
Aquisition for the year	23 211	25 475
Impairment for the year	-46 903	-11 126
Closing aquisition value	242 947	266 639
Opening amortisation	-172 136	-148 124
Amortisation for the year	-29 443	-27 397
Impairment for the year	45 942	3 387
Closing accumulated amortisation	-155 637	-172 136
Reported value carried forward	87 310	94 503

Separately acquired intangible assets
The group’s intangible assets with determinable useful lives that have been acquired separately are reported at acquisition value with deductions for accumulated depreciation and any accumulated write-downs. Amortisation is done on a straight-line basis over the estimated useful life of the asset. Estimated useful lives and amortisation methods are reviewed at least at the end of each financial year and the effect of any changes in estimates are reported prospectively. Trademarks and goodwill with an undeterminable useful life will be tested for impairment annually, and if there are indications of need.

Intangible assets acquired in business combinations
In connection with Ellos Group AB’s acquisition of other companies in the group in November 2019, part of the acquisition price was allocated to customer relations, trademarks and goodwill.

Customer relationships and brands with determinable periods of use
Customer relationships that were identified in connection with Ellos Group’s business acquisition were assessed to have an expected useful life of 7 year and is amortised on a straight-line basis over this period. Amortisation of customer relationships is recognised as selling expense. A trademark with a determinable useful life was also identified. In the year 2022, this brand was sold.

Brands with indefinite useful lives
For the group’s brands that are deemed to have an indefinite useful life, an impairment test is carried out annually to find out if there are signs that the fair value of the asset is less than the reported value.

Ellos Group’s calculation of the value in use is based on the budget and forecast estimated future cash flows covering a 5-year period and thereafter discounted perpetual cash flows. The material assumptions used in the assessment of future cash flows are budgeted net sales and operating profit before amortization of intangible fixed assets for the next 5 years, discount rate (WACC) calculated at 11.9 (12.2) percent based on weighted average cost of capital and long-term growth rate which has been estimated at 2%. This calculation means that there is an excess value of close to SEK 800 million.

Parameters used have been based on current outcomes, history and budgeted growth rate as well as management’s assessments and expectations as well as external sources.

Sensitivity analysis
Ellos Group has carried out sensitivity analyzes to evaluate whether possible unfavorable changes could lead to a need for write-downs in goodwill or intangible assets. Calculations, which are reasonable possible with a reduced growth rate of two percentage points and an increased WACC of two or three percentage points would not mean that there is a need for impairment. In these calculations, there is still a margin of between approx. SEK 100-450 million.

Ellos

The Ellos brand has been in existence for more than 75 years, primarily in Sweden but also, through geographic expansion, in Norway, Finland, Denmark and, through partners, in the USA as well as on other companies market platforms in Europe. The brand will continue to be used in a similar way and there are no plans for changes. The brand Ellos is used when establishing new markets, e.g. on external companies' market platforms. Based on the progress of Ellos itself and market trends, it is highly likely that the brand will continue to exist for a very long time to come, which is why the brand has an indefinite useful life.

Jotex

The Jotex brand has been in existence for close to 60 years, primarily in Sweden but also, in recent years, in Norway, Finland and Denmark and also recent in Germany, Poland, Austria and the Netherlands. The brand will continue to be used in a similar way and there are no plans for changes. Based on the progress of Jotex itself and market trends, it is highly likely that the brand will continue to exist for a very long time to come, which is why the brand has an indefinite useful life.

Homeroom

The Homeroom brand is a relatively recently established brand that is expected to account for a large proportion of the Group in the future because of investments being made in this business. The Group plans to continue to invest in the Homeroom brand and the brand is estimated to have an indefinite useful life.

Internally generated intangible assets - Capitalised software development costs

The group's development expenses for new or improved IT-processes are reported as internally developed intangible assets. The intangible assets are only reported if it is technical and commercially feasible and the group has the resources to complete the development.
After initial recognition, internally generated intangible assets are recognised at cost after deduction for accumulated amortisation and any accumulated impairment. The useful life of the group´s software is estimated to be 3-10 years.
When it is not possible to report any internally developed intangible asset, the expenses for development are reported as an expense in the period in which they arise.

In 2017, Ellos Group replaced all IT systems, a project which had then lasted for 3 years. The useful life of some of the systems such as the ERP system have been assessed be at least 10 years as it constitutes an extensive strategically important investment in the long term and is not intended to be renewed at the same rate as other systems where the rate of change is higher. The useful life of these parts have therefore been set at 10 years. Any exchange of these parts of the group's IT systems is not planned in the near future.

Note 16 Equipment, tools, fixtures and fittings

	Group	
	2023-12-31	2022-12-31
Opening aquisition value	176 282	170 679
Aquisition for the year	1 249	4 050
Reclassifications	6 597	4 517
Disposals for the year	-55 450	-2 964
Closing aquisition value	128 678	176 282
Opening depreciation	-122 426	-113 442
Depreciation for the year	-10 388	-10 970
Disposals for the year	55 450	1 986
Closing accumulated depreciation	-77 364	-122 426
Reported value carried forward	**51 314**	**53 856**

The group's equipment, tools, fixtures and fittings (tangible fixed assets) are taken up at the acquisition value, which is the group's purchase price for the asset as well as the expenses that are directly attributable to the tangible asset, after deducting accumulated depreciation and any disposals.

Depreciation takes place linearly over the assets' estimated useful life and the useful periods that have been used amount to 3-10 years.

Estimated useful lives, residual values and depreciation methods reviewed at least at the end of each accounting period, the effect of any changes in assessments are reported prospectively.

This year's investments and reclassifications from ongoing investments mainly refers to equipment within logistics and servers for our IT department.

During 2023, a number of older inventories purchased for SEK 55.4 million has been disposed because these are no longer used in the business. All of these were fully written off.

Note 17 Investments in leased property

	Group	
	2023-12-31	2022-12-31
Opening aquisition value	97 409	96 936
Disposals for the year	-4 017	-377
Reclassifications	0	851
Closing aquisition value	93 392	97 409
Opening depreciation	-29 045	-24 237
Depreciations for the year	-4 854	-4 864
Disposals for the year	1 016	56
Closing accumulated depreciation	-32 883	-29 045
Reported value carried forward	**60 509**	**68 364**

The group's investments in leased property (tangible fixed assets) is taken up to the acquisition value, which is the group's purchase price for the asset as well as the expenses that are directly attributable to the material asset, after deduction for accumulated depreciation and any disposals.

Depreciation takes place linearly over the assets' estimated useful life which has been assessed to be 20 years, which in principle corresponds to the lease for the premises where the investment is made.

In 2023, a lease for a store has been terminated and the inventory left in the store has been disposed.

Note 18 Construction in progress within property, plant and equipment

	Group	
	2023-12-31	2022-12-31
Opening aqusition value	3 088	51
Investments for the year	3 533	8 405
Reclassifications	-6 597	-5 368
Closing aqusition value	24	3 088
Reported value carried forward	**24**	**3 088**

Note 19 Participations in Group companies

	Parent Company	
	2023-12-31	2022-12-31
Opening aqusition value	2 369 897	2 369 788
Free warrants	1 318	110
Reported value carried forward	**2 371 215**	**2 369 897**

During 2023, senior executives employed in the group's subsidiaries have received free warrants in the parent company Ellos Group AB.
The shares in the former company Ellos 3 AS have been merged with Ellos Norway AS.
In 2022, Ellos Group Nordic AB has acquired the shares in Ellos Group Holding AB, which will then become a subsidiary company of Ellos Group AB.
The group company Ellos 3 AS has been sold by Ellos 1 AB to Ellos Norway AS in 2022.
During 2022, senior executives employed in the group's subsidiaries have received free warrants in the parent company Ellos Group AB.

Subsidiary	Corporate identity number	Registered office	2023-12-31 Equity share %	2022-12-31 Equity share %
Ellos Group Nordic AB	559318-3618	Stockholm	100%	100%
FNG Nordic Buying Platform BV	0739.663.008	Mechelen, Belgium	100%	100%

The Group also includes the following sub-subsidiaries

Sub-subsidiary	Corporate identity number	Registered office	2023-12-31 Equity share %	2022-12-31 Equity share %
Ellos Group Holding AB	556857-8511	Stockholm	100%	100%
Ellos Holding AB	556831-9114	Stockholm	100%	100%
Ellos Group Sweden AB	556217-1925	Borås	100%	100%
Ellos AB	556044-0264	Borås	100%	100%
Jotex Sweden AB	556249-7106	Borås	100%	100%
Ellos Finland OY	1442131-6	Helsingfors, Finland	100%	100%
Ellos Finland OY filial	516411-6237			
Ellos Norway Holding AS	879478642	Oslo, Norge	100%	100%
Ellos Norway AS	832005622	Oslo, Norge	100%	100%
Ellos Norway AS filial	516411-6278			
Ellos Denmark A/S	24927814	Köpenhamn, Danmark	100%	100%
Ellos Denmark A/S filial	516411-6153			
Ellos 1 AB	556783-8858	Borås	100%	100%
Ellos 2 AB	556713-8077	Borås	100%	100%
FAAD AB	559027-6407	Borås	100%	100%

Note 20 Trade receivables

Ellos Group categorizes accounts receivable as "Financial assets valued at amortized cost". Accounts receivable expected maturity is short, which is why accounting takes place at nominal value amount without discounting. Deductions are made for expected credit losses. The amount of expected credit losses is updated at the end of each reporting period. The group always reports anticipated credit losses for the remaining term of accounts receivable in accordance with the simplified model. Impairments of accounts receivable is reported as a cost in the income statement.

Trade receivables are amounts attributable to customers in respect of goods sold or services performed in the ordinary course of operations. Trade receivables normally fall due for payment within 0-30 days and all trade receivables have therefore been classified as current assets. Trade receivables are initially recognised at the transaction price. Invoice receivables and partial payment receivables arising in the course of the Group's business are sold to Resurs Bank on a daily basis, which is why the amount of trade receivables recognised as at the balance sheet date is fairly low in relation to the operations. See further information in note 5.

	Group	
	2023-12-31	2022-12-31
Trade receivables, gross	69 107	64 325
Provision for uncertain receivables	-3 863	-1 783
Total	**65 244**	**62 542**

	Group	
Provision for doubtful debts	2023-12-31	2022-12-31
Provision for doubtful receivables at the beginning of the year	-1 783	-925
Realised doubtful debts, net	- 2080	-858
Total	**-3 863**	**-1 783**

Group 2022

Age analysis trade receivables	Trade receivables gross	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Provision doubtful trade receivables	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Trade receivables net
Not due	52 676	13 288	24 951	11 227	0	3 210	-417	0	-286	-104	0	-27	52 258
Past due 30 days	3 219	556	2 943	-294	0	14	-46	0	-47	3	0	-1	3 173
Past due 31-60 days	476	0	544	-69	0	1	-8	0	-9	1	0	0	468
Past due 61-90 days	-16	0	78	-99	0	5	-1	0	-1	1	0	-1	-16
Past due > 90 days	7 970	0	1 299	2	6 820	-151	-1 311	0	-351	0	-959	-1	6 659
Summa	**64 325**	**13 844**	**29 815**	**10 767**	**6 820**	**3 079**	**-1 783**	**0**	**-694**	**-100**	**-959**	**-30**	**62 542**

Group 2023

Age analysis trade receivables	Trade receivables gross	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Provision doubtful trade receivables	of which Resurs	of which B2B	of which creditcard	of which at a collection agency	of which other	Trade receivables net
Not due	55 984	11 360	26 231	15 204	0	3 189	-216	0	-110	-73	0	-33	55 768
Past due 30 days	2 575	0	2 630	-105	0	49	-45	0	-42	-1	0	-1	2 530
Past due 31-60 days	687	0	653	28	0	7	-33	0	-27	-6	0	0	653
Past due 61-90 days	303	0	328	-44	0	19	-50	0	-39	-8	0	-2	254
Past due > 90 days	9 558	-1	3 791	-37	5 806	0	-3 519	0	-2 109	-2	-1 411	0	6 037
Summa	**69 107**	**11 359**	**33 633**	**15 046**	**5 806**	**3 263**	**-3 863**	**0**	**-2 327**	**-90**	**-1 411**	**-36**	**65 244**

Because the Group sells the majority of its receivables daily to Resurs Bank, which also pays the Group for these on a daily basis, the Group's outstanding credit risk of this receivables is limited. A part of receivables not due for payment, SEK 11.4 (13.3) million, refers to receivables in Resurs Bank of which SEK 5.4 (5.4) million are paid and recognised at bank the following day. Ellos Group has some partners (B2B customers) where the credit risk is assessed as low.
Non-overdue credit card payments SEK 15.2 (11.2) million are normally received within a few days.

In 2013, Ellos Group sold its invoice and split payment receivables for the brands Ellos and Jotex, excluding receivables transferred to collection agencies, to Resurs Bank AB and the Group sells the invoice and split payment receivables arising in the e-commerce business to Resurs Bank AB on a daily basis, which means that the Group's remaining trade receivables primarily relate to corporate customers and debt recovery receivables. The majority of trade receivables past due more than 90 days, SEK 5.8 (6.8) million, comprise receivables not sold to Resurs Bank AB in 2013 and are reported to fair value during Ellos Group ABs acquisition of Ellos Group. The company estimates that payment will be obtained for the majority of the trade receivables that are past due but not impaired because the customers' payment history shows that payments have been made and are continuing to be made.

Note 21 Inventory

	Group	
	2023-12-31	2022-12-31
Goods in transit	97 683	96 391
Goods for resale	523 651	603 541
Total	**621 334**	**699 932**

Inventories were valued at the lowest of cost and net realisable value. The net realizable value has been estimated of the group and is an estimated sales price after deductions for estimated costs necessary to accomplish a sale. When calculating the net sales value, an assessment is made of the price at which it is possible to sell the current inventory. Estimated sales costs based on forecasted values are taken into account in the calculation. The sales costs that are calculated consist of, for example, marketing costs and costs for customer service. In that case the net sales value is less than the book value, a write-down (obsolescence) is made based on the calculated net sales value. The acquisition value is calculated by calculating a weighted average for each delivery. The obsolescence that has been reported amounts to 31.7 (41.2) MSEK.

The inventory carrying cost in 2023 amounted to SEK 1 525.9 (1 665.7) million and was reported on the line for cost of goods sold.

Return assets are reported as a separate item in the balance sheet, which is an estimated inventory asset based on what has been estimated that customers will return in 2024 for sales reported in 2023. This return right asset amounts to SEK 12.4 (16.3) million.

Note 22 Accrued income

	Group	
	2023-12-31	2022-12-31
Accrued income	30 391	33 295
Total	**30 391**	**33 295**

The items recognised as accrued income by the Group primarily comprise the additional purchase consideration received from Resurs Bank in respect of the trade receivables that are sold to them on a daily basis for nominal amount.

Not 23 Other currrent receivables

The group uses, for card payments from customers, a card-issuing company and that company keeps part of the cash which goes through them as a deposit. The deposit that the company contained per 2023-12- 31 amounted to SEK 22.5 (5.5) million.

Note 24 Prepaid expenses

	Group		Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Prepaid trade payables	34 956	28 937	1 293	1 112
Total	**34 956**	**28 937**	**1 293**	**1 112**

Note 25 Cash and cash equivalents

	Group		Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Cash and bank	151 111	157 524	544	6 590
Total	**151 111**	**157 524**	**544**	**6 590**

Note 26 Share capital

The Parent Company's share capital amounts to SEK 500,000, divided into 500,000 shares. The quota value thus amounts to SEK 0.1. 500,000 shares are ordinary shares and 4,500,000 shares are preference shares. All shares are fully paid and entitled to one vote. No shares are reserved for transfer according to option agreements or other agreements.

Note 27 Other contributed capital - Group

Other contributed capital consists partly of shareholder contributions received during 2019 and 2020, SEK 679.9 million, and the capital paid for warrants during 2022, SEK 3.3 million. In total, Other contributed capital amounts to SEK 683,206 thousand.

Note 28 Reserves - Group

The translation reserve relates to currency translation differences when foreign operations are translated into SEK, which are recognised in other comprehensive income.

The hedging reserve relates to the effective portion of the cumulative change in the fair value (net) of cash flow hedging instruments, which is recognised in other comprehensive income.

Note 29 Current borrowings -interest-bearing

	Group	
	2023-12-31	2022-12-31
Revolving credit	24 657	89 479
Total	**24 657**	**89 479**

Current liabilities to credit institutions of SEK 24.7 (89.5) million refer to the utilized part of the Group's revolving credit facility with bank. The total limit for this credit facility is SEK 350 million.

The credit space was used for the revolving credit, but also for guarantees issued by the bank in favor of the group amounting to SEK 131.1 (146.0) million. Other space of 194.2 (114.5) MSEK was unused on the balance sheet date.

The credit facility runs at an interest rate of 3 m Stibor +2.75 % and has a term that ends on January 20, 2024. The group is dependent on a new credit agreement being signed when this expires.
Additional information about the group's credits can be found in note 30 as well as in note 4, which contains information on the group's interest bearing debts and their contractual terms and which credit and interest rate risks that are exposed in the group as a result of the debts.
Note 35 contains information on collateral.

Note 30 Current bond issue -interest-bearing

	Group	
	2023-12-31	2022-12-31
Bond issue, current	1 492 586	0
Bond issue, non-current	0	1 479 877
Total	**1 492 586**	**1 479 877**

The Group has issued senior secured bonds with a nominally value of SEK 1,500 million. The bonds have a maturity of 5 years from issue on 25 July 2019 and they run with a nominal interst rate of 3 m stibor + 6.75%. Amortization of the full amount must be made on the maturity date, which is July 24, 2024. The group works actively to ensure access to financing after the bonds have expired, which is a prerequisite for the group's survival.

Additional information about the group's credits can be found in note 29 as well as in note 4, which contains information on the group's interest bearing debts and their contractual terms and which credit and interest rate risks that are exposed in the group as a result of the debts.
Note 35 contains information on collateral.

Note 31 Deferred tax

Deferred tax is reported on temporary differences between the reported value of assets and liabilities in the group's financial statements and the tax value used in calculating taxable income. Deferred tax liabilities are reported for basically all taxable temporary differences and deferred tax receivables are reported for basically all deductible temporary differences to the extent that it is likely that the amounts can be used against future taxable surpluses.

Deferred tax is calculated according to the tax rates that are expected to apply for the period when the asset is recovered or the liability settled, based on the tax rates (and tax laws) that have been decided or notified in each country as of the balance sheet date.

The reported value of deferred tax assets is tested at each closing date and is reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available to be used, in whole or in part, against the deferred tax asset. Tax loss deductions in the group have been valued at SEK 0.2 (12.5) million and refer to losses accrued up to and including the balance sheet date. As the assessment is that these losses will be able to be utilized against tax surpluses, in addition to surpluses that are due to the reversal of existing taxable temporary differences, within the foreseeable future, a deferred tax asset has been reported. The losses for 2023 are found in Norway.

The Group's temporary differences have resulted in deferred tax liabilities and deferred tax assets for the following items:

	Group	
	2023-12-31	2022-12-31
Deferred tax assets		
Pension obligations	7 396	7 523
Accrued expenses	506	5 674
Tax loss carryforwards	241	12 466
Derivatives - cash flow hedges	2 455	3 121
Other	5 882	0
Total	**16 480**	**28 784**
Deferred tax liabilities		
Intangible assets - trademarks and customer relationships	146 263	166 502
Other	4 517	4 161
Total	**150 780**	**170 663**
Total deferred tax assets and liabilities, net	**-134 300**	**-141 879**

Changes to deferred tax assets and liabilities during the year are shown below:

Group	Deferred tax asset						
Changes to deferred taxes	**Pension obligations**	**Accrued costs**	**Derivative cash flow hedges**	**Unused loss carryforwards**	**Leasing**	**Other**	**Total**
Opening balance 1 January 2022	20 325	5 463	0	5 122	0	0	30 910
Transfered from deferred tax liability	0	0	-4 597	0	0	0	-4 597
Recognised in the income statement	-2 643	190	-175	7 160	0	0	4 532
Recognised in other comprehensive income	-10 159	0	7 893	0	0	0	-2 266
Currency translation differences	0	21	0	183	0	0	204
Closing balance 31 december 2022	**7 523**	**5 674**	**3 121**	**12 465**	**0**	**0**	**28 784**

Group	Deferred tax asset						
Changes to deferred taxes	**Pension obligations**	**Accrued costs**	**Derivative cash flow hedges**	**Unused loss carryforwards**	**Leasing**	**Other**	**Total**
Opening balance 1 January 2023	7 523	589	3 121	12 668	4 884	0	28 784
Transfered from deferred tax liability	0	0	0	0	0	-1 742	-1 742
Recognised in the income statement	-1 211	-60	-535	-12 222	998	1 742	-11 289
Recognised in other comprehensive income	1 085	0	-131	0	0	0	954
Currency translation differences	0	-21	0	-205	0	0	-226
Closing balance 31 december 2023	**7 396**	**506**	**2 455**	**241**	**5 882**	**0**	**16 480**

Deferred tax receivables regarding the group's right-of-use assets and lease liabilities are reported net in the group's balance sheet. Gross, these items amount to a deferred tax asset of SEK 109,201 thousand and a deffered tax liability of SEK 104,317 thousand. The change over the years in deferred tax assets relating to loss deductions refers to utilized losses.

Group	Deferred tax liability			
Changes to deferred taxes	Intangible assets	Derivative cash flow hedges	Other	Total
Opening balance 1 January 2022	186 943	4 596	4 154	195 693
Transfered to deferred tax asset	0	-4 596	0	-4 596
Recognised in the income statement	-20 441	0	7	-20 434
Closing balance 31 december 2022	**166 502**	**0**	**4 161**	**170 663**

Group	Deferred tax liability			
Changes to deferred taxes	Intangible assets	Derivative cash flow hedges	Other	Total
Opening balance 1 January 2023	166 502	0	4 161	170 663
Transfered to deferred tax asset	0	0	-1 742	-1 742
Recognised in the income statement	-20 239	0	2 098	-18 141
Closing balance 31 december 2023	**146 263**	**0**	**4 517**	**150 780**

Note 32 Employee benefits

The Group's pension commitments include both defined contribution and defined benefit pension plans.

Defined contribution plans:
The Group's defined contribution plans are in Sweden.

Total costs for the Group's defined contribution plans for the financial year amounted to SEK 13.4 (11.9) million.

Defined benefit pension plans that cover several employers - The Alecta plan:
For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension commitments for old-age and family pensions are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Classification of ITP plans financed by insurance in Alecta, this is a defined benefit plan that covers several employers. For the financial year 2023, the company did not have access to information in order to be able to report its proportionate share of the plan's obligations, plan assets and costs, which meant that the plan was not possible to report as a defined benefit plan. The ITP 2 pension plan, which is secured through insurance with Alecta, is therefore reported as a defined contribution plan. The premium for the defined-benefit old-age and family pension is calculated individually and is, among other things, dependent on salary, previously earned pension and the expected remaining period of service. Expected fees next financial year for ITP 2 insurances taken out with Alecta amount to approximately SEK 5.9 (7.7) million. The Group's share of the total fees to the plan and the Group's share of the total number of active members in the plan amounts to an insignificant share.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level should normally be allowed to vary between 125 and 175 percent. In order to strengthen the level of consolidation if it is deemed to be too low, one measure may be to increase the agreed price for new subscriptions and extensions of existing benefits. If the consolidation level exceeds 150 percent, premium reductions can be introduced. At the end of 2023, Alecta's surplus in the form of the collective consolidation level1 amounted to 157 percent (172 percent).

Defined benefit pension plans
The Group's obligation in respect of ITP 2 is financed by the Group, that is, the Group manages the pension assets until it is time to pay out pensions. The Group's intention is that pension assets will act as a long-term source of funding, while employee pensions are also guaranteed. Thus, ITP 2 constitutes a so-called unfunded pension plan.

The latest actuarial calculation of the present value of the defined benefit obligation was carried out by PRI Pensionsgaranti. The present value of the defined benefit obligation and the related service costs for the current period, as well as service costs from previous periods, have been calculated using the Projected Unit Credit Method.

The plan exposes the Group to a multitude of actuarial risks, such as interest rate risk, risk related to life expectancy, the development of the income base amount as well as investment risk.

The principal actuarial assumptions, by country, are presented below:

	Group	
	2023	2022
Discount rate	3,25%	3,70%
Expected salary increase	0,00%	0,00%
Inflation	1,60%	2,00%
Income base amount increase/decrease	0,00%	0,00%
Life span	DUS21	DUS14

Assumptions regarding life expectancy are based on official statistics and experience from mortality estimates in Sweden made by actuarial experts.

	Group	
Amounts recognised in income statement	**2023**	**2022**
Employment costs during the current period	0	0
Employment costs from previous periods	0	0
Effects of adjustments	0	0
Net interest costs	3 930	2 730
The defined benefit costs recognised in profit/loss for the year	**3 930**	**2 730**

The defined benefit costs were recognised as personnel costs in the consolidated income statement.

	Group	
Amounts recognised in other comprehensive income	**2023**	**2022**
Remeasurement of the net defined benefit liability:		
Actuarial gains and losses arising from changes to financial assumptions	893	-49 185
Actuarial gains and losses arising from changes to experience	4 774	12 143
Total amount recognised in other comprehensive income	**5 667**	**-37 042**
Total	**9 597**	**-34 312**

Amounts recognised in the balance sheet for defined benefit pension obligations.

	Group	
	2023-12-31	2022-12-31
Unfunded pension obligations including payroll tax	119 262	113 373
Net unfunded and funded pension obligations	**119 262**	**113 373**

Net changes in the defined benefit obligation for the period:

	Group	
	2023-12-31	2022-12-31
Defined benefit obligations at the beginning of period	113 373	162 938
Assumed obligations from business combinations	0	0
Employment costs during the current period		
Net interest expense	3 930	2 730
Actuarial gains (-) and losses related to:		
Effects of adjustments	5 266	-49 314
Pension payments	-3 307	-2 981
Defined benefit obligations at the end of the period	**119 262**	**113 373**

Sensitivity analysis

The most significant actuarial assumptions used in the calculation of the defined benefit obligation are the discount rate, inflation and life expectancy assumptions. Below is a sensitivity analysis showing how feasible changes in these assumptions could affect the reported net defined benefit liability (minus sign (-) refers to reduced liability):

	Group	
	2023	2022
Change in discount rate + 0.5%	-8 932	-8 635
Change in discount rate -0.5%	10 076	9 761
Change in inflation + 0.5%	10 094	9 779
Change in inflation -0.5%	-9 016	-8 715
Change in life expectancy assumption + 1 year	3 431	3 205

When assessing the sensitivity analysis presented above, it is important to consider that it is unlikely that changes in an assumption would take place in isolation from changes in other actuarial assumptions. This is because certain assumptions can be assumed to correlate with each other and to some extent have opposite effects on the defined benefit obligation. Furthermore, the Projected Unit Credit Method is used to calculate the present value of the defined benefit obligation, which is the same as that used in the calculation of the liability in the Group's balance sheet. There has been no change to the method or assumptions used in preparing the sensitivity analysis compared to previous years.
The Group calculates that it will pay SEK 3.7 (3.9) million in premiums in the following year in respect of the Group's defined benefit plan.

Note 33 Provisions

Current provisions	Group 2023-12-31	Group 2022-12-31
At the beginning of the year	6 111	0
Additional costs	3 880	6 111
Amount that has been claimed	-8 471	0
At the end of the year	**1 519**	**6 111**

Provisions are recognized when the group has an existing obligation (legal or informal) as a result of an event that has occurred where it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

In 2023, a restructuring reserve has been reported for personnel costs in connection with a reorganization within the group. The provision made during the year amounted to SEK 3.9 million. Decisions have been made in 2023 and all staff have been informed.

During 2022, the business regarding the Stayhard brand has been closed and a decision has been made to close down the store in Kristianstad. A provision for costs in connection with restructuring carried out in the group has been reported where decisions have been made in 2022 and, where applicable, communicated to employees. The costs included in the reserve are partly personnel costs and partly rental costs and restoration costs for the store.

Note 34 Accrued expenses

	Group		Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued salaries	16 925	1 594	0	0
Accrued holiday pay	43 851	44 598	0	0
Accrued social security contributions	6 566	9 246	0	0
Accrued liability, specifically payroll tax	8 174	10 110	0	0
Accrued custom liabilities	22 175	22 775	0	0
Accrued freight costs	13 660	12 193	0	0
Accrued marketing cost	39 138	49 569	0	0
Accrued interest expenses	30 570	24 228	30 281	23 902
Other invoices allocated over time, etc.	43 177	44 369	996	1 878
Total	224 236	218 682	31 277	25 780

Note 35 Pledged assets and contingent liabilities

	Group		Parent Company	
Pledged assets	**2023-12-31**	**2022-12-31**	**2023-12-31**	**2022-12-31**
Pledged shares in subsidiaries	6 753 460	7 066 669	2 371 215	2 369 897
Corporate mortgages	8 462 840	11 168 710	0	0
Other	52	50	52	50
Total	**15 216 352**	**18 235 429**	**2 371 267**	**2 369 947**

	Group		Parent Company	
Contingent liabilities	**2023-12-31**	**2022-12-31**	**2023-12-31**	**2022-12-31**
Guarantee	-	-	-	-
Guarantee to PRI	1 863	1 704	0	0
Total	**1 863**	**1 704**	**0**	**0**

The Group has been granted credit by bank amounting to a total of SEK 350 million and the Group has also issued bonds of SEK 1,500 million. As security for these credits, the parent company and the group have pledged the shares in all the group's subsidiaries and sub-subsidiaries. The Group's companies have also provided a general unlimited guarantee of SEK 248.0 (317.6) million. In addition, there are corporate mortgages in some of the Group's companies.

Note 36 Related party transactions

Transactions between companies that are subsidiaries in the Ellos Group AB (publ) group, which are related parties, have been eliminated in the consolidation and information on these transactions is therefore not disclosed in this note. Cidron e-Com S.à.r.l has a controlling interest in FNG Nordic AB (publ). Information on transactions between the Group and other related parties is presented below.
Sales and purchases of goods and services took place on market terms.

Loans to related parties

The Group has not provided any loans to people in the circle of related parties. Related party relationships exist with persons in key senior management roles; information about this is shown in Note 12 Employees and personnel costs.

Remuneration of senior executives

No remuneration was paid to the Group's senior executives, except salaries and other remuneration as stated in Note 12.

The company has issued an option program for people in senior positions. The options have partly been obtained free of charge and partly acquired on market terms. See further information in Note 12.

Other

No dividends were paid out during the financial years 2022 and 2023.

Parent Company

Net sales recognised in the Parent Company consist solely of intra-Group sales.

Note 37 Alternative key figures - motivation, derivation and definition

MOTIVATION

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.

DERIVATION

	Group	
GROSS PROFIT IN MSEK	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales	3 436.6	3 624.0
Cost of goods sold	-2 017.8	-2 189.5
Gross profit	**1 418.8**	**1 434.5**

	Group	
GROSS MARGIN %	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Gross Profit in MSEK	1 418.8	1 434.5
Net sales in MSEK	3 436.6	3 624.0
Gross margin	**41.3**	**39.6**

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

	Group	
EBITA AMOUNT IN MSEK	**2023-01-01 -2023-12-31**	**2022-01-01 -2022-12-31**
Operating profit/loss	83.0	-40.6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relationships)	94.6	94.6
EBITA	**177.6**	**54.0**

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

	Group	
ADJUSTED EBITA, AMOUNT IN MSEK	**2023-01-01 -2023-12-31**	**2022-01-01 -2022-12-31**
Operating profit/loss	83.0	-40,6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relationships)	94,6	94,6
Non-recurring items		
Restructuring costs	11.4	15.5
Strategic cost	0.0	1.1
Incentive program	0.0	9.2
Adjusted EBITA	**189.0**	**79.8**

Adjusted EBITA shows the operating profit/loss before amortization of acquisition-related intangible assets adjusted for non-recurring items. Non-recurring items refers to the items that are separated from usual business. Management believes that non-recurring items should be shown as they otherwise make comparability between periods more difficult.

ADJUSTED EBITA MARGIN, %	Group 2023-01-01 -2023-12-31	Group 2022-01-01 -2022-12-31
Net sales, amount in MSEK	3 436.6	3 624.0
Adjusted EBITA amount in MSEK	189.0	79.8
Adjusted EBITA-margin	**5.5**	**5.2**

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

OPERATING PROFIT, MSEK	Group 2023-01-01 -2023-12-31	Group 2022-01-01 -2022-12-31
Profit/loss before tax	-156.2	-283.5
Financial items	-239.2	-242.9
Operating profit/loss	**83.0**	**-40.6**

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

OPERATIN MARGIN %	Group 2023-01-01 -2023-12-31	Group 2022-01-01 -2022-12-31
Operating profit/loss, in MSEK	83.0	-40.6
Nett sales in MSEK	3 436.6	3 624.0
Operating margin	**2.4**	**-1.1**

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

NET DEBT, AMOUNT IN MSEK	Group 2023-12-31	Group 2022-12-31
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 492.6	1 479.9
Interest-bearing liabilities, short-term	24.7	89.5
Cash and cash equivalents	-151.1	-157.5
Net debt	**1 366.2**	**1 411.8**

Net debt/net asset comprises interest-bearing long-term and short-term liabilities excluding pension liabilities, lease liabilities and liabilities to group companies. Management manages the measures net debt and debt / equity ratio to analyze that the Group meets its debt indebtedness targets. The debt/net asset indicates the extent to which the group is willing to indebt its business.

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.

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/loss: 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.

Non-recurring item: 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.

Netdebt/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.

Note 38 Events after the balance sheet date

On February 9, a super senior secured bond was issued with a fixed interest rate of SEK 250 million and with a maturity of 365 days. The settlement from the emission were used to fully refinance the previous revolving credit facility. The company's senior secured bands of SEK 1,500 million mature in July 2024, and the Group is working to ensure the financing of these credits as well.

Note 39 Appropriation of the company's profit or loss

Amount at the disposal of the Annual General Meeting:
Retained earnings of SEK 471,201,692 and profit for the year of SEK 143,599,768.
The Board of Directors proposes that SEK 614,801,460 be carried forward.

Note 40 Approval of financial statements

The Annual Report was adopted by the Board of Directors on April 17 2024 and approved for publication on April 18 2024.

Borås on April 18 2024

Arthur Engel
Chairman of the board

Hans Ohlsson
CEO

Robert Campbell Furuhjelm
Board member

Patrik Illerstig
Board member

Kristina Schauman
Board member

Hans Lindau
Employee representative

Åsa Tobrant
Employee representative

We submitted our Auditor's Report on April 18 2024

Ernst & Young Aktiebolag

Andreas Mast
Authorised Public Accountant

Auditor’s report

To the general meeting of the shareholders of Ellos Group AB, corporate identity number 559175-1325

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ellos Group AB (publ) except for the corporate governance statement on pages 18-19 and the statutory sustainability report on pages 7-17 for the financial year 2023.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2023, and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 18-19 and the statutory sustainability report on pages 7-17. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Significant uncertainty regarding going concern

We would like to draw attention to the information in the management report, where it is presented that the company is seeking new financing and in the event that current options for new financing cannot be realized, this could imply a significant uncertainty regarding the company's future operations. These conditions indicate that there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this regard.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Revenue recognition and valuation of returns

Description	*How our audit addressed this key audit matter*
As indicated in the income statement of the accompanying consolidated financial statements, the Group's net sales during fiscal year 2023 amounted to 3 436 MSEK. Revenue is mainly generated from sales of goods to end consumers through e-commerce. Revenue is recognized when it is considered likely that payment will be received and when all risks have been transferred from seller to buyer. Revenue recognition is associated with subjective evaluation in terms of accounting for returns. The repayment debt for the Group at 31st of December 2023 amounted to MSEK 25. As a result of the high level of assumptions used calculating the returns in conjunction with the large amount we have assessed that revenue recognition and valuation of returns is a key audit matter. The Group's accounting principles regarding revenue are set out in Note 5.	In response to this key audit matter we have reviewed Ellos Group's processes and procedures for revenue recognition. We have performed analytical reviews, including historical comparisons and data analysis, as well as random checks of accruals in connection with the financial statements. We have reviewed procedures for collecting accounts receivable and handling doubtful accounts receivable. We have also reviewed assessments, calculations and estimations related to returns. We have reviewed the information disclosed in the annual report.

Valuation of inventory

Description	*How our audit addressed this key audit matter*
As indicated in note 21 to the accompanying consolidated financial statements, the value of the Group's inventories at 2023 Year-End was 621 MSEK. Inventories consist of clothing, furniture and other consumer goods for sale and are valued using the first-in-first-out principle, at the lower of cost and net realizable value. The value of inventory depends on management's assessments regarding slow moving and obsolete goods. Based on the above, we have assessed the valuation of inventories as a key matter of our audit.	We have reviewed the Group's procedures for monitoring and assessing slow-moving and obsolete goods. We conducted an analytical review, including historical comparisons and data analysis, to identify slow-moving and obsolete goods and evaluated the Group's assessment of a possible need for reservations. We have reviewed the information disclosed in the annual report.

Valuation of goodwill and trademarks

Description	*How our audit addressed this key audit matter*
Goodwill and trademarks amount to 1 122 MSEK for the year ended December 31, 2023, equal to 35 percent of total assets for the company. The company prepares an impairment test yearly and if any indication of impairment, that the book value does not exceed the fair value. Fair value amount is calculated for each cash generating unit based on discounted future cash flows. The calculations al include a number of assumptions as result, growth rate and discount rate. A change in assumptions can lead to a significant impact of the fair value and therefore the assumptions used have significant impact on the fair value calculation. Therefore, we have assessed valuation of goodwill to be a key audit matter. The impairment test procedures performed by the company is presented in note 15 "Goodwill and intangible assets".	In our audit, we have assessed and tested the company's impairment test, including assessment of the accuracy of prior year´s forecasts and assumptions. We have compared with other companies to assess the reasonableness of estimated cash flow and growth rates, and by using EY valuation experts we have tested used discount rate and growth rates. We have also tested the company's impairment model and method to prepare the impairment test and sensitivity analysis. We have audited the accuracy of the related disclosures.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 7-19. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ellos Group AB (publ) for the financial year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Ellos Group AB for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Ellos Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 18-19 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 7-17, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor´s opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, was appointed auditor of Ellos Group AB (publ) by the general meeting of the shareholders on May 17, 2023 and has been the company's auditor since November 26, 2019.

Göteborg, April 18, 2024

Ernst & Young AB

Andreas Mast
Authorized Public Accountant