ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 2024

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ELLOS GROUP

ellos Jotex home room elpy

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COMMENTS FROM THE CEO

A strategically important year ending with new and favourable conditions for profitable growth

In 2024, Ellos Group took many important steps forward to strengthen our position as one of the leading shopping destinations in the Nordics. After intensive work, we managed to secure new long-term financing that supports growth and continued positive development, as well as new owners in the form of a group of Nordic institutional and private investors who strongly believe in Ellos Group and the future potential of our e-commerce platforms. Since the ownership change, we have achieved a stronger balance sheet with lower debt, providing us with a robust platform for future growth and development.

During the financial year, which began on October 15, we reached a turnover of nearly SEK 1 billion through our e-commerce platforms Ellos, Jotex, and Homeroom. We saw higher customer activity, especially in fashion, which is a sign that our long-term focus on enhancing the customer offering is yielding results. At the same time, the market for home furnishings remained challenging, affecting the overall result. With lower inflation and interest rates, as well as a more active housing market ahead, we see a brighter outlook for the market and consumer purchasing interest in the home segment.

As a result of the ownership change, our board is now led by Morten E. Astrup, representing one of our largest owners. We have a professional board in place, and together we have established a good dialogue and consensus about the company and the future. With this, we have a very good starting point and can continue to offer our customers attractive and affordable products in home furnishings and fashion.

Our strategy, focusing on the core customer, the woman in the middle of life, guides us in everything we do, and we receive positive feedback from our customers related to the entire customer offering. During the year, we launched several exciting collaborations, not least with Carolina Gynning and Carina Berg as ambassadors for Ellos. Our own brands are also developing strongly, accounting for about 65 percent of the company's net sales, and are also sold on other rapidly growing marketplaces.

We have also intensified our work in sustainability and continued to implement our climate transition plan by specifying goals for 2025 and preparing and collecting data for transparency and traceability. Additionally, we are pleased to have produced our first sustainability report inspired by the Corporate Sustainability Reporting Directive (CSRD).

Despite the geopolitical uncertainty in our world, we see a brighter outlook for 2025 with positive growth opportunities. For 2025, we intend to follow the laid-out strategy and continue on the chosen path of continuously improving the offering to our core customer, while focusing on growth, increased efficiency, and improved cash flow. Our fantastic employees, who constantly prove that we can take on new challenges with curiosity and collaboration, are key to our success and continued development.

With new favourable conditions in place and based on Ellos Group's appreciated offering, I look forward to continuing our positive and profitable journey as the leading Nordic shopping destination for home furnishings and fashion.

Hans Ohlsson
CEO and Group President Ellos Group

DIRECTORS' REPORT

The Board of Directors and CEO of Ellos Holding AB (publ), company registration number 559495-4116, whose registered office is in Borås, Sweden, hereby present the annual report and consolidated financial statements for the year 2024.

Business description

INFORMATION ON BUSINESS ACTIVITIES

The Ellos Group was formed on October 15, 2024, when the parent company Ellos Holding AB (publ), company registration number 559495-4116, acquired all shares in the subsidiary Ellos Group Nordic AB (publ), company registration number 559318-3618. The consolidated financial statements thus cover the period from October 15 to December 31, 2024.

The Group conducts e-commerce business on the three e-commerce sites Ellos, Jotex and Homeroom. The business, founded in 1947, is conducted in wholly-owned companies in Sweden, Norway, Finland and Denmark.

Ellos primarily offers fashion and home interiors through its own brands but also via a number of external brands. Jotex focuses 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.

Ellos Group offers customers various payment methods through a collaboration with third parties under the own brand Elpy. Instalment payments, interest-free instalment payments, and invoices are some of the payment methods offered. Additionally, customers can pay through card payments and other external payment solutions.

Parent company

The parent company Ellos Holding AB (publ) was registered on September 3, 2024, and this is the company's first financial year. The annual report thus covers the period from September 3, 2024, to December 31, 2024. The parent company's operations include management and administrative services to the Group's other companies as well as the management of shares in subsidiaries.

RESULTS OF THE GROUP

SEK M, UNLESS OTHERWISE STATED	2024-10-15 –2024-12-31
Net sales	997.8
Gross profit	400.7
Gross margin* (%)	40.2
EBITA*	34.3
EBITA margin* (%)	3.4
Operating profit*	19.9
Operating margin* (%)	2.0
Profit/loss for the period	-71.6
Cash flow from operating activities	35.7

*See page 98 for definitions.

Net sales

Net sales for the period amounted to SEK 997.8 million of which 54.5 % referred to customers in Sweden. The net sales are distributed among revenues from e-commerce sales to customers, invoiced fees for services such as shipping, royalties for the use of Ellos product collections, and additional purchase price from the sale of invoice and instalment receivables.

Cost of goods sold

The cost of goods sold amounted to SEK 597.1 million for the period. The cost of goods sold includes all costs for purchasing and distributing products to customers. The costs included in addition to the cost of goods for the products are, for example, shipping, customs, environmental fees, storage costs and costs for distributing goods to customers.

Gross profit

Gross profit for the period amounted to SEK 400.7 million and the gross margin amounted to 40.2 %.

Operating costs
Selling expenses amounted to SEK -252.6 million. The selling expenses mainly include costs for personnel handling goods within the group's logistics facility, marketing costs, costs for customer service and the market function, as well as IT costs related to sales. The item also includes amortisation of acquisition-related customer relations of SEK 14.4 million.

Administration expenses amounted to SEK -124.1 million. The administrative expenses include costs for the group´s central functions as product, sourcing, IT, finance, people & culture as well as costs for office premises, return handling, and management and also IT costs for administrative systems.

Other income and expenses
Other income amounted to SEK 6.9 million and other expenses to SEK -11.0 million, of which the other expenses mainly refer to exchange rate losses on the translation of foreign receivables and liabilities.

EBITA
EBITA amounted to SEK 34.3 million with an EBITA margin of 3.4 %.

Financial items
Financial income amounted to SEK 2.9 million and financial expenses amounted to SEK -95.8 million. The financial expenses include non-recurring costs for refinancing amounting to SEK 37.5 million and interest expenses amounting to SEK 58.3 million, of which SEK 53.4 million pertains to interest expenses for the group's bond loans.

Tax
Income tax for the period amounted to SEK 1.4 million of which SEK -0.3 million pertains to current tax and SEK 1.7 million pertains to deferred tax.

Profit/loss
Profit/loss for the period amounted to SEK -71.6 million.

Cash flow and financial position
Cash flow from operating activities amounted to SEK 35.7 million. The cash flow includes bond loan interest expenses amounting to SEK 53.4 million. The refinancing carried out during the period has resulted in costs of SEK 37.5 million, which has negatively affected the cash flow.

Inventories decreased during the period by SEK 84.7 million, which had a positive effect on cash flow. The inventory amounts to SEK 661.7 million. Accounts payable decreased during the period by SEK -38.8 million and had a negative effect on cash flow.

Cash flow from investing activities totalled SEK 1.3 million of which SEK -7.0 million pertains to acquisition of intangible fixed assets, SEK -1.6 million to acquisition of tangible fixed assets and SEK -0.3 million to acquisition of financial fixed assets. The acquisition of the business in Ellos Group has affected the group's liquidity by SEK 10.2 million, of which SEK -10.0 million pertains to cash settlement and SEK 20.2 million pertains to cash and cash equivalents in the acquired business.

Cash flow from financing activities amounted to SEK 145.3 million and mainly refer to new and extended bond loans of SEK 163.8 million and amortisation of lease liabilities of SEK -18.5 million.

Cash and cash equivalents amounted to SEK 182.3 million at the end of the period and cash flow for the period totalled SEK 182.3 million.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of Ellos Group
Ellos Holding AB (publ), company registration number 559495-4116, acquired all shares in Ellos Group Nordic AB (publ), company registration number 559318-3618, on October 15, 2024, and the "Ellos Group" was formed. The purchase price amounted to SEK 1,326.7 million, and the acquired net assets according to the purchase price allocation amounted to SEK 934.3 million, resulting in a goodwill item of SEK 392.4 million. Goodwill is mainly considered to consist of intangible assets in the form of customer relationships with existing customers that do not meet the conditions for separate recognition in the balance sheet, see further note 31.

Refinancing and Offset Issue
Ellos Group has undergone refinancing during the period. In connection with the business acquisition, bond loans amounting to SEK 1,750.0 million were taken over. A new super senior corporate bond of SEK 158.8 million was issued, providing additional working capital to the Group. Subsequently, the parent company carried out an offset issue where bond loans and accrued interest of SEK 793.3 million were converted into share capital. Through the refinancing and offset issue, the Group has gained new owners, reduced net debt, and secured financing with favourable interest terms.

RISKS AND UNCERTAINTIES IN OPERATIONS

The Group is exposed to risks that can affect operations and results. There is ongoing work in daily operations to identify, assess, and evaluate risks that may 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.

Competition

The market for online sales of fashion and home furnishing products is highly competitive, with both local and international players originating in both e-commerce and other retail sectors. 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 depends on the ability to identify and adapt to changing fashion trends and customer preferences, and to timely develop new and attractive products, 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 respond to customers' expected future buying patterns and adapt the Group's purchases 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, fashion and home furnishings, 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.

Economic situation

Changes in economic conditions and other macroeconomic factors affect operations and results by altering customers' consumption patterns and general willingness to buy. The high cost levels we have experienced recently, both in Sweden and other countries where the Group operates, affect customer behaviour and purchasing patterns. The Group reviews its 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 provides payment solutions, in cooperation with Resurs Bank AB, which include granting customers credit when purchasing the Group's products. Customers are also offered consumer financing, which is also done in cooperation with Resurs Bank AB. The Group is indirectly exposed to risks associated with credit granting within the framework of its operations 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 carefully monitored to ensure operation and to detect any disruptions, attacks, or virus intrusions.

Financial risk
The Group needs a certain level of liquidity to continue operating according to set goals. The available liquidity consists of both cash and the credits the Group has. There is a risk that the Group does not have a sufficiently large liquidity reserve to cover upcoming needs and that the Group's credits mature before a new credit provider has been identified. The risk is reduced through clear liquidity planning. The financial risks are further addressed in note 29.

Compliance with regulations
The Group's operations are subject to many different regulations, such as GDPR, trademark protection, and licensing requirements. The Group actively works to implement routines to ensure compliance with the regulations governing operations and has employees with relevant expertise to ensure the implementation and follow-up of internal routines to minimize this risk.

Ability to Recruit and Retain Staff
The Group needs to recruit, retain, and develop competent staff to a high degree. The Group works with various programs and initiatives for staff development to ensure that Ellos Group is an attractive employer for existing employees and candidates.

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	-
Profit/loss for the year	-75,838,817
	-75,838,817

The Board of Directors proposes that the profit be appropriated as follows

Carried forward	-75,838,817
	-75,838,817

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 million Swedish krona unless otherwise stated.

Sustainability report

COMMENTS FROM THE SUSTAINABILITY DIRECTOR

Ellos Group's sustainability work during 2024

During 2024, we intensified our efforts to create a more sustainable value chain. We have strengthened and will continue to develop our climate transition plan, with the goal of halving our emissions by 2030 in line with the Paris Agreement. This has required efforts on multiple levels – from reducing our climate footprint within our own operations to working closely with our suppliers to drive change throughout the entire production chain. By increasing the use of more sustainable and traceable materials, streamlining production and setting higher standards for our partners, we have taken decisive steps to reduce our climate impact.

Ellos Group has long been committed to minimising the environmental impact of its products within own brands. In 2024, this commitment was expanded to also include external brands. Access to accurate and reliable data is crucial for making well-informed decisions from a sustainability perspective. That is why, over the past year, we have placed great emphasis on developing and refining processes for collecting, managing and analysing product and sustainability data – a crucial effort to drive change and ensure a more responsible product range.

Transparency and traceability are key to trust and accountability. Through systematic work on supplier insight and stricter requirements for fair working conditions and sustainable production methods, we strive to create a more ethical and responsible value chain.

We recognise that there are challenges, but we are also firmly committed to addressing them. We are proud of the progress we are making and know that every step, big or small, contributes to positive change. By working strategically and with a long-term perspective, we aim to continue taking responsibility and driving development forward. We believe in combining style, quality and innovation with a lasting commitment to people and the planet.

The sustainability statement summarises our progress in 2024 and outlines the initiatives and actions we are taking to continue shaping a more sustainable industry. We strive to offer products that are not only beautiful and functional but also produced with care for both the environment and people.

Johan Kromer
Sourcing & Sustainability director Ellos Group

GENERAL DISCLOSURES

General basis for preparation of the sustainability statement

The sustainability statement has been prepared on a consolidated basis, in line with the approach taken for the financial statement covering all companies within the Group.

The sustainability statement covers all activities from 1 January 2024 to 31 December 2024, whereas the Group's financial statement covers the period from 15 October 2024 to 31 December 2024. The content of the sustainability statement has been prepared for presentation in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) for 2025. The Group falls under the scope of CSRD according to the current regulatory framework from the financial year 2025 onwards, and therefore, this sustainability statement has not been subject to the assurance that will become mandatory at that time.

The sustainability statement covers all activities within the Ellos Holding AB (publ) Group, hereinafter referred to as "Ellos Group" or "the Group" in the sustainability statement and includes all of the Group's brands: Ellos, Jotex, Homeroom and Elpy. The entire value chain, both upstream and downstream, has been considered in the assessment of material topics.

No information regarding intellectual property rights, know-how or innovation has been omitted, nor has any information on upcoming developments or matters currently under negotiation been excluded.

Disclosures in relation to specific circumstances

This statement follows the time frames outlined below, unless otherwise stated.

Short term = 1 year (2025)
Medium term = 2–5 years (2026–2029)
Long term > 5 years (2030–)

Sources of estimation and outcome uncertainty
Ellos Group uses assessments and estimates to report certain data points, such as Scope 3 emissions. The estimates and assessments made are regularly reviewed based on experience, the development of ESG reporting and other factors. Changes in estimates are reported in the period when the estimate is revised. In addition, assessments are made in the application of accounting principles. For further information on the key estimates, assessments and assumptions applied, please refer to the pages with quantitative data tables in the respective sections.

Restatement of previously reported figures
In 2024, the Group recognised that the emission factors previously used for hard materials in the CO_2e calculation only included Tier 4. Following access to updated emission factors that include materials and processes for Tier 1–4, Scope 3 for all years since the base year 2020 has been recalculated. A restatement has also been made due to improved data quality and optimisation of IT processes.

Material sustainability topics excluded in this year's statement
The Group does not report on biodiversity and ecosystems in the environmental information section this year. The Group also does not report on consumers and end-users in the social information section. Below is a brief description of how the Group's business model and strategy address the identified impacts within these topics, current policies and a description of metrics and targets.

Biodiversity and ecosystems has been identified as a material topic for Ellos Group. The impact the business has on the environment and the risks identified are primarily located in the Group's upstream value chain, such as through the sourcing of timber and cotton, but are also present in the production process of the Group's products. Ellos Group views biodiversity as a priority area and actively works to increase the use of certified materials, such as organic cotton and FSC-certified wood, to contribute to more sustainable development. At the same time, there is an awareness that this is a complex area, and the Group is mindful of the need to expand its knowledge in order to make a real difference and reduce its negative impact. The Group's positions on sustainable materials, such as sustainable cotton and certified wood, can be found in Ellos Group's Design Policy and Purchasing Policy.

The Group measures more sustainable cotton relative to total cotton in products within its own brands. This metric includes organic cotton, recycled cotton and cotton certified by the Better Cotton Initiative (BCI). Ellos Group has set a target to achieve 100 percent more sustainable cotton relative to total cotton in products within its own brands by 2025, and for 2024, the proportion was 95 percent.

The Group also measures the proportion of FSC-certified wood in furniture made from solid wood in products within its own brands, with a target of reaching 50 percent by 2025. For 2024, the proportion was 51 percent.

Consumers and end-users have been identified as a material topic. The Group is committed to delivering products that are safe to use, ensuring transparency and integrity in all communication, responding promptly to customer feedback and protecting customer privacy.

Ellos Group conducts mandatory testing and random inspections to monitor that the Group's products meet quality, chemical and safety requirements before they reach the market. For products within own brands, testing is carried out by external independent laboratories as well as in the Group's own testing facility. This occurs during the production process or on finished products. Ellos Group does not permit animal testing. Children's clothing is an area where the requirements are particularly high due to the way children use and wear products. All of the Group's children's clothing within its own brands complies with the requirements of the European standard EN 14682. For products within external brands where Ellos Group is the distributor, random inspections are conducted and there are standardised procedures depending on the product category and the design of product legislation.

Product safety is regulated by the Group's Product Policy, which aims to ensure that all products meet the requirements and standards established, including those set out in the General Product Safety Regulation (GPSR). The policy includes guidelines for risk assessment, testing and quality control to minimise potential hazards and protect consumers' health and safety. In addition, it also covers guidelines for transparency within Ellos Group, enabling consumers to access information about the manufacturing of a product.

Personal data is managed in accordance with the Data Protection Policy. The Group has an employed Data Protection Officer (DPO) who ensures that Ellos Group complies with applicable legislation. Currently, there are no established targets in the area of consumers and end users.

Governance

Sustainability is a natural and value-creating part of Ellos Group's operations. A sustainable business approach with a long-term perspective challenges the Group's employees to be innovative, responsible and transparent. The goal is to create value for customers, employees, business partners and owners, as well as for the communities in which the business operates. Ellos Group aims to contribute to a better world for future generations and strives to build a business that can be part of the solution

Board of Directors
Ultimately responsible for sustainability reporting. Oversees compliance with ESG matters. The Board consists of three members, one of whom is the Group's Chief Executive Officer. The Board also includes two employee representatives.

Group Management
Responsible for approving sustainability strategies and ESG targets and monitoring progress. The operational responsibility for driving and developing the company's sustainability efforts, including systematically identifying, assessing, evaluating and managing impacts, risks and opportunities related to sustainability in accordance with the materiality assessment, is delegated to the Sustainability Director and the Sustainability Manager who work closely with the various Group functions and business areas. The Group Management consists of the CEO, Brand Directors and the responsible Directors for each Group function. All members are employees within the Group.

Sustainability Steering Group
Monitors new legal requirements and developments within the ESG area, providing recommendations on key initiatives to ensure that the Group's sustainability efforts progress and meet legal requirements. The Group consists of the CEO, CFO, Sustainability Director, Sustainability Manager, Head of Accounting and Accounting Manager.

Audit Committee
Responsible for overseeing both financial and non-financial reporting, as well as external audits, internal controls and risk management. Audit Committee consists of the two independent board members.

Global Sourcing
Responsible for matters related to the environment in upstream value chain, including energy consumption, emissions etc. Also responsible for social issues related to working conditions and the terms of employment for workers in the value chain.

People & Culture
Responsible for social matters related to our own workforce, including work environment and safety, diversity and equality, training and working conditions.

Operations
Responsible for matters related to logistics, distribution, service and safety as well as matters concerning consumers and end-users.

Finance & Legal
Responsible for matters related to governance, including reporting, ESRS and the EU Taxonomy, internal control and overall regulatory compliance.

IT/PMO
Responsible for development and maintenance of systems to enable the Group's sustainability work.

The Sustainability Director and Sustainability Manager work closely with those in Group Management who have specific responsibility for the Group's sustainability focus areas; the respective directors of Group functions Global Sourcing, People & Culture, Operations, Finance & Legal and IT/PMO. Together with them, objectives and action plans for sustainability efforts are developed.

These become part of the overall business plan, which is approved by Group Management and the Board of Directors. The responsibility for implementing these action plans and achieving related targets lies with the Group functions and business areas, which collaborate cross-functionally with one another.

The Board of Directors consists of three members, one of whom is the Group's Chief Executive Officer. The Board also includes two employee representatives. The composition of the Board is outlined below. Comparative figures for the composition of the Board are not provided, as the Group in its current form was established in 2024.

Board composition	2024-12-31
Percentage Share of independent board members (%)	40
Percentage Share of female board members (%)	20

In addition to internal expertise within the Board, Group Management and the Sustainability Steering Group, the Group has access to external expertise through collaborations with sustainability consultants and various industry organisations working in sustainability. External expertise is particularly sought in the areas of biodiversity and ecosystems.

Information provided to and sustainability matters addressed by Group Management and the Board of Directors

The Sustainability Director is part of Group Management and raises ESG matters as needed, including changes in sustainability risks, actions or targets, while ensuring that ESG considerations are integrated into discussions on strategies and business plans. Progress towards set targets is reported to Group Management three times a year: in February regarding the previous year's outcome and in June and December on the status ahead of the half-year and full-year results.

The Sustainability Director and Sustainability Manager report to the Board twice a year. Each report includes the status of implemented actions and results, updates on market monitoring, upcoming legislation and outstanding or planned actions. When applicable, any updates to the Group's Code of ethics are also reported to the Board for approval. The responsibility for ensuring that the policies are up to date and fit for purpose lies with the position responsible for each respective policy.

Information on how Ellos Group adapts its operations based on the impacts, risks and opportunities identified in the double materiality assessment is provided under each specific sustainability topic. The main focus area of the sustainability efforts during the year has been to develop a transition plan for climate change mitigation, aligned with the overarching business plan for the coming years and to initiate actions in accordance with this plan.

Ellos Groups' Code of ethics and governing documents within ESG

	Policy	***Responsible***	***Approved by***
Code of ethics	Environmental Policy	Logistics & supply director	The board
	Product policy	Sourcing director	The board
	Anti-bribery Policy	CFO	The board
	Sponsorship Policy	People & culture director	The board
	Whistleblowing Policy	People & culture director	The board
	Trade Sanctions Policy	Sourcing director	The board
	Competition Policy	CFO	The board
	Data Protection Policy	CFO	The board
	Equality and Diversity Policy	People & culture director	The board
	Human Rights Policy	Sustainability director	The board
Other governing documents	Suppliers' Code of Conduct	Sourcing director	Group Management
	Purchasing Policy	Sustainability manager	Group Management
	Design policy	Sustainability director	Group Management
	Occupational Health and Safety Policy	People & culture director	Group Management
	Remuneration Policy	People & culture director	Group Management

Sustainability-related performance in incentive schemes

The Group Management Team participating in the Group's incentive programme has targets linked to sustainability. These targets are individually tailored. The purpose is to motivate strategic decisions that enables progress towards the Group's short-term and long-term sustainability goals, thereby steering the business towards more sustainable development.

The target may, for example, relate to ensuring the existence of systems containing architecture that meets the reporting requirements for sustainability, ensuring that data collection from suppliers is done in a way that allows for more reliable calculations of GHG emissions, or altering the Group's product mix/pricing to achieve a reduction in GHG emissions per unit of sales.

Incentive programmes are approved by the Board and 2024 is the first year with sustainability-related targets in the incentive programmes.

	2024-01-01 -2024-12-31
Share of variable compensation linked to sustainability targets (%)	7.5
Share of variable compensation linked to climate-related sustainability targets (%)	7.5

Risk management and internal controls over sustainability reporting

The identification and management of risks related to environmental and social sustainability and corporate governance are part of Ellos Group's internal control framework. The Group applies the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) for internal control. It consists of five components: control environment, risk assessment, control activities, information and communication as well as monitoring.

The risk assessment related to inaccuracies in the sustainability statement follows the same structure as the risk assessment for the financial report and is conducted at least once per year. The CFO is responsible for coordinating activities related to the risk assessment of inaccuracies in the sustainability statement and for presenting the results to the Board.

The risk of significant errors occurring in the sustainability statement is primarily considered to be related to human error or incomplete data. Therefore, the Group has implemented several processes to manage this risk:

- The accounting principles for sustainability reporting are based on ESRS.
- The Sustainability Manager regularly monitors key KPIs to ensure that they are presented correctly.
- Complex calculations, such as emission calculations for Scope 1, 2 and 3, are always verified by at least two individuals.
- There is a clear and well-structured governance of the sustainability work, which is described in the governance section.
- All sustainability information is collected through dedicated software systems for sustainability reporting, providing transparency and traceability of the data.

Strategy and business model

Ellos Group's vision is to be the leading shopping destination in the Nordic region for the woman in mid-life. Sales is primarily aimed to consumers through the three e-commerce platforms Ellos, Jotex and Homeroom, all of which share the same integrated payment solution through own brand Elpy.

Ellos Group's operations are located in Borås and includes head office which houses design and purchasing departments, photo studios, central warehouse and logistics centre for all three e-commerce platforms. The average number of employees within the Group for 2024 was 502.

The Group's product range consists of fashion, home furnishings, sports and beauty. The range is a mix of own brands, where Ellos Group acts as the manufacturer with full responsibility for product safety and traceability, and external brands, where the Group acts as the distributor. The own brands are developed and designed by Ellos Group's design and purchasing departments.

Business model

”Ellos Group shall offer a modern product range within fashion and home furnishings, combining unique design under its own brands with carefully selected products from external brands, produced with care for the environment and people, at the best value for money, in an inspiring and seamless shopping experience. ”

Operations are run across four main geographical areas where the Group also has subsidiaries – Sweden, Norway, Finland and Denmark. From the Swedish Group company Ellos AB, sales are also made to consumers in Germany, Poland, the Netherlands and Austria. The Group also sells products to consumers across Europe via external e-commerce platforms. A smaller share of products is sold to businesses (B2B), which are either resellers of Ellos Group's products or use the products in their own operations. No changes have occurred since the previous year.

The Group does not own any manufacturing facilities but collaborates with suppliers and agents. As of 2024, the Group had 606 product suppliers in 91 different countries, including both suppliers for own brands and external brands.

Purchased goods by geographical area (%)

Europe	13
China	55
India	13
Bangladesh	8
Other Asia	10
Other	1

Sustainability

The textile and home furnishings industries face significant sustainability challenges. These industries account for a considerable share of global greenhouse gas (GHG) emissions and are major consumers of natural resources such as water and oil. Additionally, large amounts of chemicals are used in the production processes. There is also a risk that these industries contribute to a less sustainable consumption pattern characterised by a 'throw-away' culture. 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 the protection of human rights.

Ellos Group takes responsibility in these matters and strives to make conscious choices regarding suppliers, materials and production processes to reduce the Group's negative impact. Close collaboration and a systematic approach with the Group's suppliers are in place to enable and uphold good working conditions, human rights and environmental considerations throughout the supply chain. Ellos Group aims to offer high-fashion, high-quality products that customers can use for a longer period of time. Customers are also encouraged to reuse or recycle clothing, textiles and furniture they no longer need.

Sustainability is integrated into the business strategy, for example, through the Group's business plan for the coming years, which has been developed with respect to the actions required in the transition plan for limiting climate change. The transition plan includes actions such as increasing the amount of recycled materials in products, consolidating the supplier base, redirecting orders to more energy-efficient factories, increasing the share of fossil-free transportation and changing the product mix of sold goods so that each unit of sales contributes to a lower CO_2e footprint.

	Sustainability targets and milestones	Target year	Target	Results 2024
Environment	***Climate change mitigation***			
	Reduction of total GHG emissions from base year 2020 (%)	2030	-50	-22
	GHG emissions in Scope 1 & 2 (t CO_2e)	2025	Net zero	439
	Share of fossil-free transports to customers (%)	2030	100	58
	Sustainable materials			
	Share of more sustainable textile product sales within own brands (%)	2005	50	57
	Share of more sustainable cotton in products within owns brands (%)	2025	100	95
	Share of recycled polyester and polyamide in products within own brands (%)	2025	50	57
	Share of EcoVero viscose in products within own brands (%)	2025	50	67
	Share of FSC-certified solid wood furniture in products within own brands (%)	2025	50	51
Social	***Diversity and inclusion***			
	Gender distribution within the Group (women/men, %)	annually	60/40	61/39
	Gender distribution in managerial positions (women/men, %)	annually	50/50	53/47 (excl. Management Team) 33/67 (Management Team)
	Social audits in the supply chain			
	Share of Tier 1 suppliers of product for own brands with approved social audit protocols (%)	annually	100	100
	Share of suppliers of products for own brands within the top two levels of a four-point scale of social sustainability (%)	2030	90	81
Governance	***Ethics and compliance***			
	Strengthen training efforts in ethics and compliance to ensure effective prevention of bribery and corruption	2025		Implementation is ongoing

Value chain

Ellos Group's value chain is divided into ten sections as follows.

Upstream activities	*Activities in own operation*	*Downstream activities*
Tier 1 Direct suppliers, i.e. from whom Ellos Group purchase products from external brands, primarily within Europe. Agents who intermediate goods from factories, primarily in Asia. Factories that carry out final product manufacturing on behalf of Ellos Group (sewing & assembly), primarily in Asia ***Tier 2*** Suppliers that carry out the manufacturing of finished materials (fabric mills, dyeing factories etc.). ***Tier 3*** Suppliers that carry out processing of raw materials (yarn manufacturing etc.). ***Tier 4*** Suppliers that carry out agriculture, forestry and extraction. ***Transporter*** Transport from supplier to warehouse, mainly sea freight from Asia and truck transport within Europe.	***Head office/warehouse in Borås*** Own staff working within Design and Purchasing, Warehouse/Logistics/ Return Handling, Marketing, Sales, Customer Service, Financial Services, Finance, IT, People & Culture etc.	***Return handling*** External return handling partners in Estonia and Germany. ***Use phase*** Customer use and washing. Repairs. ***End-of-life phase*** Products that no longer can be reused or repaired. ***Transport*** Transport to and from customer (returns), primarily by truck within Europe.

Stakeholders

The Group's key stakeholders are customers, employees, suppliers, communities and owners/investors. Ellos Group engages in continuous dialogues with its stakeholders through various channels. These dialogues typically involve Customer Service, People & Culture, Global Sourcing, Sustainability Steering Group and Group Management.

The table below outlines the dialogues with Ellos Group's key stakeholders based on their purpose, method and how Ellos Group takes the results of these dialogues into account when shaping the Group's strategy and business model. The understanding of the stakeholders' views is also an important aspect of the due diligence process and in the Group's double materiality assessment.

The results from the stakeholder dialogues are discussed in the Sustainability Steering Group and reported to the Management Team and the Board during regular meetings.

Further information on how interests, views and respect for human rights form the basis of the Group's strategy and business model can be found in the sections for the respective topics: Own Workforce and Workers in the Value Chain.

Stakeholder	*Purpose*	*Method*	*Result*
Customers	Understanding customer needs and desires, as well as developing products and services that support their sustainability targets.	Customer surveys, dialogue with customer service and interaction through website and social media.	Focus on safe, more sustainable and responsibly produced products to enhance customer satisfaction.
Employees	Creating a safe and meaningful workplace that fosters growth and innovation.	Employee surveys and evaluation of these, along with action plans. Internal meetings, such as discussions on corporate culture. Whistleblowing service.	Focus on health and safety, diversity and a positive corporate culture to enhance employee satisfaction, thereby improving productivity and support for the Group's overall business strategy.
Suppliers	Ensuring that the supply chain shares Ellos Group's views on business ethics, human rights, fair working conditions and the environment.	Supplier assessments, audits and collaboration programmes. Whistleblowing service.	Focus on transparency, environmental issues and compliance with Ellos Group's Code of ethics to create a more sustainable supply chain.
Communities	Making a positive impact in the communities where Ellos Group operates by supporting selected causes and initiatives that create a lasting difference, always from a non-political and non-religious standpoint.	Dialogue with customers and various community groups, partnerships with local organisations.	Supporting local associations and projects to create positive social impacts in the Group's local communities, thereby strengthening the corporate image.
Owners/Investors	Ensuring transparency regarding our business strategy and sustainability commitments.	Investor meetings and communication through interim reports and the annual reports.	Increase understanding of and trust in the Group's sustainability work, leading to improved relationships with owners and investors.

Material impacts, risks and opportunities

During the year, a materiality assessment has been conducted at a more detailed level compared to the previous analysis, which was presented in the sustainability report for 2022. This means that several areas now presented as those where the Group has a material impact and/or financial risks or opportunities, were previously included under broader topics.

The material impact, as well as the risks and opportunities identified during the materiality assessment, are described below and are also presented together with their respective topic: Climate Change, Pollution, Water and Marine Resources, Resource Use and Circular Economy, Own Workforce, Workers in the Value Chain and Business Conduct.
Ellos Group does not report on biodiversity and ecosystems under the environmental information section, nor on consumers and end-users under the social information section in the sustainability statement this year.

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
CLIMATE CHANGE							
GHG emissions in the value chain Ellos Group's operations contribute to climate change through the use of natural resources in the value chain and GHG emissions associated with the production of goods and transportation. This has a negative impact on the environment.	Actual negative impact	●		●	●	●	●
Energy in the upstream and downstream value chain Ellos Group relies on energy for product processing and manufacturing through external factories. The textile industry requires significant energy and has low energy efficiency in terms of energy usage. Shipping companies and transport providers engaged by Ellos Group use fossil energy sources, which, when burned, emit greenhouse gases that contribute to climate change. This has a negative impact on the environment.	Actual negative impact	●		●	●	●	●
Insufficient access to natural resources and disruptions in production A general rise in temperature can affect the availability of natural resources such as cotton and wood. More frequent and severe floods may force factories to temporarily close, impacting lead times and increasing the risk of goods arriving too late for their peak sales period. It can also cause damage to production materials. This could result in increased costs.	Risk (Physical risk)	●				●	●
Insufficient access to recycled materials The demand for recycled materials is expected to increase due to growing regulatory requirements and consumer demands, which could result in difficulty and/or high costs in obtaining the amount of fibre that Ellos Group needs to produce more sustainable products under its own brands. This could lead to increased costs.	Risk (Transition risk)	●				●	●
Higher energy costs There is a risk of higher energy costs as governments in many countries/EU require factories to use a larger share of renewable energy or impose higher taxes on GHG emissions. Shifting production to factories with lower/better energy usage could also lead to increased product costs.	Risk (Transition risk)	●				●	●

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
POLLUTION							
Pollution to air, soil and water in upstream and downstream value chain Ellos Group's products are transported by sea, where the combustion of fossil fuels causes air pollution. For shorter distances, trucks are used, which also contribute to air pollution. The Group's products contain large amounts of textile raw materials. The cultivation of textile raw materials, especially cotton, requires significant use of fertilisers and pesticides, which negatively affect the surrounding environment and soil. Today's textile production creates major environmental challenges in several textile-producing regions. There is a risk that polluted water is discharged from production facilities, as some lack proper water treatment systems. This has a negative impact on the environment.	Actual negative impact	●		●	●	●	●
Chemicals in the manufacturing process Ellos Group keeps records of which chemicals must not be used in the manufacturing of the Group's products, both within own brands and in products from external brands. If suppliers do not comply with these requirements, there is a risk that the chemicals used in Ellos Group's products may have a negative impact on consumers and the environment.	Potential negative impact	●		●	●	●	●
Emission of microplastics through washing Ellos Group contributes to emissions of microplastics through the sales of products containing synthetic textile fibres. Approximately 9 percent of the microplastics released into oceans globally come from clothing and other textiles, primarily through washing at the consumer level. This has a negative impact on the environment.	Actual negative impact			●	●	●	●

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
WATER RESOURCES							
Water consumption in manufacturing process in upstream value chain Ellos Group is dependent on water as a resource for raw material supply and product processing, which contributes to water consumption in geographical areas where water is a scarce resource. This has a negative impact on the environment.	Actual negative impact	●			●	●	●
Water scarcity in the upstream value chain Water scarcity leading to reduced global production of raw materials, such as cotton, and/or increased raw material costs, supply chain disruptions and longer lead times may result in higher purchasing costs for the Group. .	Risk	●				●	●

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
BIODIVERSITY AND ECOSYSTEMS							
Impact on biodiversity through upstream value chain The production of the goods that Ellos Group sells contributes to climate change, environmental pollution and freshwater use, driving the loss of biodiversity. This has a negative impact on the environment.	Actual negative impact	●			●	●	●
Impact on ecosystems and ecosystem services through upstream value chain Ellos Group uses natural resources such as cotton and wood for its products. Cotton cultivation and tree harvesting negatively impact ecosystems and ecosystem services through, for example, land degradation, desertification and soil sealing. This has a negative impact on the environment. The Group's own facilities in Viared, Borås, have been assessed to have no negative impact on biodiversity and ecosystems.	Actual negative impact	●			●	●	●

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
RESOURCE USE AND CIRCULAR ECONOMY							
Waste in own operations and in value chain Ellos Group generates waste in its own operations, as well as additional waste throughout the upstream value chain and after consumer use. This has a negative impact on the environment.	Actual negative impact	●	●	●	●	●	●
Use of virgin raw material Ellos Group's products are largely made from virgin raw materials, which causes negative environmental impact and increased resource scarcity.	Actual negative impact	●			●	●	●
Recyclability of products Consumption within the fashion industry, where goods are discarded or replaced after a very short usage period, is a major environmental issue that involves all companies operating within the textile sector. Ellos Group contributes to this negative environmental impact as there may be limited opportunities to recycle the goods sold by the Group.	Actual negative impact			●	●	●	●
Increased regulatory waste costs There are indications of upcoming legislation regarding Extended Producer Responsibility (EPR) for textiles and footwear, which could result in high costs for Ellos Group.	Risk			●		●	●
Increased raw material costs due to resource scarcity If the fashion industry fails to transition to more environmentally sustainable business models, by extending the lifespan of each garment, increasing recyclability and using fewer natural resources in the production of goods, it could lead to raw material shortages. This could result in supply constraints and higher purchasing costs.	Risk	●				●	●

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
OWN WORKFORCE							
Health and safety for employees Employees and temporary staff working primarily in warehouse operations are at risk of physical injury. All employees may suffer from work-related injuries due to deficiencies in the physical or psychosocial work environment. Incidents negatively affect the individuals involved, such as through reduced well-being and loss of income. While more serious incidents are relatively rare, the negative impact on individuals is recurring.	Actual negative impact		●		●	●	●
Discriminations against employees All employees are at risk of discrimination if the company does not provide equal opportunities based on gender or other differences. This potential negative impact on individuals is recurring.	Potential negative impact		●		●	●	●

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
WORKERS IN THE VALUE CHAIN							
Working conditions in the upstream value chain The textile industry is one of the most female-dominated industries in the world, with around 80 percent of the workforce being female. Women are at a higher risk of experiencing gender-based violence, harassment, overwork conditions, poor working conditions and underpayment. Through its suppliers and sub-suppliers, Ellos Group may therefore potentially have a negative impact on female workers in the value chain.	Potential negative impact	●			●	●	●
Work-related rights in the upstream value chain In Ellos Group's upstream value chain, there are risks related to human rights and decent working conditions in connection with the production of goods. The Group's suppliers and sub-suppliers are largely located in high-risk countries in Asia, such as China, India and Bangladesh, where human rights violations, forced labour and child labour are prevalent. Ellos Group, through its suppliers and sub-suppliers, may therefore potentially have a negative impact on workers in the value chain in these countries.	Potential negative impact	●			●	●	●
Increased costs related to collaboration with International Accord Ellos Group has entered into an agreement with the International Accord, an association of purchasing companies and local trade unions, to ensure workers' health and safety within the textile and apparel industry in Bangladesh and Pakistan. The agreement means that Ellos Group places orders with factories that, in turn, invest in improvements in working conditions related to fire safety, building safety and energy safety, etc. If a factory voluntarily chooses to exit the association, there is a risk that all purchasing companies that are members of the International Accord may collectively bear the cost of the exiting factory's completion of its improvements.	Risk	●				●	●

		Upstream	*Own operation*	*Down-stream*	*Short-term*	*Medium-term*	*Long-term*
CONSUMERS AND END-USERS							
Personal data and credit information Ellos Group handles a large amount of personal data and credit information in its operations. A data breach or cyber security incident could lead to unauthorised access and misuse of customer information, potentially violating customers' privacy rights. This has a potentially negative impact on individuals.	Potential negative impact			●	●	●	●
Product safety The Group imports a large quantity of goods and resells them to customers in Europe. If Ellos Group were to sell products that do not meet the EU's health, environmental and safety requirements, there is a potential negative impact on customers.	Potential negative impact			●	●	●	●
Ethical marketing related to consumer credit Ellos Group offers customers various payment options through its own brand Elpy and through a partnership with a third party, instalment solutions are offered. Ellos Group, through its marketing of credit, could potentially influence customers to increase their debt levels, thereby putting them in a worse financial situation. The greatest risk is faced by young consumers who may lack the necessary financial knowledge and thus may be more susceptible to the marketing.	Potential negative impact			●	●	●	●
Leakage of personal data and credit information If Ellos Group handles personal data and credit information in such a way that it is disclosed, this could lead to the Group being liable for damages to individuals and suffering loss of reputation. If the Group fails to comply with GDPR legislation, the Group could face a fine of either 4 percent of total revenue or up to 20 million euros in penalty fees.	Risk		●			●	●

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
BUSINESS CONDUCT							
Poor corporate culture All employees within Ellos Group, including both permanent staff and temporary workers, may be negatively affected if the Group does not continuously work to promote a positive corporate culture.	Potential negative impact		●		●	●	●
Insufficient protection of whistleblowers Ellos Group's employees, temporary workers, board members and suppliers may be negatively affected when reporting misconduct if the reporting channel lacks adequate security and anonymity.	Potential negative impact	●	●		●	●	●
Animal welfare Ellos Group sells products containing wool, down, feathers and leather. There is therefore a risk that the Group's operations, through the upstream value chain, may have a negative impact on animal welfare.	Potential negative impact	●			●	●	●
Long payment terms for suppliers of goods Ellos Group's suppliers of goods are mainly companies/agents located in Asia. Invoicing takes place when the goods are loaded onto the ship, and the standard payment terms are 60 days. Long payment terms can put a strain on suppliers' cash flow, potentially leading to difficulties in paying sub-suppliers or wages to employees. This has a potentially negative impact on workers in the value chain.	Potential negative impact	●				●	●
Corruption and bribery Bribery and corruption can occur both within Ellos Group's own operations and throughout the value chain. The Group has a large number of suppliers in Asia, primarily in China, India and Bangladesh. According to Transparency International, which compiles an annual index measuring corruption, these countries have a high level of corruption. Bribery and corruption within the supply chain can lead to poorer working conditions during production and lower-quality products, which in turn can have a negative impact on the environment, workers in the value chain, Ellos Group's own operations and customers.	Potential negative impact	●	●	●	●	●	●

There is no significant risk of material adjustments to the reported values of assets and liabilities during the next annual reporting period related to the material risks identified in the materiality assessment. Sustainability is integrated into the business model and the Group assesses that it has good opportunities to manage the negative impacts and risks identified in the materiality assessment. The measures the Group has taken and intends to take are described under each respective topic. .

Process for materiality assessment

The Group conducted its first double materiality assessment for 2023, and the assessment has since been updated for 2024. The assessment was carried out with the support of an ESG consultant and covers the Group and its value chain. The double materiality assessment was carried out according to the following steps.

1. Understanding the context and mapping the value chain

The first step in the double materiality assessment was to map in detail Ellos Group's operations and business relationships, value chain and relevant stakeholders to identify relevant sustainability topics. When it comes to environmental sustainability topics, significant focus was placed on the upstream value chain where the Group identifies heightened risks for negative impacts.

2. Stakeholder dialogue

The key conclusions from the stakeholder dialogues conducted during the year (employee surveys, supplier audits, customer surveys, discussions with management and the Board) were summarised to understand stakeholders' expectations and requirements regarding environmental, social and governance matters.

3. Impact – gross list

Based on the sub-topics listed in the list of sustainability matters in ESRS 1 General Requirements, Appendix A, the actual and potential negative or positive impact that the Group's operations have on people or the environment, both within its own operations and throughout the value chain, was mapped.

The mapping was carried out in consultation with internal subject matter experts and resulted in a gross list of topics with actual and potential impact. Additional sources for the mapping included previously conducted materiality assessments, external scientific research, reports from industry organisations, completed supplier audits, information from cases reported via the whistleblowing service, publications regarding ESG risks, internal risk assessments and benchmarking against companies within the same industry.

After the mapping was completed, one sustainability topic and several sub-topics were assessed as irrelevant and excluded from the continued assessment.

Pollution of living organisms and food resources
Ellos Group has no significant dependence on living organisms and food resources and the impact that Ellos Group may have on living organisms and food resources is covered by other sub-topics, such as pollution of water, air and soil.

Marine resources
Ellos Group's impacts and dependencies related to water are covered by the subtopic water. The Group is not dependent on other marine resources than water, and the impact that Ellos Group may have on marine resources is covered by other sub-topics, such as pollution of water and climate change mitigation.

Impacts on the state of species
The impact that Ellos Group may have on the status of species is covered by other sub-topics, such as direct impact drivers of biodiversity loss, impacts on the extent and condition of ecosystems, and impacts on and dependencies on ecosystem services. Ellos Group has no financial risk related to impacts on the status of species, as the Group's direct dependence on species concerns domesticated animals.

Other work-related rights
In Sweden, there is strong labour law and collective agreements that protect workers' rights, including regulations regarding minors in the workforce, wages and more. In Sweden, the right to associate is also legislated under labour law. Ellos Group's own workforce is geographically concentrated in Sweden and all employees are covered by collective agreements and have the right to join trade unions. Therefore, with regard to the own workforce, the sub-topic of other work-related rights is not applicable, either from an impact or financial materiality perspective.

Affected communities (entire sustainability topic)
Although Ellos Group's suppliers have a significant impact on the local communities and groups in which they operate, Ellos Group is a small customer to the suppliers. The Group therefore has limited ability to influence issues such as freedom of expression/assembly, adequate housing, food/water supply and rights of indigenous peoples. The most important issues in the upstream value chain, such as working conditions and child labour, are covered by the sub-topic of workers in the value chain.

Political engagement and lobbying activities
Ellos Group is a member of industry organizations, such as the International Accord, but does not consider this to be political engagement aimed at exerting political influence or lobbying.

4. Quantitative assessment

The Sustainability Steering Group, together with internal subject matter experts and parts of the Group Management Team, rated each identified impact using five-point scales. Negative impacts were rated based on severity, which was a combination of scale, scope, irremediable character of the impact, and likelihood. Positive impacts were rated based on scale, scope and likelihood.

Scale – how severe the impact is or how much the impact contributes to sustainable development for the stakeholder group most affected

Scope – how widespread the impact is within the stakeholder group most affected
Irremediable character – how difficult it is to reverse the effect of negative impact (in terms of cost or time)

Likelihood – how likely it is that the impact will occur

The scoring was aggregated and resulted in determining whether an impact was material or not. The threshold for materiality was set as a slanting line, depending on the combination of severity and likelihood. Severity was prioritised over likelihood, and any impact with a severity greater than four was considered material, regardless of likelihood. At the same time, less severe impacts with a very high likelihood were also considered and deemed material. The threshold for materiality regarding negative impacts related to human rights was set lower.

Based on the identified impacts, the financial effects (risks and opportunities) that could arise were then assessed. Risks and opportunities were evaluated based on magnitude and likelihood. The threshold values used align with the scale applied in Ellos Group's other risk management processes. The threshold for financial materiality was set as a slanting line, depending on the combination of the size of the financial effect and likelihood. A financial effect graded higher than four with a low likelihood was considered material, just as a lower financial effect with a very high likelihood was also deemed material.

A sustainability issue became material if at least one impact, risk or opportunity exceeded the threshold, indicating either impact materiality, financial materiality or both (double materiality).

5. Qualitative assessment and approval

After the quantitative assessment, a qualitative analysis was conducted, including benchmarking against companies within the same industry, to ensure the relevance of the identified material topics from an impact, financial and double materiality perspective. This qualitative assessment was carried out by the Sustainability Steering Group.

The result of the materiality assessment was then reviewed and approved by Group Management and the Board.

Result of the double materiality assessment

Impact materiality	*Double materiality*
Climate change adaptation Pollution of air Pollution of water Pollution of soil Substances of concern Substances of very high concern Microplastics Direct impact drivers of biodiversity loss Impacts on the extent and condition of ecosystems Impacts and dependencies on ecosystem services Waste Working conditions – own workforce Equal treatment and opportunities for all – own workforce Equal treatment and opportunities for – workers in the value chain Other work-related rights – workers in the value chain Personal safety of consumers and/or end-users Social inclusion of consumers and/or end-users Corporate culture Protection of whistle-blowers Animal welfare Management of relationships with suppliers including payment practices Corruption and bribery	Climate change mitigation Energy Water Resources inflows, including resource use Resource outflows related to products and services Working conditions – workers in the value chain Information-related impacts for consumers and/or end-users
Non-material	***Financial materiality***
Pollution of living organisms and food resources Marine resource Impacts on the state of species Other work-related rights – own workforce Communities' economic, social and cultural rights Communities' civil and political rights Rights of indigenous peoples Political engagement and lobbying activities	

The outcome of the double materiality assessment is considered in the Group's regular risk assessment process. This is the first year that Ellos Group reports based on a double materiality assessment. Therefore, there are no changes in the reporting process. An updated double materiality assessment is planned for autumn 2025.

Additional information related to the materiality assessment

Climate change
As part of the materiality assessment, a climate-related scenario analysis was conducted in 2024 using the guidelines from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) to examine how Ellos Group's assets and business activities may be exposed to physical risks or transition risks.

Three scenarios were selected:
1. Net Zero Emissions 2050
- Ambitious mitigation measures are introduced shortly
- Global net zero greenhouse gas emissions around 2050
- 50 percent chance of limiting global warming to below 1.5°C by the end of the century
- Relatively low physical risks but some impact from the transition

2. Current Policies
- Mitigation measures are limited to already adopted or announced actions
- Emissions increase until 2080
- Global warming of approximately 3°C by the end of the century
- Significant physical risks but less impact from the transition

3. Delayed Transition
- Ambitious mitigation measures are introduced shortly after 2030 with a very short implementation period
- Emissions do not start decreasing until after 2030
- Global warming of approximately 2°C by the end of the century
- Relatively low physical risks but a very significant impact from the transition

In the scenario analyses, risks and opportunities were considered both upstream and downstream in the value chain, as well as within own operations. Transition-related risks and opportunities were primarily assessed based on the assumptions in the Net Zero Emissions 2050 scenario, while physical risks were mainly analysed using the Current Policies scenario. In the Delayed Transition scenario, both physical risks and transition risks were evaluated.

A gross list of potential climate-related risks and opportunities was developed in consultation with internal subject matter experts and through external benchmarking. In a workshop with Group Management, the impact on the Group's operations was analysed, the magnitude of risks was assessed, and measures to mitigate risks and strengthen Ellos Group's strategic resilience were discussed.

The Group actively works to ensure resilience in its strategy and business model concerning climate change and, as part of the climate scenario analysis, has evaluated its resilience in relation to the identified risks in the analysed scenarios. No high-risk assets have been identified, but risks related to the Group's product portfolio have been noted. The Group considers that there are strong opportunities to adapt its strategy and business model in the medium- and long-term by, for example, planning sourcing so that product categories are not concentrated with a single supplier and by collecting detailed geographical data on factories in relation to risks associated with water, precipitation, heat and cyclones in these areas. This allows for diversification of sourcing across different regions. The Group also monitors how suppliers themselves work to enhance their resilience to various climate risks. Ellos Group aims to reduce its dependence on natural materials, increase the share of recycled fibres and maintain higher buffer stock levels for NOOS (Never Out of Stock) products.

Pollution
Internal subject matter experts have identified impacts, risks and opportunities related to pollution. The assessment covered Ellos Group's activities within its own operations as well as in the value chain, but no specific location-based evaluations were conducted. The Group has not engaged in any communication with affected communities regarding pollution.

Water resources
Internal subject matter experts have identified impacts, risks and opportunities related to water resources. The assessment covered Ellos Group's activities within its own operations as well as in the value chain. The Group has not engaged in any communication with affected communities regarding water resources.

Biodiversity and ecosystems
Internal subject experts have identified impacts, risks and opportunities related to biodiversity and ecosystems. The assessment covered Ellos Group's activities within its own operations as well as in the value chain, with impacts and risks primarily identified in the upstream value chain. There is currently limited knowledge about the exact geographical origin of raw materials used in the products purchased by the Group. Therefore, the impact assessment has been based on the locations of the Group's suppliers. The WWF Biodiversity Risk Filter Suite has been partially used in the risk assessment. Ellos Group has not engaged in any communication with affected communities regarding biodiversity and ecosystems.

The Group's own facilities in Viared, Borås, are assessed to have no negative impact on biodiversity and ecosystems.

According to the World Economic Forum, biodiversity loss and ecosystem collapse are the third largest risks to the global economy over the next ten years. Ellos Group acknowledges its responsibility to help mitigate this risk while recognising the need to further expand its knowledge on the most effective ways to do so, beyond increasing the share of certified biological materials.

Resource use and circular economy
Internal subject matter experts have identified impacts, risks and opportunities related to resource use and circular economy. The assessment covered Ellos Group's activities within its own operations as well as in the value chain. The Group has not engaged in any communication with affected communities regarding resource use and circular economy.

Business conduct
Internal subject matter experts were used to identify impacts related to business conduct. The assessment covered Ellos Group's activities within its own operations as well as in the value chain. Specific geographical areas with heightened potential impact or risk for corruption, bribery and human rights violations have been considered.

DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION (EU) 2020/852 (THE TAXONOMY REGULATION)

Ellos Group and the EU's Taxonomy Regulation

The EU Taxonomy Regulation (EU 2020/852) provides a framework and a common classification system that determines which economic activities relate to more environmentally sustainable activities. The aim is to steer investments towards more environmentally sustainable activities based on six environmental objectives: climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

The Taxonomy Regulation applies to large companies covered by the Non-Financial Reporting Directive. Ellos Group is not subject to the requirements for the current year but has chosen to voluntarily disclose the proportion of economic activities that are subject to and are taxonomy-aligned, in its total sales and its total capital and operating expenses.

Ellos Group's economic activities covered by the taxonomy

Ellos Group has analysed its activities based on the technical screening criteria for the taxonomy. Ellos Group's main economic activities are categorized as retail trade. Ellos Group has investigated whether these economic activities are covered by the delegated acts of the Taxonomy Regulation, and concluded that our activities are not included in any of these sectors.

The economic activities covered by the scope of activities relate to activities 7.7. Acquisition and ownership of buildings (Letting and management of own or leased properties). The Group leases premises for head office and warehouse, which are reported as assets with right of use in accordance with IFRS 16 Leasing

Taxonomy-aligned economic activities Ellos Group's Taxonomy-aligned economic activities

To be taxonomy-aligned, the economic activity must contribute substantially to an environmental objective and must not cause significant harm to any of the other environmental objectives. In addition, the activity must be carried out in accordance with so-called minimum safeguards in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Ellos Group's operations are in line with the minimum safeguards on human rights, bribery and corruption, taxation and fair competition covered by the EU Taxonomy Regulation. Ellos Group's work with human rights is further described in the section on employees in the value chain on page 60 and the work against corruption and bribery on page 67.

No one in the company's management has been convicted of bribery. The Group complies with tax legislation and has not been found guilty of tax evasion. The Group works actively with competition issues through business ethics policies and no violations of the Competition Act Gazette have occurred

Accounting principles

Ellos Group has, in accordance with Article 8 of the Taxonomy Regulation, applied the same accounting principles as when preparing the company's financial statements. There is no risk of double counting of costs as the identification of the performance indicators was done at Group level. Thus, only transactions with third parties have been taken into account.

Turnover

Turnover is defined as the amount obtained from the sale of goods and services after deduction of discounts, VAT and returns and corresponds to net sales in the consolidated income statement on page 72. For more information on net sales, please also refer to Note 4. Ellos Group has not had any taxonomy-eligible sales.

Capital expenditures

Capital expenditure includes capitalised expenses for investments in tangible and intangible assets, which are recognised in accordance with IAS 16 Property, plant and equipment, IAS 38 Intangible assets and IFRS 16 Leasing of rights of use. For more information on investments, please refer to the Group's report on financial position on page 73 and notes 8, 15 and 16.

During the year, Ellos Group paid rent for the company's premises in Borås. These expenses are included in the taxonomy of activity 7.7. Acquisition and ownership of buildings. During the previous year, Ellos Group has made investments in LED lighting covered by the taxonomy, but did not assess that the investment is compatible with the taxonomy requirements and the technical screening criteria.

Operating expenses

Operating expenses include expenses that are associated with maintaining the value of assets. Operating expenses are direct costs related to development, building renovation, short-term leases, maintenance and repair, as well as other costs related to the daily maintenance of the asset and to ensure the continuity and effectiveness of the asset. Ellos Group has not had any operating expenses that are covered by the taxonomy.

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

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering 2024-10-15-2024-12-31

	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2024	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.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK M	%	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)																			
Of which enabling																			
Of which transitional																			
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										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		997.8	100,0%																
TOTAL		997.8	100,0%																

	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 from products or services associated with Taxonomy-aligned economic activities - disclosure covering 2024-10-15-2024-12-31

	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2024	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.) CapEx, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK M	%	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	YJ/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)																			
Of which enabling																			
Of which transitional																			
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)	CCM 7.7	9.7	58.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								34.1%		
Installation, maintenance, repair of energy-efficient equipment - installation and replacement of energy-efficient light sources.	CCM 7.3	-	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5.7%		
CapEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9.7	58.8%	58.8%	0%	0%	0%	0%	0%								39.8%		
A. CapEX of Taxonomy-eligible activities (A.1 + A.2)		9.7	58,8%	58.8%	0%	0%	0%	0%	0%								39.8%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		6.8	41.2%																
TOTAL		16.5	100.0%																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	58.8%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering 2024-10-15-2024-12-31

	Year			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2024	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 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK M	%	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	YJ/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))																			
Of which enabling																			
Of which transitional																			
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										
OpEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
A. OpEX of Taxonomy-eligible activities (A.1 + A.2)																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		3.0	100,0%																
TOTAL		3.0	100,0%																

	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%

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CLIMATE CHANGE

Ellos Group is aware that its operations impact the environment and that the company plays a role in the challenges posed by climate change. This is taken very seriously, and the Group is continuously working to reduce its impact and find more sustainable solutions. Through collaboration with suppliers and partners to collectively identify better ways of working, as well as reviewing processes, using more sustainable materials and improving energy efficiency, Ellos Group strives to make a difference. By being transparent about challenges and progress, Ellos Group hopes to inspire change – both within its own operations and across the industry as a whole.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to climate change were identified in the following areas.

		Upstream	*Own operation*	*Down-stream*	*Short-term*	*Medium-term*	*Long-term*
CLIMATE CHANGE							
GHG emissions in the value chain	Actual negative impact	•		•	•	•	•
Energy in the upstream and downstream value chain	Actual negative impact	•		•	•	•	•
Insufficient access to natural resources and disruptions in production	Physical risk	•				•	•
Insufficient access to recycled materials	Transition risk	•				•	•
Higher energy costs	Transition risk	•				•	•

Strategy

Sustainability is a central part of the business, and the Group continuously works to identify and reduce its environmental footprint. As part of this effort, Ellos Group has established a concrete transition plan aligned with the Paris Agreement's goal of limiting global temperature rise to 1.5°C. This commitment reflects the ambition to meet customer demands for sustainability while ensuring a long-term business model in a world that requires climate-smart choices.

The transition plan is based on the carbon accounting for the 2020 baseline year and aims to gradually reduce emissions by 50 percent by 2030. The majority of the Group's emissions fall within Scope 3, and the transition plan therefore primarily focuses on reducing these. A number of key actions have been identified to achieve lower carbon emissions, as outlined below. These measures are also described in more detail in section actions on page 36.

1. Switch to renewable energy sources and biofuels and improve energy efficiency among our suppliers.

2. Increase the use of recycled materials or low-emission materials in both products and packaging.

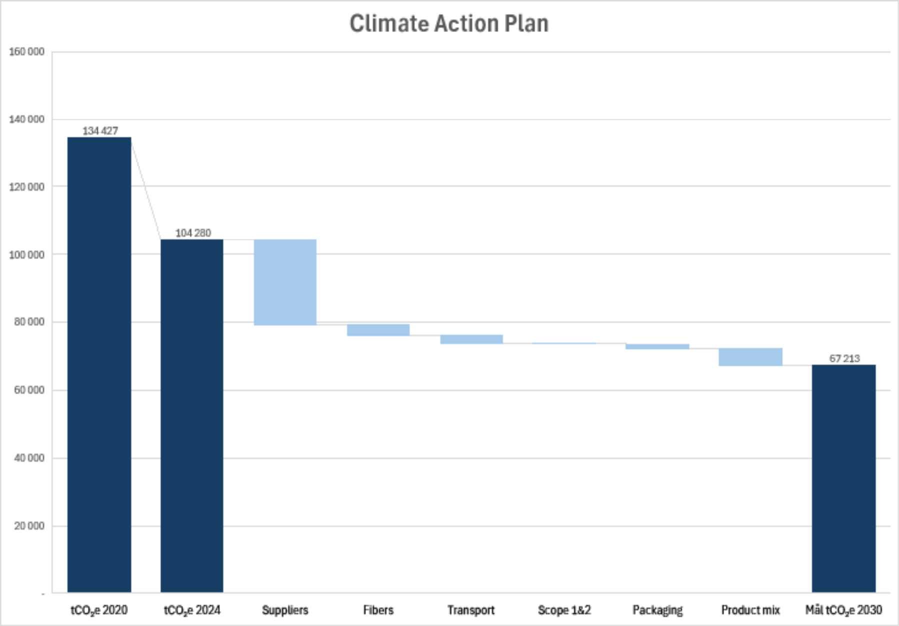
3. Require external brand suppliers to reduce their climate impact.

4. Transition to biofuel-powered sea freight, ensure last-mile deliveries are electrified and fossil-free and avoid air freight.

5. Use renewable electricity and district heating in own operations.

6. Adjust the product mix to promote sales of products with low emission factors relative to their sales price.

Transition plan to mitigate climate change



Progress and integration of the transition plan
In 2024, Ellos Group developed a business plan for 2025–2027, in which the transition plan is an integrated component. The targets outlined in the transition plan align with the Group's overall strategy and are designed to achieve emission reductions despite planned growth. Both the business plan and the transition plan were approved by Ellos Group's board in 2024. Additionally, the emission reduction targets are linked to the incentive programme for Group Management.

The progress made so far, in relation to the transition plan, is primarily linked to an increased use of lower-emission materials, such as recycled materials or materials produced in a more energy-efficient way, such as organic cotton and EcoVero certified viscose.

Resources and funding
To ensure progress in sustainability efforts, the Group has increased personnel resources during the year, with further reinforcements planned for 2025. Additionally, significant resources will be allocated next year to implement new IT systems to support this work. No major financial investments (CapEx) related to the transition plan have been made in 2024.

Locked-in GHG-emissions
As part of the qualitative assessment of locked-in GHG emissions, the Group has determined that textile products generate emissions also during the usage phase due to energy consumption associated with washing and ironing. In addition, textiles and furniture composed of mixed materials present challenges at the end of their lifecycle, which can result in landfill disposal and associated emissions. To address this impact and minimise long-term environmental effects, the Group prioritises easy-to-care-for materials, recyclable raw materials and initiatives for circular design.

Impact, risk and opportunity management
Ellos Group has implemented several policies to address the Group's most significant climate-related impacts and risks. The guidelines apply to all employees and aim to minimise environmental impact as well as strengthen the sustainability of operations.

The Environmental Policy focuses on reducing impact through recycling and energy savings, while clarifying employees' responsibilities. The Design Policy directs product development, taking into account the entire product lifecycle, while the Purchasing Policy advocates for materials with a low climate impact. These guidelines are implemented through sustainable material choices, energy efficiency and responsible production. Group Management holds overall responsibility for compliance. The Environmental Policy is part of the Group's ethical guidelines, which are approved by the Board. Responsibility for each respective policy is specified on page 13.

Actions
Most of the emissions occur in the supply chain and are affected by energy consumption and the choice of energy sources. Through collaborations with suppliers, data on energy, water, pollutants and waste is collected, which is a prerequisite for implementing improvements. However, the complex value chain poses a challenge as sustainability maturity varies.

A central part of the climate strategy is to increase the share of sustainable materials. In 2024, the proportion of recycled polyester and polyamide in products under the Group's own brands rose to 57 percent, an increase of 18 percentage points compared to 2023. In addition, the Group has largely transitioned to certified fibres for viscose and cotton, thereby reducing its climate impact.

With 4.2 million packages delivered in 2024, the choice of packaging material is crucial. The e-commerce bags are made from recycled plastic, and the cartons consist of recycled paper. For product packaging under the Group's own brands, only recycled plastic is permitted, with an ambition to reduce plastic usage where it is not essential for ensuring product quality. Work is also underway to replace expanded polystyrene as a packaging material

Transport is primarily carried out by sea freight, while road freight is used for shorter distances. Air freight has been minimised and will be banned from 2025, except for samples that require urgent approval for fit and material. The target is for all customer deliveries to be fossil-free by 2030. Ellos Group actively collaborates with logistics providers to reduce the climate impact of transportation.

Sustainability targets are integrated into the business strategy to steer the product range towards more environmentally friendly alternatives, without compromising business objectives.

The Group already uses renewable electricity in its offices and warehouses, and from 2025, district heating will also be 100 percent renewable.

STICA

As an additional measure to reduce the Group's impact on the climate, collaboration with other companies is taking place. Since 2019, Ellos Group has been a member of The Swedish Textiles Initiative for Climate Action (STICA). The network offers valuable opportunities to work with other companies facing similar challenges, enabling members to share best practices, gain insights into innovative solutions, and accelerate our transition towards a more sustainable and ethical textile industry.

STICA's goal is to ensure that the Swedish and Nordic textile industries work towards becoming the world's first climate-positive clothing and textile sector well before 2050.

STICA achieves this by:

- Supporting clothing and textile companies operating in both the Nordic and international markets in setting science-based targets and reducing their GHG emissions in line with a 1.5°C warming trajectory, in accordance with the UN Framework Convention on Climate Change and the Paris Agreement.
- Providing a neutral, non-competitive platform where companies and organisations can learn best practices for reducing their emissions and regularly monitor and publicly report their progress.
- Advocating for ambitious climate legislation at the industry level and supporting the development of joint projects and cross-sector collaborations to reduce the overall GHG emissions of the clothing and textile industry.

Metrics and targets

Ellos Group is working towards the overall goal of reducing the Group's GHG emissions by 50 percent by 2030 compared to the base year of 2020, in line with limiting global warming to 1.5°C. Progress is monitored and evaluated regularly. For Scope 1 and 2, the Group aims to achieve net zero emissions already by 2025.

	Retrospective				Milestones and target years		
	2024	2023	Base year 2020	% 2024/2023	2025	2030	Annual % target / Base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO_2e)	138.4	34.0	2.3	+305 %	0.0	0.0	
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	-	-				
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO_2e)	358.1	359.1	331.2	-0.6 %	0.0	0.0	
Gross market-based Scope 2 GHG emissions (tCO_2e)	300.4	297.9	240.0	+0.7 %	0.0	0.0	
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	103,840.8	99,103.8	134,185.0	+4.8 %		67,213.7	
1 Purchased goods and services (tCO_2e)	97,458.3	92,930.7	126,971.9	+4.9 %			
2 Capital goods (tCO_2e)	-	-	-	-			
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2) (tCO_2e)	103.3	106.9	36.3	-3.7%			
4 Upstream transportation and distribution (tCO_2e)	5,182.2	4,904.1	6,378.4	+5.7%			
5 Waste generated in operations (tCO_2e)	74.8	98.8	94.9	-24.2%			
6 Business travel (tCO_2e)	296.3	273.1	225.7	+8.4%			
7 Employee commuting (tCO_2e)	726.0	790.2	477.8	-8.1%			
Total GHG emissions							
Total GHG emissions (location-based) (tCO_2e)	104,337.4	99,497.3	134,518.5	+4.9 %		67,259.3	-6.7 %
Total GHG emissions (market-based) (tCO_2e)	104,279.7	99,435.7	134,427.3	+4.9 %		67,213.7	-6.7 %

To ensure that the baseline value is representative and includes all relevant activities, the baseline for 2020 has been recalculated to include processes that were previously missing from the calculations. Improved data quality and process optimisation have also led to updates in the baseline value. During the reporting year, there have been no significant changes in the organisational structure or its value chain. GHG emissions data has not been validated by any external party.

Ellos Group has not carried out any activities for GHG emissions removal or purchased carbon credits in 2024.

Ellos Group does not carry out its own calculations of emission factors. Where carbon dioxide equivalents are missing, the conversion to CO_2e is made through an external platform (Cemasys Sustainability Management Platform for ESG Solutions | CEMAsys). The Cemasys' model is based on the GHG Protocol and includes an extensive database covering global emission factors. Where possible, primary data from suppliers is used.
Ellos Group applies different methods and assumptions to calculate and measure its Scope 1, 2 and 3 GHG emissions. These are outlined below.

Scope 1

Ellos Group's direct emissions within Scope 1 are very limited and consist solely of refrigerant refills and fuel for company cars, the majority of which are electric. The data used for calculations is sourced from invoices from the refrigerant supplier and mileage data for company cars. During 2024, there was a significant increase in GHG emissions within Scope 1 due to an incident that caused refrigerant leakage. The damage has been repaired during the year.

Scope 2

This includes energy consumption in offices and warehouses. The data for the calculation is based on consumption data from the electricity and district heating suppliers.

	Scope 2 - Energy consumption and mix	2024	2023
(1)	Fuel consumption from coal and coal products (MWh)	-	-
(2)	Fuel consumption from crude oil and petroleum products (MWh)	-	-
(3)	Fuel consumption from natural gas (MWh)	-	35.6
(4)	Fuel consumption from other fossil sources (MWh)	-	-
(5)	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	142.9	157.0
(6)	**Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)**	**142.9**	**192.6**
	Share of fossil sources in total energy consumption (%)	1.4	1.7
(7)	**Consumption from nuclear sources (MWh)**	**-**	**-**
	Share of consumption from nuclear sources in total energy consumption (%)	-	-
(8)	Fuel consumption for renewable sources (MWh)	-	-
(9)	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	10,348.2	11,293.0
(10)	The consumption of self-generated non-fuel renewable energy (MWh)	-	-
(11)	**Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)**	**10,348.2**	**11,293.0**
	Share of renewable sources in total energy consumption (%)	98.6	98.3
	Total energy consumption (MWh) (calculated as the sum of lines 6, 7, and 11)	**10,490.1**	**11,485.6**

Scope 3

Purchased goods and services

Purchased products account for 93 percent of the Group's total emissions. The CO_2e calculation for this category is based on the product's weight and material, multiplied by an emission factor. Product data is sourced from the Group's product data and business systems. Weight is available for all products. For materials, 93.5 percent of the product data is complete, while the remaining portion is extrapolated based on existing and identified data to ensure full coverage of emissions from purchased products. The emission factor used is a global industry average for materials and processes.

In addition to products, packaging materials are included in the Purchased goods and services category. For e-commerce packaging, primary data from the Group's packaging supplier is used. In 2024, extensive work was carried out to collect detailed product packaging data for furniture, lighting and decoration for Ellos Group's own-brand products. For plastic bags used for fashion and home textile products, as well as for all external products, calculations are based on standard values.

Upstream transport and distribution

Ellos Group collaborates with a total of 20 carriers for inbound and outbound transport, who provide data on tonne-kilometres and CO_2e emissions.

Fuel- and energy-related activities

This Scope 3 category includes the extraction, production and transport of fuels used for electricity generation, fuel consumption, heating and cooling within Ellos Group's operations. Data is based on Scope 1 and 2 reporting.

Waste generated in operations

All waste generated within the Group's own operations is collected by a contracted waste management provider and recycled to the greatest possible extent. Detailed data on waste volumes and associated CO_2e emissions is obtained through the provider's customer portal.

Business travel

Data on flights, train journeys and hotel stays are obtained through the Group's travel agency and customer data from train operators.

Employee commuting

An annual survey is conducted among the Group's employees to map their choice of transport and the number of kilometres they commute to the workplace. In 2024, the response rate was 50 percent, and the data was extrapolated to represent the entire workforce.

Primary data are obtained for Scope 3 categories Upstream transportation and distribution, Waste generated in operations and Business travel, which together account for 5 percent of Scope 3 emissions.

Omitted Scope 3 categories

In CO_2e calculations, Use of sold products and End-of-life treatment of sold products have been excluded. Ellos Group offers a wide range of product categories, and there is currently no established industry average for factors such as the number of washes for clothing and home textiles or the lifespan of home furnishings. Including these factors in the calculations would introduce a high level of uncertainty, and they have therefore been excluded.

POLLUTION

Ellos Group offers a wide range of products, which means the Group relies on raw materials and natural resources. The extraction and processing of these materials impact the environment, including air, soil and water, throughout various stages of the supply chain.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to pollution were identified in the following areas.

		Upstream	*Own operation*	*Down-stream*	*Short-term*	*Medium-term*	*Long-term*
POLLUTION							
Pollution to air, soil and water in upstream and downstream value chain	Actual negative impact	•		•	•	•	•
Chemicals in manufacturing process	Potential negative impact	•		•	•	•	•
Emission of microplastics through washing	Actual negative impact			•	•	•	•

Impact, risk and opportunity management

The main impact from pollution arises in the Group's upstream value chain through production, during transportation both upstream and downstream in the value chain, as well as during the use and washing of products sold by the Group in the downstream value chain. Ellos Group's environmental efforts are guided by national legislation, EU regulations and voluntary standards. Increased requirements reflect a growing awareness of the impact of chemicals on health and the environment, and Ellos Group strives to meet consumers' growing expectations for quality and safety. To reduce negative environmental impacts, the Group continuously works on improving its processes.

The Environmental Policy and Product Policy serve as guidelines to minimise the negative impact of pollution, both within the company's operations and across the entire value chain. These policies include guidelines on chemical usage, waste reduction and actions to limit emissions from transportation. The policies also outline the Group's aim to increase the use of organically grown materials, which contributes to reducing soil pollution. However, the policies currently do not include restrictions on the negative impact of air, water and soil pollution, or how to prevent incidents and emergencies related to pollution or substances of concern. Responsibility for each respective policy is specified on page 13.

For the Group's products within its own brands, Ellos Group has implemented a ban on the use of substances of concern and substances of very high concern. The substances covered are regulated through a Manufacturing Restricted Substances List (MRSL) and a Restricted Substances List (RSL). Suppliers are informed of these requirements through the Supplier Manual, an annex to the Group's supplier agreements.

The Group does not sell products containing hazardous chemicals according to the RoHS Directive or the REACH Regulation. Furthermore, there is a ban on PVC, antibacterial additives, and flame retardants in textile products, leather and footwear, except for PVC in electrical cables. For products within the Group's own brands, PFAS and moisture absorbers with DMFu are prohibited, and efforts are underway to ensure that external brands also adhere to these guidelines.

Compliance with the Group's policies is ensured through chemical testing before the production start of products under its own brands. Particular focus is placed on verifying the test results for risk products, such as baby clothing and materials in contact with food (FCM - Food Contact Material). To proactively manage substances of very high concern, ongoing research is monitored, allowing for phase-out before substances are added to restriction lists. For external brands, suppliers are required to have their own RSL and procedures to control chemical usage in their products.

Microplastics are small plastic particles, often less than 5 millimetres, that can be released from synthetic textiles during manufacturing, use and washing. These particles end up in watercourses and ecosystems, where they can be harmful to wildlife and potentially impact human health through the food chain. The Group is aware of the environmental and health risks posed by microplastics, especially within the textile industry. The Group is actively working to reduce the amount of microplastics by exploring more sustainable material alternatives.

Metrics and targets

Targets related to air pollution are addressed under the Climate Change section, while targets for pollution of soil are described under the section on Resource Use and Circular Economy. The Group has not currently set specific targets related to pollution of water or microplastics.

The Group's own operations, which include offices and warehouses in Borås, do not cause emissions to soil, air or water.

In the Group's value chain, chemical use primarily occurs within the Tier 2–4 supplier tiers. The aim going forward is to ensure that all suppliers have a chemical management system in place. The Group is continuing to work on processes for monitoring and tracking this, as well as setting clear targets for chemical testing of finished products.

Currently, the Group is unable to measure the effectiveness of policies and actions related to pollution impacts. However, this is something the Group strives to be able to assess in the future as part of the development of targets and strategies.

WATER RESOURCES

Ellos Group relies on water for raw material supply and product processing, which results in water consumption in areas where availability is limited. Water-intensive activities such as cotton farming, dyeing, washing textiles and other wet processes often take place in regions experiencing water scarcity.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to water resources were identified in the following areas.

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
WATER RESOURCES							
Water consumption in the manufacturing process in upstream value chain	Actual negative impact	•			•	•	•
Water scarcity in the upstream value chain	Risk	•				•	•

Impact, risk and opportunity management

Through the Group’s purchasing and design policies, along with clear targets, the Group’s purchasing of goods is directed towards certified materials and processes that require less water. By selecting resource-efficient production methods and unconventional materials, Ellos Group aims to reduce water usage and avoid pollution. Responsibility for each policy is specified on page 13.

During the use phase of the Group’s products, additional water consumption occurs through customers' washing and care. Since customers are mainly located in the Nordic countries and Northern Europe, areas with low water scarcity, this phase is not covered by any specific policy. The same applies to the Group's own operations in Borås, which is not located in a high water-stress area. Sustainable oceans and seas are not included in the Group’s policies.

In 2024, efforts to manage the impact of water usage and pollution associated with the production of the Group's products were intensified. Data was collected from Tier 1 suppliers through an external platform where suppliers respond to questions regarding energy consumption and energy sources, water usage, water pollution and waste management.

Metrics and targets

Ellos Group has not yet established any targets related to water resources, as the information gathered needs to be verified and analysed before measurable and time-bound targets can be set. The data collection focuses on suppliers of the Group’s own brands.

The Group’s own operations are located in an area without water risk and receive water supply and wastewater management from Borås Energi och Miljö. All water is treated and returned for reuse. In 2024, the total water consumption amounted to 7,384 m^3. The data is validated by Borås Energi och Miljö, ensuring accuracy and transparency.

RESOURCE USE AND CIRCULAR ECONOMY

Ellos Group sells clothing, home textiles and furnishings – industries with significant sustainability challenges. The textile sector is a major consumer of resources, including materials for products and packaging, as well as energy throughout the value chain. The Group works actively to address these challenges by choosing materials and production processes that are better for the environment. Ellos Group aims to offer timeless, high-quality products that customers can use for a long time and encourages customers to recycle their clothing, textiles and furniture.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to resource use and circular economy were identified in the following areas.

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
RESOURCE USE AND CIRCULAR ECONOMY							
Waste in own operations and in value chain	Actual negative impact	•	•	•	•	•	•
Use of virgin raw material	Actual negative impact	•			•	•	•
Recyclability of products	Actual negative impact			•	•	•	•
Increased regulatory waste costs	Risk			•		•	•
Increased raw material costs due to resource scarcity	Risk	•				•	•

Impact, risk and opportunity management

Sustainability efforts begin at the drawing board. Through the design policy, it is ensured that decisions made in the design and purchasing processes lead to reduced resource use and environmental impact without compromising quality. Sustainable thinking should permeate the design of Ellos Group's products within own brands and the Group is preparing to meet the requirements of the upcoming legislation on product sustainability, the Ecodesign for Sustainable Products Regulation (ESPR). ESPR is a framework aimed at adapting products for climate neutrality and a circular economy, as well as making sustainable products the norm within the EU.

The design policy focuses on four key areas: material selection, waste minimisation, extended product lifespan, and energy-efficient processes. The responsible party for the policy is specified on page 13.

Material selection

Within the design and development process, Ellos Group has the opportunity to influence the sustainability and recyclability of products. The Group has invested major resources to increase the share of recycled materials and materials with more efficient resource use and has significantly increased the proportion of certified materials in 2024.

With a broad product range, the challenges are many. Cotton accounts for approximately 48 percent of the textile content in products under Ellos Group's own brands. Cotton is a resource-intensive fibre, both in terms of cultivation and production processes. Therefore, a long-standing decision has been made to use more sustainable cotton in the production of the company's product range, aiming to reduce the use of water, chemicals and energy. More sustainable cotton is defined as organic cotton, recycled cotton, or cotton certified by the Better Cotton Initiative (BCI). The target is for 100 percent of the cotton in Ellos Group's products under its own brands to come from more sustainable sources. For 2024, the share was 95 percent, as in some fibre blends with a low cotton content, it can be challenging to source certified fibre. The majority of the more sustainable cotton comes from organic cotton, which now accounts for 49 percent. This is a significant increase from 2023 when the share was only 26 percent

By using recycled materials, the environmental impact from the production of virgin raw materials can be reduced. The challenge lies in finding substitutes for existing fibres with a lower environmental impact, while maintaining the company's high quality standards. In 2024, Ellos Group continued to expand its in-house developed range of products made from recycled materials, such as recycled polyester and recycled polyamide. To ensure that the materials are recycled and free from harmful substances, materials are purchased that are certified according to standards such as the Global Recycling Standard (GRS) or Recycling Claim Standard (RCS).

In the fashion segment, viscose is an important fibre, and measures have been taken to replace conventional viscose with more sustainable alternatives. In 2024, 67 percent of all viscose in the Group's own brands was made from the more sustainable viscose fibre Lenzing EcoVero. This viscose fibre is made from more sustainably sourced wood, coming exclusively from certified and controlled sources. The fibre is certified according to the EU's official sustainability label (EU Ecolabel), ensuring that the material meets strict sustainability requirements throughout its entire lifecycle. The production of Lenzing EcoVero fibre results in up to 50 percent lower emissions and water impact compared to regular viscose.

Home furnishings is a major product category for Ellos Group, and wood is one of the most important materials within this range. The world's ancient forests are being logged at an alarming rate, which endangers threatened species, communities and our climate. Therefore, it is crucial that the wood in the Group's products comes from responsible and legal logging. All wood and paper products comply with the EU Timber Regulation (Regulation No. 995/2010), which ensures legal logging. In addition, 51 percent of all wood products in the Group's own brands are FSC-certified, which guarantees that the wood comes from a forest management system that considers both people and the environment.

Ellos Group can influence the sustainability of its products but has limited control over consumer behaviour, such as how many times products are used before being discarded. However, by working with mono-materials, recycling once the products reach the end of their lifecycle can be facilitated. 52 percent of Ellos Group's textile products are made from mono-materials, meaning they are produced from a single fibre type rather than mixed fibres. This makes them much easier to recycle, as sorting and separating different materials is not required.

From the beginning of 2025, it will be a legal requirement to separate textile waste, making mono-materials particularly important. By increasing the proportion of mono-materials in its products, Ellos Group is contributing to a more circular textile industry. The company hopes that this initiative will lead to greater availability of textile-to-textile recycled fibre.

Packaging and waste management

Ellos Group actively works to reduce the environmental impact of packaging. The Group's e-commerce packaging consists of 80 percent recycled consumer plastic and 20 percent recycled industrial plastic, which reduces CO_2e emissions per bag by 60 percent compared to virgin plastic. Cartons are primarily made of recycled paper with a layer of virgin paper to ensure strength.

In terms of waste management, the amount of damaged goods has been reduced during the year through improved product and packaging design. With consistent work throughout the value chain, the products better withstand the logistics flow, resulting in a lower amount of waste being generated. Products with damaged packaging are repacked and can be resold to customers. Products that are still damaged despite efforts are given a chance for continued use through sale in Ellos Group's Outlet store, where they are sold at a reduced price.

Expected results and future actions

By increasing the proportion of recycled materials and reducing waste, Ellos Group contributes to more sustainable resource usage and reduced CO_2 emissions, which is also a key part of the Group's transformation plan. The majority of the implemented measures apply to the Group's own brands. In 2024, a structured effort was initiated to collect more detailed information about the materials used in products from external brands, including the share of recycled materials.

The work to improve resource efficiency and transition to more sustainable materials is an ongoing process. The long-term goal is for 100 percent of textile materials to be certified or recycled by 2030.

Metrics and targets

Ellos Group has set clear targets to improve resource usage and promote a circular economy, with targets that are measurable, time-bound and focused on tangible results. These targets reflect the Group's commitment to minimising environmental impact and increasing the degree of circular material use in products.

More sustainable material	2024	2023	Target 2025	Target 2030
Share of more sustainable textile product sales within own brands (%)	57	50	50	100
Share of more sustainable textile product sales within own brands (%)	95	96	100	100
Organic cotton (%)	49	26		
BCI cotton (%)	46	70		
Share of recycled polyester and polyamide in products within own brands (%)	57	39	50	50
Share of EcoVero viscose in products within own brands (%)	67	37	50	100
Share of FSC-certified solid wood furniture in products within own brands (%)	52	43	50	100

Recycled polyester and polyamide

Ellos Group aims for 100 percent of the polyester and polyamide in its own brands to consist of recycled material by 2030. This target relates to increasing the degree of circular material use and minimising the use of primary raw materials. It directly links to product resource inflows and aligns with material recycling at level 3 of the waste hierarchy. The waste hierarchy is an EU directive governing waste management, consisting of five levels: prevention, reuse, recycling, energy recovery and disposal. Progress towards the target is monitored quarterly to ensure advancement and identify any challenges in a timely manner. The target was established, and measurements began in 2019, when the share of recycled polyester and polyamide was only 1 percent. The goal exceeds current legal requirements.

The ambition is to set additional targets related to resource use and the circular economy, and data collection processes have been improved in several areas in preparation for defining concrete and measurable target.

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Resource inflows

Of the total material consumption, approximately 14.9 percent consisted of biological resources from sustainable sources, certified by recognised systems that ensure responsible manufacturing practices. The Group ensures the reliability of sustainably sourced biological materials by exclusively purchasing materials with recognised certifications such as GOTS, OCS, BCI, FCS and EcoVero.

Resource inflows	2024	2023
Total weight of products and materials (tonnes)	13,818.3	14,270.3
Share of biological materials (and biofuels) sustainably sourced (%)	14.9	13.5
Total weight of secondary reused or recycled components (tonnes)	-	-
Share of secondary reused or recycled components (%)	-	-
Total weight of secondary intermediary products (tonnes)	-	-
Share of secondary intermediary products (%)	-	-
Share of secondary intermediary products (%)	1,029.2	988.8
Share of secondary materials (%)	7.4	6.9

The reported data on resource inflows and material use have been calculated using a direct measurement method, where the purchased weight is carefully monitored. Complete data is available for 93.5 percent of the total weight of materials, while the remaining portion is estimated through an extrapolation based on available data for each product category. The data has not been validated by an external body.

A total of 1,029 tonnes of the material flow consists of reused or recycled material, accounting for 7.4 percent of the total resource inflow. The ten most used materials in the operations are:

Resource inflows materials	Weight tonnes
Polyester	2,026.0
MDF	1,478.9
Cotton	1,440.4
Steel	734.5
Iron	661.7
Plywood	485.1
Pine	391.4
Glass	350.0
Wool	331.0
Polyether foam	322.3

Resource outflows

Ellos Group strives to offer products with a long lifespan that can be reused within a circular flow. Suppliers must meet requirements for durability, dimensional stability and colour fastness. To ensure quality, the Group collaborates with suppliers through laboratory testing conducted by accredited laboratories before production begins. The tests are based on product-specific requirements and include mechanical durability, colour fastness, dimensional stability and chemical analyses. Final inspections before delivery are carried out by third parties for new suppliers as well as for products within various focus areas.

For in-house developed products, there is also a requirement that each product category must include classic and timeless designs to further extend lifespan. Great emphasis is also placed on ensuring that products can be recycled when they can no longer be used.

In certain product segments within furniture, the option to purchase separate covers is available. This allows customers to extend the lifespan of their furniture by replacing worn or stained fabric without having to replace the entire piece.

Most textile products in the range can be repaired if the damage occurs along a seam. For certain products, a spare button is included to facilitate repairs, but this is done with consideration for overall resource use, as many spare buttons are never utilised. For furniture and other more complex products, spare parts or repair services are not currently offered.

Waste

The Group's waste primarily consists of packaging from logistics operations, with corrugated cardboard making up the largest portion. The amount of packaging is strongly related to turnover, although significant focus is placed on avoiding unnecessary packaging material. In 2024, 77 percent of the generated waste was sorted into different fractions and recycled, while 23 percent was used for energy recovery. Only a negligible portion was sent to landfill. Efforts to improve waste sorting and increase the recycling rate are ongoing. Through the Group's waste management service provider, detailed and reliable tracking of all waste from its own operations is obtained, based on direct measurements.

Waste generated by Ellos Group	2024	2023
Total amount of waste generated (tonnes)	770.1	758.3
Total amount of waste diverted from disposal (tonnes)	589.7	569.2
- Preparation for reuse (tonnes)	-	-
- Recycling (tonnes)	584.1	561.7
- Other recovery (tonnes)	5.6	7.5
Hazardous waste (tonnes)	8.1	12.8
Non-hazardous waste (tonnes)	581.6	556.4
Total amount of waste directed to disposal (tonnes)	180.4	189.1
- Incineration (tonnes)	180.3	189.1
- Landfill (tonnes)	0.1	-
- Other disposal (tonnes)	-	-
Hazardous waste (tonnes)	-	-
Non-hazardous waste (tonnes)	180.4	189.1
Percentage Share of non-recycled waste (%)	23.4	24.9
Total amount of hazardous waste (tonnes)	8.1	12.8
Total amount of radioactive waste (tonnes)	-	-

SOCIAL INFORMATION

OWN WORKFORCE

Ellos Group's employees are the Group's most valuable resource, and the goal is to provide a workplace where employees treat each other with mutual respect and are offered equal opportunities in a safe and creative environment.

Regular employee surveys are conducted to capture issues that are important to the staff, and the Group carries out systematic efforts to ensure employee well-being in the workplace. Creating a meaningful and secure work environment that enhances employee engagement is considered to contribute to Ellos Group's growth strategy.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to the own workforce were identified in the following areas.

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
OWN WORKFORCE							
Health and safety for employees	Actual negative impact		•		•	•	•
Discrimination against employees	Potential negative impact		•		•	•	•

Impact, risk and opportunity management

Health and safety

Ellos Group takes a proactive approach to creating a safe working environment for its employees and promoting a healthy lifestyle among staff. The Occupational Health and Safety Policy applies to the entire workforce and all individuals on Ellos Group's premises. The People & Culture Director is responsible for the policy. The policy requires the reporting of incidents and an analysis of root causes to continuously improve the Group's performance in health and safety.

The most common work-related injuries within Ellos Group are related to issues with the back, neck and shoulders, where the company strives to improve workplace ergonomics to reduce the number of injuries. Regular workplace inspections are conducted together with safety representatives, covering both the physical and psychosocial work environment. The company also collaborates with an external partner, a leader in occupational healthcare in Sweden, to reduce sickness absence, increase workplace productivity and provide faster rehabilitation. A comprehensive preventive approach is also in place, including a wide range of wellness activities. During the year, events such as a padel tennis tournament, golf championship, swimming course, yoga sessions, light therapy and lectures on exercise and mental health were arranged. All employees have free access to a gym at Ellos Group's premises and the Group offers wellness allowances.

During the year, the Group has placed a particular focus on the work environment, with a special emphasis on the psychosocial aspect, including several training initiatives primarily for managers but also for all employees. In 2024, 22 managers completed the Group's occupational health and safety training.

Diversity and inclusion

Ellos Group's operations are based on transparency and inclusion, where diversity and equality add value and discrimination is not tolerated. The Group is convinced that encouraging and leveraging differences benefits the business, both by providing a better understanding of the Group's customers and by increasing creativity and innovation, as well as improving problem-solving capabilities. It also leads to a more interesting and dynamic workplace. To support this, the Group has established a policy on diversity and inclusion that covers all employees, including managers. The People & Culture Director is responsible for the policy's implementation.

The policy is based on three central areas:

- Diversity and inclusion are crucial for an efficient, professional and profitable business, as well as an important aspect in recruiting, developing and retaining the right talent.
- Salary, employment terms and development opportunities should be structured in such a way that equal opportunities are provided to all employees.
- Ellos Group will acknowledge and respect every individual and has a zero-tolerance policy towards all forms of offensive treatment, harassment, sexual harassment or discrimination based on gender, gender identity or expression, ethnicity, religion or belief, disability, sexual orientation and age.

The Group strives for a balanced gender distribution at various levels and aims to be an organisation that reflects society and its customers in terms of diversity, such as ethnic background. Ellos Group actively works to identify and support female employees with the potential to develop into leadership positions. Many individuals in leadership roles have also undergone training in inclusive leadership. In the coming year, new training initiatives for managers in this area are planned.

The Group consistently focuses on ensuring equal pay for equal positions and competencies when recruiting or promoting employees. To counteract unjustified wage differences based on gender, an annual salary review is conducted.

Dialogue with own workforce
Continuously listening to employees and acting on feedback is crucial to ensuring a workplace that meets employees' needs and demands, as well as creating an environment where people feel comfortable every day. Ellos Group strives for a corporate culture where everyone feels safe to raise important issues and encourages staff to freely express their opinions, even to colleagues in higher positions.

To support this, four employee surveys are conducted annually. The surveys provide insights into employees' perceptions of Ellos Group as an employer, their daily work experiences, relationships with colleagues and leaders, and other factors that impact work life. The results of the surveys, which are shared with employees, provide a valuable foundation for the Management Team and leaders to initiate dialogues and identify actions to further improve the workplace.

One of the key measurements in the employee surveys is the Employee Net Promoter Score (eNPS) index. eNPS measures the extent to which employees would recommend Ellos Group as a good place to work. Survey responses are categorised as promoters, passives or detractors. eNPS is calculated as the percentage of promoters minus the percentage of detractors and can range from -100 to +100. In 2024, the average eNPS score was 19 (29). The Group's ambition is to maintain an eNPS above 25.

The People & Culture Director has overall responsibility for monitoring employee engagement, including following up on actions based on the employee surveys and regularly evaluating their effectiveness.

The Group's intranet provides easily accessible information on various channels for dialogue between employees and the employer. For example, it includes details on performance and development discussions, employee organisations, designated trade union representatives within the Group, contact details for People & Culture, and information, including a direct link, to the whistleblower service.

Grievance channels
Access to channels for reporting misconduct promotes a more equal and fair workplace. If an employee experiences bullying, discrimination or harassment, they are encouraged to seek support, primarily by contacting their immediate manager or another manager within the organisation whom they trust, a health and safety representative or someone in People & Culture. If an employee wishes to report anonymously, this is possible through the Group's whistleblowing service. For more information on the whistleblowing service and how whistleblowers are protected against retaliation, see the section on whistleblower protection under Business Conduct.

Ellos Group works proactively to ensure that employees are aware of the grievance channels available. Information on reporting procedures and the whistleblowing service is included as a mandatory part of the introduction process for new employees. Regular awareness campaigns are also carried out via various internal channels, such as the intranet, to remind employees of the available grievance channels and encourage them to use them. The effectiveness of these measures is monitored through employee surveys, where a specific question addresses whether employees know how to act and whom to turn to if they become aware of bullying, harassment or discrimination.

Metrics and targets

Health and safety
The Group measures sickness absence and the number of work-related accidents and has clear procedures in place to follow up on and address the causes of absence due to work-related injuries and incidents, including addressing identified risks. This supports the Group's efforts to ensure the health and safety of its employees.

	2024	2023
Sickness absence (%)	5.3	5.6
Work-related accidents (number)	30	23

Sickness absence is calculated as the ratio between the number of sick hours and the total planned annual working hours. Work-related accidents refer to incidents that occur when an employee performs work within the scope of their employment with Ellos Group.

Sickness absence is relatively low among the Group's office staff. Thanks to rehabilitation efforts, the majority return to work within a reasonable time. Employees within the logistics operations account for the majority of sickness absence, similar to the previous year. In 2024, a clear plan was developed to reduce short-term sickness absence among these employees, which resulted in a positive outcome as the Group managed to decrease short-term sickness absence in logistics operations from 6.5% to 4.6%. In 2025, the work will continue with the ambition of further reducing short-term sickness absence.

Diversity and inclusion

Ellos Group strives for a balance between women and men among its employees. The target is a 60/40 percent distribution, considering that the Group operates in a female-dominated industry. The Group also aims to achieve a balance between women and men in leadership positions and within the Management Team. The target is a 50/50 percent distribution among managers at all levels and within the Management Team.

	2024	2023
Gender distribution within the Group (women/men, %)	61/39	60/40
Gender distribution in managerial positions excluding Management Team (women/men, %)	53/47	49/51
Gender distribution within the Management Team (women/men, %)	33/67	36/64

The gender distribution within the Group is calculated based on the average number of employees as outlined below. The gender distribution in managerial positions and within the Management Team is calculated based on the number of employees as of the financial year-end.

Information on Group employees

Average number of employees by gender	2024	2023
Men	197	204
Women	305	311
Total average number of employees	502	515

The average number of employees is determined as full-time equivalents and is calculated by dividing the total number of hours worked during the financial year by the contractual annual working hours. The annual working hours for non-guaranteed hours employees are set at a standard of 160 hours (160 hours) per month. The total hours worked include time for which the company has paid wages or other compensation in exchange for work. It also includes time for paid leave, such as vacation, sick leave and compensatory time off. Overtime hours are not included. Data required to calculate the average number of employees is sourced from the Group's payroll system.

Average number of employees by country	2024	2023
Sweden	502	515
Total average number of employees	502	515

Average number of employees by employment type	2024			2023		
	Women	Men	Total	Women	Men	Total
Permanent	286	286	480	198	308	506
Temporary	194	480	308	198	506	4
Non-guranteed hours	17	1	18	1	3	4
Total average number of employees	305	197	502	311	204	515

Temporary employment primarily consists of maternity leave cover.

The data on the average number of employees as outlined above does not align with note 11 in the financial report, as the sustainability statement covers the period from 2024-01-01 to 2024-12-31, while the financial report covers the period from 2024-10-15 to 2024-12-31.

Employee turnover	2024	2023
Employees who left the Group during the reporting period	40	74
Employee turnover rate (%)	8.0	14.4

The reported figures for employee turnover include individuals who have voluntarily resigned, been dismissed, retired or passed away. Employee turnover is the ratio of the number of individuals who left the Group to the average number of employees.

The higher employee turnover in 2023 is explained by several restructurings, which resulted in a number of employees being laid off due to redundancy.

Collective bargaining coverage and social dialogue

All employees within the Group are based in Sweden and are covered by collective agreements and represented by employee representatives.

	Collective bargaining coverage		Social dialogue
Coverage	Employees in EES	Employees outside the EES	Workplace representatives
100 %	Sweden	-	Sweden

Diversity metrics

Top management level by gender	**2024-12-31**	**2023-12-31**
Men	6	7
Women	3	4
Total number of people as of the balance sheet date	9	11

Top management level refers to the Group Management. The reported figures refer to the number of people as of the balance sheet date.

Distribution of employees by age	**2024-12-31**	**2023-12-31**
Employees under 30 years	117	118
Employees aged 30-50	269	268
Employees over 50 years	229	222
Total number of employees as of the balance sheet date	615	608

The reported figures refer to the number of employees as of the balance sheet date and therefore differ from the average number of employees reported in the section on information about the group's employees.

Adequate wages
Each year, salary reviews are conducted in accordance with collective agreements, where minimum wages are clearly specified. This ensures that Ellos Group's employees receive adequate wages in line with prevailing reference salaries.

Social protection
Employee well-being is a top priority for Ellos Group. All employees are covered by pension plans and security insurances through collective agreements. The Group also offers additional social protection in the form of group insurance, such as life insurance, health insurance, accident insurance and children's insurance. In this way, employees are protected during significant life events.

Persons with disabilities
Reporting on the proportion of employees with disabilities is not conducted in accordance with legal restrictions on data collection.

Training and skills development metrics
All employees within Ellos Group have an individual performance and development plan. The plan is established annually in dialogue between the employee and their manager and captures the employee's ambitions, abilities and self-awareness regarding the skills required to reach their goals. The plan also includes development goals based on Ellos Group's values and for managers based on Ellos Group's leadership competencies. The plan forms the basis for individual performance discussions held between the employee and their manager twice a year.

During the year, the Group has measured the proportion of office staff who have completed performance and development discussions. Of the office staff, 87 percent have had discussions with their manager. The remaining employees have not had discussions due to parental leave or leave of absence. From 2025, the Group will measure the proportion of employees who have completed goal and skills discussions for all employees, broken down by gender.

Occupational health and safety metrics
All employees are covered by the Group's occupational health and safety management system.

Occupational health and safety metrics	**2024**	**2023**
Work-related fatalities (number)	-	-
Work-related accidents (number)	30	23
Lost days due to work-related injuries (number)	3	133
Frequency of work-related accidents (number)	35	25

The reported figures for work-related fatalities include both employees and workers in the workforce who are not employees. Work-related accidents and lost days due to work-related injuries only include the Group's own employees.

The frequency of work-related accidents refers to the number of cases per million hours worked. The number of work-related accidents has increased during the year, but only three of the incidents resulted in sick leave.

Reporting of cases related to work-related ill health is not carried out in accordance with legal restrictions on data collection.

Work-life balance
All employees of the Group are based in Sweden, where the right to family leave is legislated through the Act on the Right to Leave for Urgent Family Reasons (Lag om rätt till ledighet av trängande familjeskäl,1998:209) and the Parental Leave Act (Föräldraledighetslag, 1995:584). During the year, 31 percent (34) of employees took family-related leave, with 37 percent (40) of women and 23 percent (25) of men taking such leave. The ratio is based on the number of employees who took such leave in relation to the average number of employees.

Remuneration metrics
Below is the reported percentage difference between the salaries of women and men, as well as the ratio between the compensation of the highest-paid employee, the CEO, and the median compensation of all other employees within Ellos Group.

The gender pay gap is the difference between the average salary levels of female and male employees, expressed as a percentage of the average salary level of male employees. Gross hourly wage is used as the basis for the calculation. Since most employees within the Group receive a monthly salary, this has been converted to an hourly wage by multiplying by twelve and dividing by the annual working hours as set by the collective agreement

The CEO’s compensation in relation to employees is the ratio of the CEO’s total compensation for the year (including both fixed and variable salary as well as taxable benefits) to the median annual salary of all other employees.

Compensation metrics	2024	2023
Gender pay gap (%)	10.5	16.8
CEO compensation in relation to employees (ratio)	15.5	12.5

In 2024, the gender pay gap decreased. This is primarily attributed to the Group’s targeted efforts over recent years to address the gap. Active collaboration between managers and People & Culture has been promoted to balance and ensure equality in the salary structure across the organisation.

The CEO’s compensation relative to employees increased from 12.5 to 15.5, which is due to the variable components of the CEO’s compensation.

Incidents, complaints and severe human rights impacts
In 2024, no work-related incidents of discrimination based on gender, ethnicity, nationality, religion or belief, disability or any other form of discrimination involving internal and/or external stakeholders were reported, either to People & Culture or via the whistleblower service.

This includes incidents of harassment as a specific form of discrimination. No cases of human rights violations were identified during the year and the Group has not paid any fines, penalties or compensation for damages related to the above.

WORKERS IN THE VALUE CHAIN

Ellos Group takes a comprehensive approach to its value chain and strives to ensure that human rights are respected at every stage. The Group believes that a sustainable business is not only about environmental aspects but also about social responsibility and fair working conditions.

Through a long-term and responsible approach, Ellos Group aims to contribute to a more ethical and transparent textile and home furnishings industry. Collaboration and dialogue are seen as crucial to driving positive change and ensuring that the people working within the value chain are treated with respect and have fair conditions.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities related to workers in the value chain were identified in connection with the following areas.

		Upstream	Own operation	Down-stream	Short-term	Medium-term	Long-term
WORKERS IN THE VALUE CHAIN							
Working conditions in the upstream value chain	Potential negative impact	•			•	•	•
Work-related rights in the upstream value chain	Potential negative impact	•			•	•	•
Increased costs related to collaboration with International Accord	Risk	•				•	•

Impact, risk and opportunity management

Human Rights Policy

According to the UN Guiding Principles on Business and Human Rights, all companies have a responsibility to respect human rights, meaning they must prevent harm to people and their rights resulting from their operations.

The Group's human rights policy establishes the overarching principles for how the Group respects and manages due diligence concerning human rights. These principles are integrated into the Group's operational standards and corporate governance. The policy follows international human rights standards and is based on the OECD Guidelines for Multinational Enterprises. The definition of human rights is based on the UN Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Convention on the Elimination of All Forms of Discrimination Against Women. Experts in human rights were consulted in the design of the policy to ensure that the interests of workers in the value chain are considered.

Ellos Group complies with applicable laws in the countries where it operates. In the event of a conflict between the human rights policy and national legislation, the national law is respected, while the Group strives to honour the principles of international human rights.

The Human Rights Policy has been adopted by the Board of Directors. Responsibility for the policy is specified on page 13.

Due diligence process for human rights
Ellos Group's due diligence process for human rights is based on the OECD Due Diligence Guidelines for Responsible Business Conduct. The process is integrated into relevant business processes and in the management of suppliers. An assessment is always conducted before the Group accepts a new supplier of products under its own brands and only suppliers with an approved social audit are allowed to collaborate with Ellos Group.

The performance of all suppliers is monitored through an annual process called Perfect Supplier Base (PSB), where an evaluation is made based on risk perspectives, sustainability performance and business performance. The most prominent risks for human rights violations that Ellos Group works with include:

- Occupational health and safety
- Discrimination and ethical working conditions
- Fair living wages
- Decent working hours
- Freedom of association and collective bargaining
- Combating forced labour and child labour

During 2024, the Group continued to develop PSB to include a broader focus on social responsibility.

If risks are identified in the social compliance audit, an action plan is established, and Ellos Group collaborates with the supplier to manage and reduce the risk. The figure to the right summarises how the Group manages human rights in its operations through six steps:

1. Ellos Group has adopted Responsible Business Conduct (RBC) policies based on the OECD Guidelines. They are an integrated part of its management structure and business operations. The policies are regularly reviewed to maintain their effectiveness and are actively communicated to suppliers and business partners to promote compliance and responsible practices throughout the supply chain.

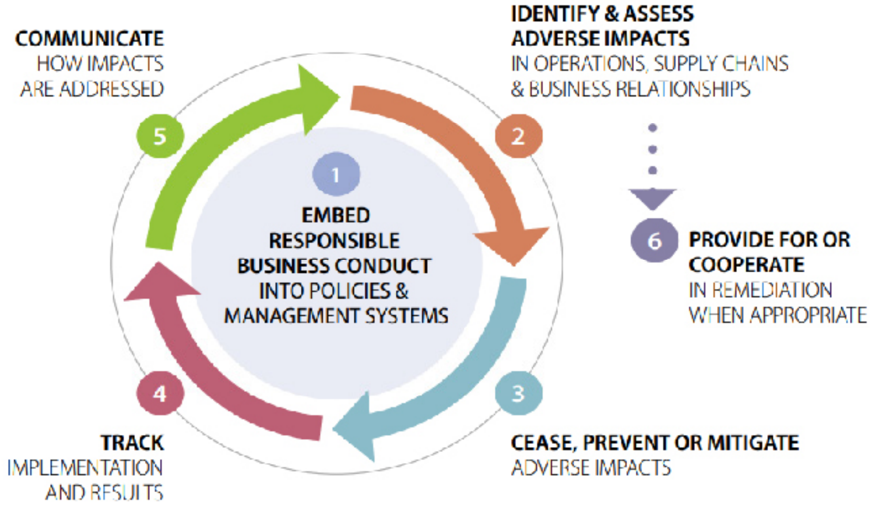
2. A comprehensive assessment identifies where the risk of negative impact on human rights is highest, based on country, sector, product, raw materials, and business risk. The most significant risk areas are prioritized, and each supplier relationship is evaluated. This results in a risk assessment that indicates where efforts should be directed moving forward, either per supplier or based on critical risk areas.

3. Actions are taken to address systematic issues and update policies and management systems, support suppliers in preventing or reducing negative impacts, use influence to affect actors causing negative impacts, and as a last resort, terminate the business relationship.

4. Based on the actions decided, Ellos Group monitors and tracks its targets through quarterly updates to Group Management. Third-party audits are used as a key tool to identify and follow up on risks, ensuring improvements through action plans. This enables the Group to take immediate action in response to critical risks.

5. Ellos Group's work on human rights is an integrated part of its operations and is communicated internally as well as in close collaboration with the Group's partners and their suppliers on an ongoing basis.

6. In collaboration with local third-party organisations, Ellos Group ensures that actions have been completed and that the affected individual has been compensated.



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Code of Conduct for suppliers
Ellos Group’s suppliers of products within its own brands must sign and adhere to the Group's Suppliers’ Code of Conduct. This is designed according to internationally recognised standards, including ILO and UN conventions, and includes detailed guidelines on human rights to ensure workers' safety within the supply chain.

The Code of Conduct specifies requirements in several areas, such as the prohibition of child labour, forced labour and trafficking, safe working conditions, support for female workers, grievance mechanisms, non-discrimination, ethical business conduct, as well as the right to freedom of association and collective bargaining. Other key aspects include fair compensation, accurate attendance records and regulation of working hours. Responsibility for the Code of Conduct is specified on page 13.

Ellos Group also requires its suppliers of external brands to have a Code of Conduct that adheres to internationally accepted standards.

Dialogue with workers in the value chain
During third-party audits, employees are always interviewed to gain a better understanding of their working conditions. Audits are conducted at intervals based on previous assessments of the social conditions at the supplier's factory. Typically, an audit is carried out every 12 to 24 months. Ultimately, the responsibility for ensuring that these interactions take place and that the results are used in shaping the Group's strategy, lies with the Group's Sustainability Director.

Employees within Ellos Group regularly travel for business and participate in factory audits with suppliers, primarily in China, India and Bangladesh. During these meetings, working conditions, climate actions, quality improvements and other sustainability initiatives are discussed. Ellos Group places great value on meeting with its suppliers and their employees personally to discuss various issues and gain a better understanding of each other’s operations and strategies

Grievance channels
Through Ellos Group's whistleblower service, workers in the supply chain have the opportunity to anonymously report suspected or actual violations of the Code of Conduct or other policies. Suppliers are required to inform employees about this opportunity, as outlined in the Suppliers’ Code of Conduct. For further information about the whistleblower service, refer to the section on whistleblower protection under Business Conduct.

Through collaboration with the International Accord, Ellos Group also has access to their grievance mechanism, which is shared with factories connected to the International Accord. Through this mechanism, a number of complaints were received from workers in the value chain during the year. In these cases, Ellos Group, based on information from the International Accord, followed up on the complaints and ensured that they were properly addressed.

To ensure that value chain workers are aware of and trust the grievance channels, and that they function effectively, Ellos Group conducts continuous follow-ups through interviews during third-party audits.

Actions
Compliance with the Code of Conduct for suppliers of products under own brands is monitored through a structured follow-up system. Regular third-party audits are conducted with review protocols that have over 200 checkpoints, including document reviews, interviews with staff and management and inspections of production units and employee facilities. These audits place particular focus on women's rights and their ability to maintain personal hygiene in a satisfactory and safe manner.

After each audit, a corrective action plan is established, specifying areas for improvement. Suppliers are given the opportunity to address deficiencies without directly affecting the business relationship, with the aim of protecting employment for the workers. Follow-up is conducted to ensure that the issues are addressed and if necessary, a follow-up audit is carried out. If a supplier does not implement the necessary actions within 90 days, its future cooperation with Ellos Group is evaluated, always from the perspective that ending the relationship should not cause further harm to the workers.

Common observations in third-party audits include inadequate chemical handling, insufficient protective equipment, lack of health checks for workers exposed to risks and deficiencies in fire safety, such as blocked emergency exits and incorrect installation of fire extinguishers. The audits have also identified the absence of building and fire certifications, as well as other safety-related issues. Ellos Group actively works to address these deficiencies by following up on audit reports and driving improvements in collaboration with suppliers.

Two more severe incidents have been reported following audits during the year. The first concerns a worker who was blacklisted by factory management after reporting working conditions to the authorities. Ellos Group is working together with its partner in Bangladesh to ensure redress for the employee. The second case concerns a woman who was verbally harassed and dismissed after refusing to work overtime. The factory management later reversed its decision, and the woman was rehired after a corrective action plan was implemented.

To reduce the risk of child and forced labour in the production of natural fibres, Ellos Group uses certified natural fibres wherever possible, where social conditions are included in the standard. The Group has an internal team working to ensure human rights within the value chain. During the year, the team has continued working to meet the target that all product suppliers under its own brands should have an approved audit protocol from the last 24 months. In the coming year, the Group intends to extend the review to include sub-suppliers further up the value chain. This is planned to be carried out without significant costs.

Partnerships
In due diligence work, the Group has identified a higher risk for health and safety issues in Bangladesh and Pakistan. To strengthen fire safety and building safety in factories in these countries, Ellos Group collaborates with International Accord. All factories participating in International Accord are inspected in three areas: fire safety, electrical safety and building construction. Through the agreement with International Accord, Ellos Group has committed to driving corrective action plans for improvements in factories where Ellos Group is the Lead Brand.

In 2024, Ellos Group joined TIWW (The Industry We Want), a network of European e-commerce retailers in fashion and home furnishings. The purpose is to ensure, in a coordinated and structured manner, that a due diligence process for human rights is in place even with external brands sold by the Group, where the Group does not have direct control over the value chain.

Metrics and targets

Ellos Group has established measurable and time-bound targets related to workers in the value chain to address its significant negative impact.

The Group only collaborates with suppliers that have undergone and received an approved audit from an independent third-party organisation. This is a central part of the company’s strategy for social sustainability, where an external party assesses and verifies how suppliers manage these issues.

The Group’s target is for all product suppliers under its own brands to have an approved audit protocol from the last 24 months.

	2024	2023
Number of active Tier 1 suppliers at year-end	238	302
Share of Tier 1 suppliers with approved audit protocol from the last 24 months (%)	100	100
Number of Tier 1 audited protocols during the year	160	240

After an audit report has been received, it is assessed based on Ellos Group's own grading system for social sustainability. Suppliers are classified into four different levels: A-Green, B-Blue, C-Orange and D-Red.

Once an audit has been reviewed, Ellos Group shares its assessment with the supplier, along with an action plan that identifies areas for improvement. The supplier then has 90 days to implement the recommended improvements, thereby enabling a higher rating.

Ellos Group has set a target that 90 percent of suppliers should achieve either a blue or green rating – the two highest levels of social sustainability according to the company's standard – by 2030. As of the end of 2024, 81.1 percent of Ellos Group's suppliers had one of the two highest ratings. The target was established in 2024 with a baseline of 81 percent. The target is seen as stable over time, as the four rating levels for social sustainability essentially remain unchanged. Ellos Group's Suppliers’ Code of Conduct is continuously updated to comply with applicable legal requirements, but the overall methodology and measurement methods remain consistent.

The target applies to the period 2024–2030 and is measured as a percentage of the total number of suppliers for Ellos Group’s products within its own brands.

Rating	Number	%
A. Green	71	29.8
B. Blue	122	51.3
C. Orange	39	16.4
D. Red	6	2.5
Total number of suppliers	238	100

BUSINESS CONDUCT

Ellos Group’s operations are based on honesty, integrity and the commitment to "do the right thing." The foundational approach is that the business should be conducted in a responsible and long-term manner.

Material impacts, risks and opportunities

In the double materiality assessment, material impacts, risks and opportunities within business conduct were identified in connection with the following areas.

		Upstream	*Own operation*	*Down-stream*	*Short-term*	*Medium-term*	*Long-term*
BUSINESS CONDUCT							
Poor corporate culture	Potential negative impact		•		•	•	•
Insufficient protection of whistleblowers	Potential negative impact	•	•		•	•	•
Animal welfare	Potential negative impact	•			•	•	•
Long payment terms for goods suppliers	Potential negative impact	•				•	•
Corruption and bribery	Potential negative impact	•	•	•	•	•	•

Impact, risk and opportunity management

Business ethics

Employees within Ellos Group encounter financial, technical, commercial and ethical challenges daily. Through the Group’s ethical guidelines across various areas, the Group strives to maintain a sound corporate culture with high integrity. All employees, managers, senior executives and members of the Board must adhere to these guidelines. They provide important guidance on expected behaviour within Ellos Group and in interactions with stakeholders.

The Board holds ultimate responsibility for oversight and must ensure that the necessary ethical guidelines and policies are in place. The CEO, who also holds overall responsibility for compliance, is responsible for ensuring compliance with these guidelines and policies. Group Management is responsible for fostering a culture of business integrity and leading by example.

The Code of ethics cover topics such as bribery and corruption, competition, trade sanctions, sponsorships and donations, diversity and integrity. For a full list of the Group’s Code of ethics, see page 13.

To ensure employee awareness of these policies, regular information campaigns are conducted, and the documents are easily accessible on the intranet. Training on the policies is a mandatory part of the onboarding process for new employees. People & Culture is responsible for this introduction.

Corporate culture

The Group actively works on corporate culture based on the core values of Entrepreneurship, Humble Winners and Joy. These values are intended to serve as a compass, guiding actions and communication. They are further specified through the Code of ethics.

Some key principles are:
- Communicate openly, honestly and clearly.
- Act with respect, consideration and responsibility towards one another.
- Encourage courage and independent decision-making. An enabling climate is the foundation for taking initiatives.
- Prevent, identify and manage conflicts of interest.

The values, together with goal fulfilment, form the basis for the overall performance assessment conducted annually by managers. This creates incentives for each employee to act in a desirable manner and contribute to a continued successful and positive corporate culture.

Protection of whistleblowers
Employees play a key role in identifying any deviations from the Group's Code of ethics and values. The Group's Whistleblowing Policy states that a person who expresses a genuine concern or suspicion according to the Group's guidelines will never risk losing their job or face any form of sanctions or personal disadvantages as a result of their reporting.

Reports of irregularities should primarily be made by contacting their immediate supervisor or a trusted manager within the organisation or someone from People & Culture. If an employee wishes to report anonymously, this can be done through the Group's whistleblower service.

The whistleblower service is administered by an external impartial service provider who ensures the anonymous handling of reported cases. The service allows encrypted communication between the Group's whistleblower team and the reporting individual. The Group's whistleblower team consists of the Sustainability Manager, People & Culture Director and the Security Manager. These individuals continuously receive further training in their respective professional fields and attend joint training sessions specifically for handling whistleblower cases.

The whistleblower service is also available to workers at suppliers of products within the Group's own brands in the upstream supply chain. Suppliers are informed about the service when signing agreements and are, in accordance with the Group's Suppliers' Code of Conduct, required to inform their employees about this opportunity.

Animal welfare
Ellos Group values animal rights and believes that animals, as sentient beings, have the right to be treated with respect. When products are made from materials of animal origin, the Group requires that the animals are treated well.

Ellos Group is a member of the Fur Free Retailer programme. This programme is supported and endorsed by the Fur Free Alliance, an international coalition of leading animal and environmental protection organisations.

Animal welfare is an important part of the Group's Product Policy. The policy states that Ellos Group:
- Does not sell product containing real fur.
- Does not accept mulesing of merino sheep to prevent flystrike.
- Is restrictive in the use of down and feathers, accepting only down and feathers as a by-product of meat production. Live plucking is not permitted.
- Does not accept angora wool in any products.
- Only accepts leather from animals that have been bred for meat production.
- Does not accept animal testing, either during production or on finished products.
- Does not accept products containing materials from endangered species.

Both suppliers of products within the Group's own brands and suppliers of external brands must agree to these rules in order to be approved as suppliers.

Good relationships with suppliers
It is important for Ellos Group's customers, employees, suppliers and owners that the Group's products are made with respect for the people who produce them, as well as for the environment. Ellos Group strives to ensure fair working conditions and respect for human rights in the value chain and believes that close dialogue and collaboration with suppliers are necessary to achieve this. Together with suppliers, ongoing efforts are made to improve sustainability in the value chain. Ellos Group prioritises long-term supplier relationships to increase cost-effectiveness over time, reduce disruptions in the supply chain and ensure good working conditions and environmental aspects in production. As a result, the company increased the average order value with its suppliers by 3 per cent in 2024.

The Group's purchasing behaviour impacts conditions at suppliers, their sub-suppliers and employees. Ellos Group aims to be a responsible buyer when it comes to issues that are important in the upstream value chain, including pricing and negotiations, forecasts and planning, as well as order placement. The Group's Purchasing Policy aims to provide clear guidelines for all those involved in procurement and regulates, among other things, material selection, supplier choice, payment terms and delivery times.

When establishing agreements with product suppliers, reasonable payment terms are set according to market standards, typically 30-60 days net. During negotiations, purchasing managers are responsible for balancing risks regarding payment terms with other parts of the contract negotiations. If Ellos Group were to apply unusually long payment terms to suppliers, or if Ellos Groups were to fail to pay supplier invoices on time or deny vulnerable suppliers advance payment, the suppliers' cash flow could become strained. This could lead to difficulties for suppliers in paying sub-suppliers or wages to employees.

The Group has internal processes in place to ensure that late payments are minimised as much as possible. All supplier invoices go through a supplier invoice system where the invoice date and due date are automatically registered. Expense invoices are sent directly to the organisation for approval, while goods invoices are matched against purchase orders after the goods have been received into stock. Once the approval flow is complete or the order/invoice matching has occurred, the invoices are released for payment.

The procedure that invoices must be checked and approved before payment is aimed at preventing payments for incorrect invoices. If the approval or matching flow is not carried out promptly enough, the invoice due date may pass without payment being made. This can occur, for example, during disruptions in logistics flows that lead to delayed deliveries. Automatic reminders are generated by the supplier invoice system to invoice approvers when the due date is approaching. Unapproved overdue invoices are continuously monitored, and special efforts are made by the supplier invoice team to ensure these are paid as soon as possible.

Selection of suppliers
Ellos Group takes into account environmental and social factors, among others, when selecting and evaluating product suppliers. To enable the Group's overall business strategy of achieving growth with a reduced carbon footprint, the Group has begun collecting information from product suppliers within its own brands regarding their climate impact. This includes information on suppliers' energy use, water and wastewater management, preparation and washing, dyeing and printing, as well as certifications for sustainable materials. The goal is for this information to be used as a basis for directing purchases towards more environmentally sustainable suppliers.

To ensure good social conditions and the maintenance of human rights among product suppliers within its own brands, Ellos Group has a Code of Conduct for suppliers. Before new suppliers can be approved, an evaluation of social and environmental factors is conducted, and suppliers must sign the Code of Conduct. For further information on the Supplier's Code of Conduct and how the Group monitors compliance with it, see the section on Workers in the value chain.

Ellos Group also sets requirements for its suppliers of external brands. Before a supplier is approved, they must accept the Group's requirements for environmental and social sustainability.

This includes, for example, the supplier must:
- Have a Code of Conduct that aligns with internationally accepted standards, including ILO and UN conventions.
- Have a process for identifying risks and regularly monitoring suppliers in their supply chain.
- Have a list of prohibited substances that aligns with Ellos Group's list of prohibited substances.
- Have procedures for regular monitoring of chemicals in their products

Preventive measures against corruption and bribery
In all organisations, there is a risk of corruption – the abuse of power for personal gain – which can manifest in many ways. Corruption can exist within the Ellos Group organisation itself or with suppliers, customers and other business partners. Ellos Group manages this risk through the Group's Code of ethics, with policies against bribery and anti-corruption, as well as for sponsorships. The policies define Ellos Group's position on what constitutes good business ethics and provide information on what is included in the concept of corruption and bribery. They also provide clear guidelines on how employees should act in various situations, helping employees take the correct actions and recognise and respond to inappropriate behaviour by other parties.

Through Ellos Group's Suppliers' Code of Conduct, suppliers commit to following the Group's requirements for good business ethics. Due to the complexity of the upstream value chain, Ellos Group requires suppliers to also monitor their sub-suppliers. The Group does not accept unauthorised sub-suppliers and demands full transparency regarding where and how the Group's products are manufactured.

Ellos Group encourages employees, workers in the value chain and suppliers to report any concerns regarding bribery and corruption through the whistleblowing service. This increases the likelihood of serious misconduct being detected and prevented. All cases submitted through the whistleblowing service are handled confidentially. Only the whistleblowing function has access to reported cases, and no case may be investigated by anyone who could be involved in the misconduct. For further information on the whistleblowing service, see the section on protection of whistleblowers. Any incidents related to corruption and bribery are reported to the Management Team and the Board in connection with regular meetings.

The Group informs all new employees about the company's ethical guidelines and policies on bribery, anti-corruption and sponsorship. These policies are easily accessible on the Group's intranet. The Suppliers' Code of Conduct is included in the supplier manual and is available to suppliers in the supplier portal. Information about this is provided in connection with contract signing.

Certain functions within the Group are assessed to be at higher risk of corruption and bribery due to interactions with external stakeholders. These high-risk functions include all employees involved in procurement. The Group currently does not have recurring training on corruption and bribery for employees in high-risk functions, the Board of Directors or Group Management but intends to introduce this in the next year.

Metrics and targets

Cases of corruption and bribery
During 2024, the Group has not had any incidents involving violations of its ethical guidelines that resulted in the dismissal of employees. Ellos Group has also not had any incidents related to corruption or bribery that led to the termination or non-renewal of business partnerships. The Group has not received any convictions or fines for breaches of anti-corruption or anti-bribery laws and has not been involved in any legal proceedings related to corruption or bribery. If the Group were to receive a conviction for violating anti-corruption or anti-bribery laws, information on fines would be obtained from the court ruling.

Payment practices
During the year, Ellos Group has paid its supplier invoices on average 35 days after the invoice date. The Group's standard contract payment terms are 30-60 days for goods suppliers and 30 days for service suppliers. Over the year, 86 percent of invoices from goods suppliers and 84 percent of invoices from service suppliers were paid on time. Goods invoices accounted for 92 percent of the total number of invoices paid.

Ellos Group has not been involved in any legal proceedings regarding late payments to suppliers during the year.

GLOSSARY

BCI (Better cotton initiative)
A global non-profit organisation working towards more sustainable cotton production by improving the environmental impact of cotton farming, working conditions and the economic circumstances of the farmers

ESG (Environment, social and governance)
Environment, social and governance. Refers to three overarching themes for evaluating non-financial factors that may impact a company's ability to create value.

ESRS (European sustainability reporting standards)
European standards for sustainability reporting.

FSC (Forest stewardship council)
An international non-profit organisation working for sustainable forestry worldwide. The organisation's main task is to develop and maintain the FSC certification, ensuring that forests are managed in an environmentally, socially and economically responsible manner.

GHG (Greenhouse gas)
Greenhouse gases. Natural and artificial gases that trap heat in the atmosphere, contributing to the greenhouse effect that warms the Earth. They include carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), sulphur hexafluoride (SF6), nitrogen trifluoride (NF3), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

GHG Protocol
A framework and de facto standard for measuring, reporting and managing greenhouse gas emissions.

Microplastics
Small plastic particles, typically less than 5 mm. There is a growing amount of microplastics in the environment, including the sea, as well as in food and drinking water. Once microplastics have entered the natural environment, they do not biodegrade and tend to accumulate, unless they are specifically designed to break down biologically in the open environment.

Net Zero Emissions
Net zero emissions is a state where there are no net greenhouse gas emissions to the atmosphere. Organisations can achieve this primarily by reducing their emissions and by using certain acceptable technologies for carbon capture and storage to neutralise remaining and unavoidable emissions.

NGFS (Network of central banks and supervisors for greening the financial system)
A global network of central banks and financial regulators working together to promote a more sustainable financial system. Their main goal is to strengthen the financial sector's role in managing climate-related and environmental risks, as well as to support the transition to a greener economy.

Paris agreement
A legally binding international treaty on climate change, adopted by 196 parties at the UN Climate Conference (COP21) in Paris in 2015. The Paris Agreement provides a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and aiming to limit it to 1.5°C.

Scope 1 - GHG emissions
Direct greenhouse gas emissions originating from sources owned or controlled by an organisation, typically through the combustion of fossil fuels.

Scope 2 - GHG emissions
Indirect greenhouse gas emissions that result from the energy purchased and used, but not generated by, an organisation, typically from purchased electricity, heating and cooling.

Scope 3 - GHG emissions
Other indirect greenhouse gas emissions that are a consequence of an activity but originate from sources not owned or controlled by the company. These include emissions occurring in the supply chain and emissions from the use of a company's products and services by customers.

Tier 1-4
Tier 1 is the supplier of the finished product, such as the one who cuts and sews a garment. Tier 2 is the supplier of materials that are part of the product, such as weaving, dyeing or accessory suppliers. Tier 3 processes raw materials, such as spinning mills. Tier 4 involves raw material extraction.

World Economic Forum
An international organisation working to improve the state of the world through collaboration between governments, businesses and civil society. The organisation also publishes reports analysing economic and social trends.

Corporate governance report

Ellos Holding AB (publ) is a public Swedish limited company based in Borås, Sweden.

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

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 (the Swedish Companies Act and the Swedish Annual Accounts Act). Ellos Group 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 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 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.

Ellos 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's control environment are also reflected in the policies and instructions used in the Group. The internal control documents are updated as needed.

Risk assessment

Risk assessment aims to identify risks of material misstatements in the 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 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 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'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. 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.

FINANCIAL STATEMENTS

Consolidated income statement and statement of comprehensive income

SEK M	Note	2024-10-15 –2024-12-31
Net sales	4	997.8
Cost of goods sold		-597.1
Gross profit		**400.7**
Selling expenses		-252.6
Administrative expenses		-124.1
Other income	5	6.9
Other costs	6	-11.0
Operating profit	7,8,9,10,11,12	**19.9**
Financial items		
Financial income	13	2.9
Financial costs	13	-95.8
Financial items		**-92.9**
Profit/loss before tax		**-73.0**
Income tax	14	1.4
Profit/loss for the year		**-71.6**
Attributable to parent company's shareholders		-71.6

SEK M	Note	2024-10-15 –2024-12-31
Profit/loss for the year		**-71.6**
Items not to be returned to the income statement:		
Actuarial gain/loss	26	-3.0
Tax effect	14	0.6
Items not to be returned to the income statement		**-2.4**
Items that can later be reversed to the income statement:		
Translation differences for the period		0.2
Cash flow hedges change in value		19.6
Cash flow hedges returned to the income statement		-9.8
Tax effect	14	-2.0
Items that can later be reversed to the income statement		**8.0**
Other comprehensive income for the year		**5.6**
Comprehensive income for the year		**-66.0**
Attributable to parent company's shareholders		-66.0

Consolidated statement of financial position

SEK M	Note	2024-12-31
ASSETS		
Non-current assets		
Goodwill	15	392.4
Trademarks	15	859.5
Customer relationships	15	192.4
Development expenditure	15	73.1
Right-of-use assets	8	491.2
Equipment, tools, fixtures and fittings	16	47.7
Investments in leased property	16	55.8
Non-current receivables	17	9.8
Deferred tax assets	25	8.6
Total non-current assets		**2,130.5**
Current asset		
Inventories	18	661.7
Return assets	18	19.5
Accrued income	19	29.4
Trade receivables	20	57.9
Current tax assets	14	51.4
Derivate instruments	30	8.9
Other current receivables	21	198.5
Prepaid expenses		25.3
Cash & cash equivalents	22	182.3
Total current assets		**1,234.9**
TOTAL ASSETS		3,365.4

SEK M	Note	2024-12-31
EQUITY AND LIABILITIES		
Equity attributable to parent company's shareholders		
Share capital	23	793.3
Other reserves		5.4
Retained earnings including profit/loss for the year		-71.4
Total Equity		**727.3**
Non-current liabilities		
Bond loans	24	1,163.8
Lease liabilities	8	397.2
Deferred tax liabilities	25	219.8
Provisions for pensions	26	129.0
Other provisions for pensions		12.7
Total non-current liabilities		**1,922.5**
Current liabilities		
Lease liabilities	8	75.4
Trade payables		231.7
Current tax liabilities	14	41.4
Derivatives	30	1.1
Other provisions	27	2.9
Other current liabilities		120.4
Repayment liabilities		39.5
Accrued expenses	28	203.2
Total Current liabilities		**715.6**
Total liabilities		**2,638.1**
TOTAL EQUITY AND LIABILITIES		3,365.4

Consolidated statement of changes in equity

SEK M	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit/loss for the year	Total equity
Opening balance 2024-10-15	**-**	**-**	**-**	**-**	**-**	**-**
Profit/loss for the year					-71.6	-71.6
Cash flow hedges				9.8		9.8
Translation differences			0.2			0.2
Actuarial gain/loss					-3.0	-3.0
Tax attributable to items in other comprehensive income				-2.0	0.6	-1.4
Comprehensive income for the year	**-**	**-**	**0.2**	**7.8**	**-74.0**	**-66.0**
Set-off issue	793.3					793.3
Total transactions with shareholders	**793.3**	**-**	**-**	**-**	**-**	**793.3**
Closing balance 2024-12-31	**793.3**	**-**	**0.2**	**7.8**	**-74.0**	**727.3**

Consolidated cash flow statement

SEK M	Note	2024-10-15 –2024-12-31
Operating activities		
Operating profit		19.9
Adjustments for non-cash items:		
- Depreciation		45.5
- Changes in provisions		9.1
- Translation differences		12.2
Interest received		2.7
Interest paid		-96.7
Income tax paid		-12.4
Cash flow from operating activities before changes in working capital		-19.7
Increase/decrease in inventories		84.7
Increase/decrease in trade receivables		15.6
Increase/decrease in other current receivables		-3.1
Increase/decrease in trade payables		-38.8
Increase/decrease in other current liabilities		-3.0
Cash flow from changes in working capital		55.4
Cash flow from operating activities		**35.7**

SEK M	Note	2024-10-15 –2024-12-31
Investing activities		
Business acquisition, net liquidity impact	31	10.2
Acquisition of intangible fixed assets		-7.0
Acquisition of tangible fixed assets		-1.6
Acquisition of financial fixed assets		-0.3
Cash flow from investing activities		**1.3**
Financing activities		
Borrowings		163.8
Amortisation of lease liabilities		-18.5
Cash flow from financing activities		**145.3**
Cash flow for the period		**182.3**
Cash and cash equivalents at beginning of period		-
Exchange rate difference in liquid assets		-
Cash and cash equivalents at end of period		**182.3**

Parent company income statement and statement of comprehensive income

SEK M	Note	2024-09-03 –2024-12-31
Net sales	4	1.1
Gross profit		**1.1**
Administrative expenses		-1.4
Operating profit	7,9,11,12	**-0.3**
Financial items		
Interest income	13	14.6
Interest costs	13	-90.2
Financial items		**-75.6**
Profit/loss after financial items		**-75.9**
Profit/loss before tax		**-75.9**
Income tax	14	0.1
Profit/loss for the year		**-75.8**

SEK M	Note	2024-09-03 –2024-12-31
Profit/loss for the year		**-75.8**
Comprehensive income for the year		**-75.8**

Parent company balance sheet

SEK M	Note	2024-12-31
ASSETS		
Non-current assets		
Shares in subsidiaries	31	1,326.7
Deferred tax assets	14	0.1
Total non-current assets		**1,326.8**
Current assets		
Accrued income	19	5.4
Receivables from group companies		485.8
Other current assets	21	75.7
Cash and bank	22	9.3
Total current assets		**576.2**
TOTAL ASSETS		**1,903.0**

SEK M	Note	2024-12-31
EQUITY AND LIABILITIES		
Equity		
Share capital	23	793.3
Total restricted equity		**793.3**
Profit/loss for the year		-75.8
Total non-restricted equity		**-75.8**
Total equity		**717.5**
Non-current liabilities		
Bond loans	24	1,163.8
Total non-current liabilities		**1,163.8**
Current liabilities		
Accounts payables		0.7
Liabilities to group companies		0.4
Accrued expenses and prepaid income	27	20.6
Total current liabilities		**21.7**
TOTAL EQUITY AND LIABILITIES		**1,903.0**

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		
SEK M	Share capital	Retained earnings	Profit/loss for the year	**Total equity**
Opening balance 2024-09-03	**-**	**-**	**-**	**-**
Profit/loss for the year			-75.8	-75.8
Comprehensive income for the year	-	-	**-75.8**	**-75.8**
Set-off issue	793.3			793.3
Closing balance 2024-12-31	**793.3**	**-**	**-75.8**	**717.5**

Parent company statement of cash flow

SEK M	Note	2024-09-03 –2024-12-31
Operating activities		
Operating profit/loss		-0.3
Interest received		14.6
Interest paid		-90.2
Cash flow from operating activities before changes in working capital		-75.9
Increase/decrease in other current receivables		-75.2
Increase/decrease in trade payables		0.7
Increase/decrease in other current liabilities		5.9
Cash flow from changes in working capital		55.4
Cash flow from operating activities		-144.5

SEK M	Note	2024-09-03 –2024-12-31
Investing activities		
Acquisition of subsidiary	31	-10.0
Cash-flow from investing activities		**-10.0**
Financing activities		
Borrowings		163.8
Cash flow from financing activities		**163.8**
Cash flow for the period		9.3
Cash and cash equivalents at beginning of the period		-
Exchange rate difference in liquid assets		-
Cash and cash equivalents at end of the period		**9.3**

NOTES

NOTE 1 | GENERAL INFORMATION

The annual report and consolidated financial statements include the Swedish parent company Ellos Holding AB (publ) and its subsidiaries (Ellos Group). The Group's main business activities include e-commerce, primarily in fashion and home furnishings under the brands Ellos, Jotex, and Homeroom, as well as Elpy, 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 additional countries in Europe.

The parent company Ellos Holding AB (publ), company registration number 559495-4116, is a limited company registered in Sweden with registered office in Borås. The address of the head office is PO Box 961, 501 10 Borås. This is Ellos Holding AB (publ)'s first financial year and annual report as the company was registered on September 3, 2024. The Parent company's income statement thus covers the period from September 3, 2024, to December 31, 2024.

This is Ellos Holding AB (publ)'s first financial report that includes consolidated financial statements. The Group was formed on October 15, 2024, when the Parent company acquired all shares in Ellos Group Nordic AB (publ), company registration number 559318-3618. The Group's income statement thus covers the period from October 15, 2024, to December 31, 2024.

Unless otherwise stated, all amounts are reported in millions of Swedish kronor (SEK M).

NOTE 2 | SIGNIFICANT ACCOUNTING STANDARDS

ACCOUNTING PRINCIPLES FOR THE GROUP

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 (IFRSIC). 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 principles applicable to individual income or balance sheet items are disclosed in the note for each item.

New or amended standards and interpretations applied

New or Amended IFRS Standards and New Interpretations Not Yet Effective

The new standard IFRS 18 has been published, which will replace IAS 1 Presentation of Financial Statements from January 1, 2027. IFRS 18 introduces new requirements for the design and disclosures of reports to increase comparability between companies. The standard will not affect the accounting or valuation of items in the Group's financial statements but is expected to impact the design and presentation of the reports. A changed grouping of revenues and expenses into new categories may affect the calculation of the Group's operating profit, as certain exchange rate differences are currently reported within the operating profit. Furthermore, the presentation of items in the cash flow statement may change, as received and paid interest is currently included in cash flow from operating activities. The standard has not yet been adopted by the EU, but the Group will apply the standard upon its effective date with retrospective application, meaning that comparative years will be restated.

Other changes in standards that have not yet come into force and that apply from January 1, 2025, or later are not expected to have any significant impact on the Group's financial statements.

Consolidated financial statements

The consolidated financial statements, prepared in accordance with the acquisition method, include the Parent company, Ellos Holding AB, and the companies of which the Parent company, directly or indirectly, has a significant influence over. 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 in the preparation of the consolidated financial statements. The accounting standards for subsidiaries have been adjusted where necessary in order to ensure consistent application of the Group's accounting standards.

Goodwill

In business acquisitions where the consideration paid exceeds the fair value of the acquired identifiable assets and liabilities on the acquisition date, the difference is recognized as goodwill. Goodwill reported in the balance sheet is valued at acquisition cost less any impairment losses.

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
The Parent company applies the Annual Accounts Act and the Council for Financial Reporting's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that the Parent company, as far as possible, applies all EU-approved IFRS within the framework of the Annual Accounts Act and the Security Act, taking into account the relationship between accounting and taxation. The accounting principles are unchanged compared to the previous year. The differences between the Parent company's and the Group's accounting principles are described below.

Amendments to RFR 2 not yet effective
Changes in RFR 2 that have not yet come into force and that apply from January 1, 2025, or later are not expected to have any significant impact on the Group's financial statements.

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 ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires the Company's executive management and Board to make estimates and assumptions, 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 assumptions 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 assumptions. 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 goodwill

Brands and goodwill acquired and recognized as assets with an indefinite useful life must be tested annually, or more frequently if there is an indication of impairment, to identify any potential need for impairment. The testing requires an estimation of parameters that affect future cash flow. The assumptions that primarily affect the recoverable amount are assumptions about changes in volume, gross margin, and discount rate. If future external factors and conditions change, assumptions may be affected so that the reported values of brands and goodwill change. Information about the estimates made and the parameters used in the calculation of the recoverable amount, as well as the justification for why the Group's brands are considered to have an indefinite useful life, can be found in note 15.

Value of customer relationships

Customer relationships acquired by the Group are recognized as an asset in the Group's financial position report. The assumptions that primarily affect the recoverable amount are assumptions about changes in volume, profit margin, or customer mobility. If future external factors and conditions change, assumptions may be affected so that the reported values of these assets change. The assumption of the useful life is based on historical information about how long a customer on average stays with Ellos, Jotex, and Homeroom. The useful life should be reviewed at least annually based on new and updated information about customer behaviour and loyalty. If the useful life changes, the depreciation cost would either increase or decrease.

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. Additional information about the estimates made can be found in note 26.

ASSESSMENTS USED IN APPLYING THE GROUP'S ACCOUNTING STANDARDS

Sales of invoice and instalment plan receivables

Ellos Group has an agreement with Resurs Bank for the sale of the Group's invoice and instalment receivables for the brands Ellos, Jotex, and Homeroom. Ellos Group sells arising invoice and instalment receivables at nominal value to Resurs Bank and receives daily payments for new receivables sold. These transactions are viewed as separate cash flows which, according to the Group's assessment, can be identified. The assessment is therefore that all significant risks and rewards associated with the receivables are transferred from Ellos Group to Resurs Bank and that the conditions for not recognizing invoice and instalment receivables in the balance sheet are met.

NOTE 4 | REVENUE

Net sales consist of revenues from agreements with customers, invoiced fees for freight, royalty, and additional purchase price from the sale of receivables to Resurs Bank.

Net sales, SEK M	Group 2024-10-15 –2024-12-31
Revenue from agreements with customers	871.8
Invoiced fees	51.8
Royalty	2.3
Additional purchase price Resurs Bank	71.9
Total	**997.8**

REVENUE FROM AGREEMENTS WITH CUSTOMERS

E-commerce sales of goods to individuals and companies

The Group primarily generates revenue through online sales of fashion and home furnishings to private consumers (B2C) but also a smaller part is sold to companies (B2B) which are either reseller of Ellos Groups products or uses the products in it own operations. The goods are mainly delivered from the Group's logistics centre in Viared outside Borås. In sales directly to end consumers, revenue is recognized when control over the goods passes to the customer, which is considered to occur when the goods have been loaded onto the truck for transport. Sales to B2B customers are recognized as revenue upon invoicing, which occurs once a week and on the last day of each month. Deliveries to customers can also be made directly from the supplier to the customer (dropship). Revenue is recognized when the goods have been loaded onto the truck and left the dropship supplier's warehouse. In cases where the product is sold with a discount, the value of the discount is reduced net sales. 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 dropship goods are also returned to the Ellos Group's warehouse.

Sales via 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 deliveries goes in the normal flow of goods to B2C and B2B customers.

Store sales

The Group has an outlet store in connection with the warehouse in Borås. Revenue reporting takes place on an ongoing basis via files from the checkout system.

Commission for private loans

Resurs Bank offers Consumer loans to the Ellos Group's customers and uses the brand Ellos in its marketing. For the use of the brand, a commission is paid, which is recognized as revenue on an ongoing basis by Ellos Group.

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.

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.

INVOICED FEES FOR FREIGHT

In cases where the customer is invoiced any fees for the purchase of the goods for freight or similar, the revenue is recognised in connection with the recognition of the sale of the goods.

ROYALTY

Royalties are received from companies that use the Ellos Group's product collections. These revenues are reported in line with the counterpart's sales to end consumers. Settlement takes place monthly.

ADDITIONAL PURCHASE PRICE

When a private person shops from one of the Group's sites and uses invoice or partial payment as the payment method, a receivable arises for Ellos Group. The receivables are sold daily to Resurs Bank at nominal value. Depending on how customers choose to settle their claims, an additional purchase price may arise based on the net income (interest less expenses) that the customer generates at Resurs Bank regarding the purchase from Ellos Group. This additional purchase price is calculated and reported as net sales in Ellos Group monthly.

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

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.

	Group
Net sales distributed by geographic market, SEK M	**2024-10-15 –2024-12-31**
Sweden	544.2
Norway	184.0
Finland	132.4
Denmark	79.3
Germany	35.0
Other Europe	20.6
USA	2.3
Total	**997.8**

Below is a breakdown of the Group's intangible and tangible assets by geographical market.

	Group
Non-current assets by geographic market, SEK M	**2024-12-31**
Sweden	667.8
Total	**667.8**

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.

PARENT COMPANY
The Parent company's income 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 5 | OTHER REVENUE

	Group
SEK M	2024-10-15 –2024-12-31
Rental income	1.3
Exchange gain	1.5
Other	4.1
Total other revenue	**6.9**

NOTE 6 | OTHER COSTS

	Group
SEK M	2024-10-15 –2024-12-31
Exchange loss	-11.0
Total other costs	**-11.0**

Note 7 | DISCLOSURE OF AUDITOR'S REMUNERATION AND EXPENSES

	Group	Parent company
SEK M	2024-10-15 –2024-12-31	2024-09-03 -2024-12-31
EY		
Audit assignment	0.5	0.7
Audit work other than audit assignment	0.1	-
Tax advice	-	-
Total	**0.6**	**0.7**

Audit engagement refers to the auditor's remuneration for the statutory audit. The work includes the review of the annual report and accounting, the management of the board and the CEO, as well as fees for audit advice provided in connection with the audit engagement. Audit activities beyond the audit engagement refer to other services.

NOTE 8 | LEASING

The Group is a lessee, and the lease agreements recognized as right-of-use assets and lease liabilities mainly cover office and logistics premises as well as retail premises.

The Group assesses whether signed agreements are, or contain, a lease 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 using 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
Reported lease liability, SEK M	**2024-12-31**
Short-term debt	75.4
Long-term debt	397.2
Outstanding debt	**472.6**

Right-of-use assets, SEK M	**Commercial property**
Opening balance acquisition cost	-
Additional right-of-use assets	501.4
Terminated agreements	-
Effects of adjusted rent	9.7
Outstanding acquisition cost	**511.1**
Opening balance accumulated depreciation	-
Terminated agreements	-
Depreciation for the year	-19.8
Outstanding accumulated depreciation	**-19.8**
Reported amount	**491.2**

Revenues and expenses reported from leasing agreements, SEK M	**2024-10-15 –2024-12-31**
Income from subletting	1.3
Lease income in operating profit/loss	**1.3**
Lease cost	
Variable lease expenses	0.9
Short-term leases	0.8
Leases of assets of low value	-
Depreciation of right-of-use assets	19.8
Lease costs in operating profit/loss	**21.6**
Interest costs on lease liabilities	**3.1**

The total cash flow during the year amounts to SEK 21.3 million.

NOTE 9 | OPERATING COSTS

SEK M	Group 2024-10-15 –2024-12-31	Parent company 2024-09-03 -2024-12-31
Goods for resale	468.0	-
Distribution costs	129.1	-
Costs of employee benefits (Note 12)	100.8	-
Depreciation/amortisation and impairment (Note 15,16,17)	25.7	-
Costs of leases (Note 9)	21.6	-
Marketing costs	176.1	-
Other costs	52.4	1.4
Total operating costs	**973.7**	**1.4**

The Group uses income statement divided by function and it is divided into cost of goods sold, selling expenses, administrative expenses, and other expenses.

The cost of goods sold includes all costs for purchasing and distributing products to customers. The costs included in addition to the cost of goods for the products are, for example, shipping, customs, environmental fees, storage costs and costs for distributing goods to customers.

The selling expenses mainly include costs for personnel handling goods within the Group's logistics facility, marketing costs, costs for customer service and the market function, as well as IT costs related to sales.

The administrative expenses include costs for the Group's central functions as product, sourcing, IT, finance, people & culture as well as costs for office premises, return handling, and management and also IT costs for administrative systems.

NOTE 10 | DEPRECIATION/AMORTISATION AND IMPAIRMENT BY FUNCTION

SEK M	Group 2024-10-15 –2024-12-31
Cost of goods sold	16.6
Selling expenses	15.3
Administrative expenses	13.6
Total depreciation/amortisation and impairment	**45.5**

NOTE 11 | AVERAGE NUMBER OF EMPLOYEES

Average number of employees	Group 2024-10-15 –2024-12-31	Parent company 2024-09-03 -2024-12-31
Women	307	-
Men	191	-
Total	**498**	**-**

Gender distribution of senior executives	Group 2024-12-31	Parent company 2024-12-31
Board members		
Women	1	1
Men	4	4
Total	**5**	**5**
CEO and other senior executives		
Women	3	-
Men	6	1
Total	**9**	**1**

The average number of employees is calculated by dividing the total number of hours worked by a standard annual working time.

NOTE 12 | SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

	Group	Parent company
Salaries, other remuneration etc., SEK M	2024-10-15 –2024-12-31	2024-09-03 -2024-12-31
Salaries and other remuneration	69.1	0.2
Social security costs	31.7	-
- of which pension costs	7.1	-
Total salaries and other remuneration	**100.8**	**0.2**

	Group	Parent company
Salaries and remuneration divided between Board members, CEO and other senior executives and other employees, SEK M	2024-10-15 –2024-12-31	2024-09-03 -2024-12-31
Sweden		
Board members, CEO and other senior executives	5.1	0.2
- of which variable compensation	-	-
Total	**5.1**	**0.2**
Other employees	64.0	-
- of which variable compensation	-	-
Total	**69.1**	**-**
Total	**69.1**	**0.2**

Other senior executives refer to the 8 individuals who, in addition to the CEO, make up the executive management team. Of the Group's pension costs, SEK 1.2 million pertains to the board, CEO, and other senior executives. Of the Group's reported pension liability, SEK 0.2 million pertains to the Group's CEO.

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

The Group has no incentive programs for the CEO and other senior executives.

Remuneration of senior executives

	Group				
2024 SEK M	Basic salary/ board fee	Variable compensation	Other benefits	Pension costs	Total
Board member Jan-Christian Dyre-Moe up to incl. 2024-10-24	0.3	-	-	-	0.3
Board member Ragnvald Rasmus Sunde up to incl. 2024-10-24	0.3	-	-	-	0.3
Board member Bjarte Bøe up to incl. 2024-10-24	0.3	-	-	-	0.3
Board member Morten Eivindssøn Aastrup up to incl. 2024-10-24	0.1	-	-	-	0.1
Board member Joakim Friedman from 2024-10-24	0.1	-	-	-	0.1
CEO Hans Ohlsson from 2024-10-24	1.1	-	-	0.5	1.6
Other senior executives (8 persons)	3.0	-	0.2	0.8	4.0
Total remuneration	**5.2**	**-**	**0.2**	**1.3**	**6.7**

NOTE 13 | FINANCIAL ITEMS

Financial income, SEK M	Group 2024-10-15 –2024-12-31	Parent company 2024-09-03 -2024-12-31
Interest income	2.5	-0.9
Interest income from group companies	-	15.5
Exchange rate gains	0.1	-
Other financial income	0.3	-
Total financial income	**2.9**	**14.6**

Interest income is attributable to financial assets measured at amortized cost. Other financial income refers to forward points paid to the bank for forward contracts and is continuously recognized as financial income or expense.

Financial expenses, SEK M	Group 2024-10-15 –2024-12-31	Parent company 2024-09-03 -2024-12-31
Interest expense credits etc.	55.2	53.4
Interest expense leasing agreements	3.1	-
Bank charges, credit expenses etc.	37.5	36.8
Total financial expenses	**95.8**	**90.2**

Interest expenses are attributable to financial liabilities measured at amortized cost, interest on issued bonds, and interest expenses for leased assets. Bank charges and credit expenses mainly refer to non-recurring costs for refinancing. The financial expenses are reported on an ongoing basis when they arise.

NOTE 14 | INCOME TAX

Tax on profit/loss for the year, SEK M	Group 2024-10-15 –2024-12-31	Parent company 2024-09-03 -2024-12-31
Current tax		
Tax on profit/loss for the year	-0.3	-
Total	**-0.3**	**-**
Deferred tax		
Deferred tax attributable to temporary differences	6.8	-
Deferred tax attributable to loss carryforwards	-5.1	-
Total	**1.7**	**-**
Total reported tax on profit/loss for the year	**1.4**	**-**

Income tax in Sweden is calculated at 20.6 percent on taxable income for the year. Tax in other jurisdictions is calculated at the rate applicable for each jurisdiction.

Reconciliation of effective tax, SEK M	Group 2024-10-15 –2024-12-31	Parent company 2024-09-03 -2024-12-31
Profit/loss before tax	-73.0	-75.9
Tax calculated in accordance with applicable tax rate (20.6%)	15.0	15.6
Tax effect of:		
- Difference in tax rate in foreign companies	0.1	-
- Non-deductible costs	-1.6	-
- Non-taxable revenues	-	-
- Limitation rule regarding interest deductions	-16.3	-15.6
Tax attributable to previous years	4.2	-
Reported effective tax	**1.4**	**-**

Tax recognised in other comprehensive income, SEK M	Group 2024-10-15 –2024-12-31
Deferred tax	
Actuarial gains and losses	0.6
Cash flow hedges	
- Changes in value	-4.0
- Reversed to the income statement	2.0
Total tax recognised in other comprehensive income	**-1.4**

NOTE 15 | GOODWILL AND INTANGIBLE ASSETS

2024	Group				
SEK M	Goodwill	Trademarks	Customer relations	Capital expenditure	Total
Opening acquisition value	-	-	-	-	-
Acquisition through business combination	392.4	859.5	206.8	66.1	1,524.8
Investments	-	-	-	14.7	14.7
Closing acquisition value	**392.4**	**859.5**	**206.8**	**80.8**	**1,539.5**
Opening amortisation	-	-	-	-	-
Amortisation for the year	-	-	-14.4	-7.7	-22.1
Closing accumulated amortisation	**-**	**-**	**-14.4**	**-7.7**	**-22.1**
Closing balance	**392.4**	**859.5**	**192.4**	**73.1**	**1,517.4**

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.

Intangible assets with an indeterminable useful life will be tested for impairment annually, and if there are indications of need. No indications of impairment needs existed at the end of the financial year.

INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

In connection with the acquisition of the business in Ellos Group, part of the purchase price was allocated to customer relationships, brands, and goodwill. The valuation of the intangible assets was carried out together with external experts and was based on a forecast of future cash flows over a period of ten years and then discounted perpetual cash flows.

The difference between the purchase price for the business and the acquired net assets according to the acquisition analysis resulted in a goodwill item. Goodwill was largely assessed to consist of intangible assets in the form of customer relationships with existing private customers that do not meet the requirements for separate recognition in the balance sheet.

The significant assumptions used in the calculation of future cash flows were budgeted net sales and operating profit before depreciation on intangible fixed assets for the next ten years, discount rate (WACC) calculated at 18.1 percent based on weighted average cost of capital, and a long-term growth rate estimated at 2.0 percent. The parameters used were based on current outcomes, history, and budgeted growth rate as well as management's assessments and expectations and external sources.

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 3 year and is amortised on a straight-line basis over this period. Amortisation of customer relationships is recognised as selling expense.

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

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 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 | TANGIBLE ASSETS

2024 SEK M	Group Equipment, tools, fixtures and fittings	Investments in leased property	Construction in progress within property, plant and equipment	Total
Opening acquisition value	-	-	-	-
Acquisition through business combination	46.0	57.0	2.5	105.5
Investments	1.1	-	0.5	1.6
Reclassifications	3.0	-	-3.0	-
Closing acquisition value	**50.1**	**57.0**	**-**	**107.1**
Opening amortisation	-	-	-	-
Amortisation for the year	-2.4	-1.2	-	-3.6
Closing accumulated amortisation	**-2.4**	**-1.2**	**-**	**-3.6**
Closing balance	**47.7**	**55.8**	**-**	**103.5**

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.

The Group's investments in leased property 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.

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

NOTE 17 | NON-CURRENT RECEIVABLES

	Group
Capital insurances, SEK M	2024-12-31
Opening acquisition value	-
Acquisition through business combination	9.2
Investments	0.6
Closing balance	**9.8**

Long-term receivables refer to capital insurance secured in favour of pension commitments to senior executives

NOTE 18 | INVENTORY AND RETURN ASSETS

	Group
SEK M	2024-12-31
Goods for resale	545.6
Goods in transit	116.1
Total	**661.7**
Return assets	**19.5**

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 forecasts 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 SEK 29.7 million.

The inventory carrying cost amounted to SEK 468.0 million and is 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 2025 for sales reported in 2024.

NOTE 19 | ACCRUED INCOME

	Group	Parent company
SEK M	2024-12-31	2024-12-31
Accrued income	27.8	-
Accrued interest income	1.6	-
Accrued interest income group companies	-	5.4
Total	**29.4**	**5.4**

Accrued income in the Group mainly refers to additional purchase consideration from Resurs Bank See further information in note 4.

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.

Accounts receivable that arise continuously in the business and where the customer has chosen to pay for their goods with an invoice or instalment payment are sold daily to Resurs Bank, which is why a relatively low accounts receivable is reported as of the balance sheet date, see further information in note 4. Accounts receivable normally fall due for payment within 0-30 days and all accounts receivable have therefore been classified as current assets. Accounts receivable are initially recognized at the transaction price.

	Group
SEK M	2024-12-31
Trade receivables, gross	60.6
Provision for doubtful receivables at the beginning of the year	-
Realised doubtful debts, net	-2.7
Provision for uncertain receivables at the end of the year	**-2.7**
Trade receivables, net	**57.9**

Age analysis trade receivables

2024 SEK M	Resurs Bank	B2B	Credit card	Collection	Other	Trade receivables, gross	Resurs Bank	B2B	Credit card	Collection	Provision doubtful trade receivables	Trade receivables, net
Not due	17.8	18.4	13.2	-	2.8	52.2	-	-1.5	-0.1	-	-1.6	50.6
Past due 30 days	-	1.6	-0.4	-	-	1.2	-	-	-	-	-	1.2
Past due 31-60 days	-	2.0	-0.1	-	-	1.9	-	-0.5	-	-	-0.4	1.4
Past due 61-90 days	-	0.2	-0.1	-	-	0.2	-	-	-	-	-	0.2
Past due > 90 days	-	1.6	-	3.6	-0.1	5.1	-	-0.7	-	0.1	-0.6	4.5
Total	**17.8**	**25.4**	**12.5**	**3.6**	**2.7**	**60.6**	**-**	**-2.7**	**-0.1**	**0.1**	**-2.7**	**57.9**

The Group sells most of its receivables daily to Resurs Bank, which also pays for these daily to the Group, which is why the Group's outstanding credit risks for these receivables are limited. Therefore, no reserve for doubtful receivables is made regarding receivables at Resurs Bank. Of the non-due receivables at Resurs Bank amounting to SEK 17.8 million, SEK 12.8 million has been paid and reported to the bank the following day. Ellos Group has some partners (B2B customers) where the credit risk is assessed as low. Non-overdue credit card payments are normally received within a few days.

Ellos Group sells daily invoice and instalment receivables arising in the business to Resurs Bank. The remaining receivables in the Group mainly concern corporate customers and collection receivables. Most of the receivables that are overdue by more than 90 days are receivables that were not sold to Resurs Bank at the time of the agreement's entry. The company's assessment is that payment will be received for most of these collection receivables as ongoing payments continue to be received.

NOTE 21 | OTHER CURRENT RECEIVABLES

SEK M	Group 2024-12-31	Parent company 2024-12-31
Deposition, card payments	21.3	-
Blocked bank funds	95.1	0.1
Blocked bank funds, acquired in acquisition	71.5	71.5
Other current receivables	10.6	4.1
Total	**198.5**	**75.7**

NOTE 22 | CASH AND CASH EQUIVALENTS

SEK M	Group 2024-12-31	Parent company 2024-12-31
Cash and bank	182.3	9.3
Total	**182.3**	**9.3**

NOTE 23 | SHARE CAPITAL

At the end of the year, the share capital amounted to 793,326,500 SEK divided into 793,326,500 shares. The quotient value is 1 SEK. All shares are fully paid.

Change in number of shares/share capital

Date	Event	Number of shares	Share capital (SEK)
2024-08-21	Formation	25,000	25,000
2024-12-17	Set-off issue	793,326,500	793,326,500
2024-12-17	Withdrawal of shares	-25,000	-25,000
Total at the end of the year		**793,326,500**	**793,326,500**

NOTE 24 | INTEREST-BEARING BOND LOANS

	Group	Parent company
Non-current liabilities, SEK M	**2024-12-31**	**2024-12-31**
Interest-bearing bond loans	1,163.8	1,163.8
Total	**1,163.8**	**1,163.8**

The Group has issued senior secured bonds with a nominal value totalling SEK 1,163.8 million. The bonds have a maturity of 2 and 4 years from the commitment on November 29, 2024, and they carry a variable interest rate.

Further information about the Group's bonds can be found in note 29, which contains information about the Group's interest-bearing liabilities and their contractual terms, as well as the credit and interest rate risks to which the Group is exposed as a result of the liabilities.

NOTE 25 | DEFERRED TAX

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the Group's financial statements and the tax value used in calculating taxable profit. Deferred tax liabilities are recognized to the extent that it is probable that the amounts can be utilized against future taxable surpluses. Deferred tax is calculated according to the tax rates expected to apply for the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been decided or announced in each country as of the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable surpluses will be available to utilize, in whole or in part, against the deferred tax asset. Tax loss carryforwards in the Group refer to losses accumulated up to the balance sheet date. As the assessment is that these losses will be able to be utilized against taxable surpluses, in addition to surpluses resulting from the reversal of existing taxable temporary differences, within a foreseeable future, a deferred tax asset has been recognized.

	Group
Deferred tax, SEK M	**2024-12-31**
Deferred tax assets	
Tangible fixed assets	0.1
Right-of-use assets	0.3
Pension obligations	8.9
Tax loss carryforwards	0.3
Other	0.8
Total	**10.4**
Deferred tax liabilities	
Intangible assets - trademarks and customer relationships	-216.7
Derivatives - cash flow hedging	-1.8
Other	-3.1
Total	**-221.6**
Total deferred tax, net	**-211.2**

	Group
Change in deferred tax asset, SEK M	**2024-10-15 –2024-12-31**
Opening balance 2024-10-15	-
Additions from business acquisitions	13.7
Recognised in the income statement	-3.5
Recognised in other comprehensive income	
- Deferred tax revaluation of pension plans	0.2
Closing balance 2024-12-31	**10.4**

	Group
Change in deferred tax liabilities, SEK M	**2024-10-15 –2024-12-31**
Opening balance 2024-10-15	-
Additions from business acquisitions	-224.9
Recognised in the income statement	5.3
Recognised in other comprehensive income	
- Deferred tax cash flow hedges	-2.0
Closing balance 2024-12-31	**-221.6**

NOTE 26 | EMPLOYEE BENEFITS

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

DEFINED CONTRIBUTION PLANS

The Group's defined contribution pension plans are in Sweden and the plan is unfunded. The total cost for the Group's defined contribution pension plans amounted to SEK 4.0 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 2024, 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 pension plan, 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 amount to approximately SEK 6.3 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 level 1 amounted to 162 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 the service costs from previous periods have been calculated using the so-called Projected Unit Credit Method. The plan exposes the Group to several actuarial risks such as interest rate risk, longevity risk, income base amount development risk, and investment risk. The most important actuarial assumptions are shown below:

	Group
Actuarial assumptions	**2024-10-15 –2024-12-31**
Discount rate	3.00%
Expected salary increase	0.00%
Inflation	1.80%
Income base amount increase/decrease	0.00%
Life span	DUS23

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

Pension costs

	Group
Pension costs for defined benefit plan, SEK M	**2024-10-15 –2024-12-31**
Recognised in income statement	
Employment costs during the current period	-
Effects of adjustments	-
Interest expense	0.9
Total	**0.9**
Recognised in other comprehensive income	
Remeasurement of the net defined benefit liability	
- Actuarial gains and losses arising from changes to financial assumptions	4.9
- Actuarial gains and losses arising from changes to experience	0.2
Total	**5 1**
Total pension costs for defined benefit plan	**6.0**

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

Defined benefit obligations

Defined benefit pension obligations in the balance sheet, SEK M	Group 2024-12-31
Unfunded pension obligations including payroll tax	129.0
Net unfunded and funded pension obligations	**129.0**

Change in defined benefit obligations, SEK M	Group 2024-10-15 –2024-12-31
Defined benefit obligations at the beginning of period	-
Assumed obligations from business combinations	122.6
Employment costs during the current period	-
Interest expense	0.9
Actuarial gains (-) and losses related to	
- Effects of adjustments	6.4
- Pension payments	-0.9
Defined benefit obligations at the end of the period	**129.0**

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. The sensitivity analysis shows how feasible changes in these assumptions could affect the reported net defined benefit liability (negative sign refers to reduced liability):

SEK M	Group 2024-12-31
Change in discount rate + 0.5%	-9.6
Change in discount rate -0.5%	10.8
Change in inflation + 0.5%	10.8
Change in inflation -0.5%	-9.7
Change in life expectancy assumption + 1 year	3.9

The sensitivity analysis is based on a change in one assumption while all other assumptions are held constant. In practice, it is unlikely that this will occur, and some changes in assumptions may be correlated. The same method has been used in the calculation of the sensitivity analysis as in the calculation of the pension liability in the balance sheet.

The Group estimates that next year it will pay SEK 3.7 million in premiums for the Group's defined benefit plans.

NOTE 27 | PROVISIONS

Current provisions, SEK M	Group 2024-12-31
At the beginning of the year	-
Acquired through business acquisition	1.7
Additional costs	2.1
Amount that has been claimed	-1.0
At the end of the year	**2.9**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The provision consists of a restructuring reserve for personnel costs in connection with reorganization.

NOTE 28 | ACCRUED EXPENSES

SEK M	Group 2024-12-31	Parent company 2024-12-31
Accrued salaries	1.4	0.2
Accrued holiday pay	45.6	-
Accrued social security contributions	6.9	-
Accrued liability, specifically payroll tax	8.2	-
Accrued custom liabilities	21.4	-
Accrued freight costs	14.9	-
Accrued marketing cost	46.4	-
Accrued interest expenses	6.1	7.6
Other	52.2	12.9
Total	**203.1**	**20.7**

NOTE 29 | FINANCIAL RISK MANAGEMENT

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. During 2024, the Group applied a temporary addition to the financial policy due to the Group, through bank restrictions during the company's refinancing process, having limited opportunities to hedge currency risks through forward trading

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. The treasury team identifies and analyses risks, proposes measures to limit risks to the CFO, acts on the CFO's decisions, trades within the policy, and ensures that financial and commercial risks are limited in close cooperation with the Group's operating entities, with approval from the Group's CFO.

CURRENCY RISK

The Group operates in the Nordic countries and in some countries in the rest of Europe via the brand Jotex. 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.

	2024	
Cash flows in foreign currency, SEK M	Inflow	Outflow
USD	2.1	162.8
EUR	162.0	80.1
NOK	140.0	14.0
DKK	54.4	9.2
Other currencies	6.0	8.0
Total	**364.5**	**274.1**

The table shows the Group's purchases and sales of goods and services in foreign currency.

Commercial transaction exposure

The Swedish operations import the majority of the goods sold within the Group. The primary import currency is USD. Goods and services are sold from the Swedish operations to the Group's companies and invoiced in the recipient's functional currency, which are SEK, NOK, DKK, and EUR. Sales to customers in the Group's foreign companies are conducted in local currency, resulting in the foreign subsidiaries managing both revenues and costs in local currency to a significant extent, thereby creating a certain natural hedge. The Swedish operations also primarily sell in EUR to customers in Europe and in PLN to customers in Poland. Transaction exposure and hedging activities are thus concentrated to a few companies within the Group. According to the Group's financial policy, transaction exposure should be reduced by using derivative instruments. The Group's policy is to hedge 70-100 percent of forecasted cash flows. During 2024, the Group applied a lower hedging ratio of 50 percent through a temporary addition to the financial policy. The Board has decided on hedge accounting. The value of forward exchange contracts at the end of the year amounted to SEK 7.8 million.

Financial transaction exposure

The Group's liquid assets in foreign currency are managed in accordance with the financial policy. The nominal amounts are in SEK, NOK, DKK, and EUR and are held in a Nordic cash pool. According to the policy, financial transaction exposure should be fully hedged with currency swaps. Hedging means that currency fluctuations are minimized in the Group's income statement. During 2024, the Group did not use currency swaps to hedge the financial transaction exposure due to a temporary addition to the financial policy.

Sensitivity analysis

A significant portion of the Group's revenues and costs are generated in foreign currencies, which entails currency risks. The Group's sensitivity to exchange rate variations is based on the exposure as of the balance sheet date, i.e., the net of accounts receivable and accounts payable in foreign currency. The sensitivity analysis shows the impact on the result before tax of a hypothetical change in exchange rates of +10 percent without hedging, as well as the impact on the result before tax when valued at the current forward rate and an estimated hedging ratio of 51 percent according to the temporary financial policy. The calculation assumes that all other factors that could affect the result remain unchanged.

	2024	
Sensitivity analysis, 10% change in exchange rate, SEK M	**Impact on the result before hedging**	**Impact on the result after hedging**
DKK	2.1	1.0
EUR	2.1	1.0
HKD	-0.2	-0.1
NOK	4.9	2.4
USD	-8.0	-3.7
Other currencies	-0.1	0.1
Total	**0.8**	**0.7**

Translation exposure

The Group's subsidiaries outside Sweden have net assets in functional currencies that differ from the Group's reporting currency, SEK. When the subsidiaries' income statements and balance sheets are translated into SEK, translation differences arise, which are reported in other comprehensive income. The translation differences related to net investments in foreign currency are not hedged but are monitored and calculated regularly in accordance with the financial policy to assess the impact on the Group's results and financial position. The effect in other comprehensive income from the translation of foreign subsidiaries' net assets into SEK amounted to SEK 0.2 million during the year

INTEREST RATE RISK

Interest rate risk is the risk that the value of financial instruments, interest-bearing assets and liabilities, as well as income, costs, and cash flows, change due to changes in market interest rates. To ensure efficiency and good risk control, borrowing is managed centrally by the Group's treasury function. The Group is exposed to interest rate risk through interest-bearing borrowing, which is one of the Group's sources of financing alongside equity and cash flow from ongoing operations. The interest-bearing borrowing mainly consists of three bonds: one bond of SEK 750.0 million maturing on November 28, 2028, a second bond of SEK 255.0 million maturing on November 28, 2026, and a third bond of SEK 158.8 million maturing on November 28, 2026, all of which carry variable interest rates.

The Group's customers can choose a credit-based payment solution, which leads to accounts receivable being sold daily to Resurs Bank at nominal value. There are risks associated with earnings from the payment solutions. Through the collaboration with Resurs Bank, Ellos Group has limited exposure to risks associated with credit granting, such as risks regarding customers' repayment ability and interest rate risk linked to the financing cost.

Interest rate exposure

The average fixed rate term for the Group's external loans at the end of 2024 was 3 months. If the interest rate increases by +1 percent in all countries where the Group has loans or investments, the estimated effect on the total sum of financial items would be approximately SEK 11.6 million before tax. The Group has a bond of SEK 750 million with an interest rate condition of 3-month STIBOR + 5 percent, as well as two bonds totalling SEK 413.75 million with an interest rate condition of 3-month STIBOR + 3.5 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

The majority of the Group's credit risk pertains to accounts receivable, and continuous efforts are made to limit this risk. For a customer to be approved, a satisfactory credit rating is required. Customers are checked regarding their current financial situation, previous credit history, and other relevant factors. The receivables are also predominantly spread across a large number of private customers with significant geographical dispersion and a few corporate customers, which limits the concentration of credit risk. The Group had no single corporate customer that accounted for more than 8.6 percent of the outstanding accounts receivable as of the balance sheet date. The credit quality of financial assets that have not yet matured or are not impaired as of the balance sheet date is considered good. The Group's maximum exposure to credit risk is deemed to correspond to the reported values of all financial assets. See also Note 20 for the aging distribution of accounts receivable and additional information on the Group's management of credit risks.

	Group	Parent company
SEK M	**2024-12-31**	**2024-12-31**
Accrued income	29.4	5.4
Trade receivables	57.9	-
Receivables from group companies	-	485.8
Derivatives with positive market values	8.9	-
Other current receivables	198.4	75.7
Cash and cash equivalents	182.3	9.3
Maximum exposure to credit risk	**476.9**	**576.2**

Counterparty credit exposure

Counterparty exposure refers to the dealings of bank funds, financing commitments, and financial derivatives that the Group has with external parties and the underlying risk that such a party cannot fulfil its obligations under the existing agreements. A list of approved counterparties and the maximum exposure to each approved counterparty is maintained by the financial policy. Approved counterparties must have a credit rating of at least A-/A2 according to credit assessments from Fitch, Standard & Poor's, or Moody's. Exceptions can be made for local banks with the approval of the CFO. The credit reserve for liquid assets is calculated using the general model based on the probability of default according to the counterparty's rating and the exposure on the balance sheet date. Due to the short maturity and highly rated counterparties, the amount is insignificant. The credit risk reserve for accounts receivable is shown in Note 20. Other assets mainly refer to deposits with the Group's payment card partners, restricted bank funds, and VAT receivables 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 related to the Group's financial liabilities. Financing risk refers to the risk that the Group will not be able to obtain sufficient financing at a reasonable cost. In accordance with the financial policy, forecasts of the Group's cash flows and liquidity reserves are continuously monitored to ensure that the Group has sufficient liquid assets to meet the needs of ongoing operations as well as cover interest payments and amortizations. The forecasts are combined with external analysis and various simulations and are addressed both in management meetings and in regular communication with the board. Necessary actions are taken as needed.

The Group actively works to ensure an efficient cash management structure through the Group's cash pool. The placement of the Group's liquid assets should be made in bank accounts or interest-bearing instruments with high liquidity. The subsidiaries' liquid assets are managed by the Group's treasury team to ensure compliance with the policy's regulations. By ensuring access to guaranteed long-term credit facilities and spreading maturity dates and financing sources regarding borrowing, the Group aims to avoid high financing costs and difficulties with refinancing.

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

The Group's objective is to have a capital structure that ensures long-term sustainability in operations and generates returns for shareholders and benefits for other stakeholders. The Group continuously monitors net debt, which is defined as interest-bearing liabilities, excluding pension liabilities and lease liabilities, less liquid assets and other interest-bearing assets. The financing agreements mature within four years from the balance sheet date, and the Group's forecasted future cash flows are expected to meet these obligations. The Group collaborates with several of the leading banks in the Nordic region to ensure a long-term capital structure.

	Group					
2024-12-31 **SEK M**	**Book value**	**< 3 months**	**3-12 months**	**1-5 year**	**> 5 year**	**Total**
Interest-bearing bond loan	1,63.8	20.7	62.1	1,361.3	-	**1 ,444.1**
Lease liabilities	472.6	21.7	65.2	341.0	84.4	**512.3**
Recognised negative derivatives, inflow	-	-	-	-	-	**-**
Recognised negative derivatives, outflow	1.1	1.1	-	-	-	**1.1**
Trade payables	231.7	231.7	-	-	-	**231.7**
Liabilities to group companies	-	-	-	-	-	**-**
Other liabilities	162.8	162.8	-	-	-	**162.8**
Accrued expenses	203.1	203.1	-	-	-	**203.1**
Total	**2,235.1**	**641.1**	**127.3**	**1,702.3**	**84.4**	**2,555.1**

	Parent company					
2024-12-31 **SEK M**	**Book value**	**< 3 months**	**3-12 months**	**1-5 year**	**> 5 year**	**Total**
Interest-bearing bond loan	1,163.8	20.7	62.1	1,361.3	-	**1,444.1**
Lease liabilities	-	-	-	-	-	**-**
Recognised negative derivates, inflow	-	-	-	-	-	**-**
Recognised negative derivatives, outflow	-	-	-	-	-	**-**
Trade payables	0.7	0.7	-	-	-	**0.7**
Liabilities to group companies	0.4	0.4	-	-	-	**0.4**
Other liabilities	-	-	-	-	-	**-**
Accrued expenses	20.7	20.7	-	-	-	**20.7**
Total	**1,185.6**	**42.5**	**-**	**-**	**-**	**1,465.9**

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.

The Group's interest-bearing loans consist of three bonds with a nominal value of SEK 1.163.8 million, which carry variable interest rates

Maturity	Type of loan	Currency	Nominal amount	Carrying amount
Long-term loans				
2024-2028	Bond	SEK	750.0	750.0
2024-2026	Bond	SEK	255.0	255.0
2024-2026	Bond	SEK	158.8	158.8
Total borrowing			**1,163.8**	**1,163.8**

The average weighted interest rate at the end of 2024 was 7.1 percent. The Group's financing agreements include requirements for two specified financial covenants: leverage ratio and liquidity. Management and the board continuously monitor the Group's forecasted development in relation to the covenant thresholds to ensure that the Group meets its obligations to external creditors.

NOTE 30 | FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are valued in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. The Group only holds instruments that are valued at amortized cost and financial liabilities/assets that are valued at fair value through profit or loss (derivatives not used for hedge accounting). The classification of financial assets is based partly on the nature of the financial asset's contractual cash flows and partly on the company's business model. To initially classify the financial asset at amortized cost, it must give rise to cash flows that solely represent payments of principal and interest, and the Group's purpose for holding the asset must be solely to receive these payments.

The Group's financial liabilities, except for derivative instruments, are valued at amortized cost using the effective interest method. Derivative instruments not held for hedge accounting are recognized at fair value through profit or loss.

DERIVATIVES

The Group enters into derivative transactions to manage currency risks. The Group applies hedge accounting where possible, and the derivative instruments are therefore categorized as either 'Currency forwards used for hedging purposes' or 'Currency forwards not used for hedging purposes.' Derivative instruments with a positive fair value are recognized as assets, and derivative instruments with a negative fair value are recognized as liabilities. Changes in the value of derivative instruments not held for hedging purposes are recognized either in net financial items or in operating profit, depending on the purpose of the instrument.

Unrealized changes in the value of derivative instruments identified as cash flow hedges are recognized, to the extent they are highly effective, in other comprehensive income, and the accumulated value changes are recognized in the hedging reserve in equity. When the forecasted transaction occurs (e.g., hedged forecasted sales), the accumulated value changes recognized in the hedging reserve are transferred from equity to the income statement. The Group does not hold any interest rate derivatives.

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

At the end of the year, the Group had hedge-accounted currency forward contracts, which have been recognized at fair value in the statement of financial position. The table shows the recognized values and a sensitivity analysis, as well as the effect of a +10 percent change in exchange rates. A negative amount refers to a hedged inflow, and a positive amount refers to a hedged outflow. All forward contracts mature in 2025

Forward contracts, SEK M	**Net amount in currency**	**Nominal amount SEK**	**Sensitivity analysis +10% effect**
DKK	3.6	5.1	0.5
EUR	-6.3	-72.7	-7.3
HKD	-31.2	-47.9	-4.8
NOK	13.4	147.8	14.8
PLN	-2.0	-5.4	-0.5
USD	-108.3	-105.2	-10.5
Total	**-130.8**	**-78.3**	**-6.8**
Tax effect 20.6%			1.4

FAIR VALUE OF ASSETS AND LIABILITIES

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 show the Group's classification of financial assets and financial liabilities measured at fair value. During the periods, there have been no significant transfers between the levels.

The carrying amount of interest-bearing assets and liabilities may differ from their fair value, among other things, as a result of changes in market interest rates. The Group assesses that the interest rate on the interest-bearing liabilities is in accordance with market conditions as of December 31, 2024, and that the fair value on the balance sheet date therefore corresponds 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.

	Group	Parent company
SEK M	2024-12-31	2024-12-31
Financial assets at amortised cost		
Trade receivables and accrued income	87.3	-
Other assets valued at amortised cost	198.4	561.5
Cash and cash equivalents	182.3	9.3
Total	**468.0**	**570.8**
Financial assets at fair value		
Trade receivables Resurs Bank	12.8	-
Derivatives		
- Currency forwards used for hedging purposes	8.9	-
- Currency forwards not used for hedging purposes	-	-
Total	**21.7**	**-**
Total financial assets	**489.7**	**570.8**

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 refer to accounts receivable that are sold daily to Resurs Bank.

	Group	Parent company
SEK M	2024-12-31	2024-12-31
Financial liabilities at amortised cost		
Trade payables and other liabilities	597.6	21.8
Interest-bearing bond loans	1,163.8	1,163.8
Total	**1,761.4**	**1,185.6**
Financial liabilities at fair value		
Derivatives		
- Currency forwards used for hedging purposes	1.1	-
- Currency forwards not used for hedging purposes	-	-
Total	1.1	-
Total financial liabilities	**1,762.5**	**1,185.6**

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 are shown in the table.

	Group
SEK M	2024-10-15 –2024-12-31
Interest income from trade receivables and accrued income	1.1
Interest expenses on trade payables and other liabilities	-
Interest expense on borrowings	-53.4
Interest expense/income for derivatives used for hedging purposes	-1.8
Interest expense for derivatives not used for hedging purposes	-2.3
Net gain/loss	**-56.4**

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.

OFFSETTING INFORMATION

The group has no netted items in the balance sheet. ISDA netting agreements exist with derivative counterparties. Below are amounts that are not offset but are covered by these framework agreements.

	2024-12-31		
Group, SEK M	**Amounts recognised in balance sheet**	**Financial instruments**	**Net amount**
Financial assets			
Recognised positive derivatives	8.9	-1.1	7.8
Financial liabilities			
Recognised negative derivatives	1.1	-1.1	-
Total	**10.0**	**-2.2**	**7.8**

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 forward contracts for purchases and sales, SEK M	2024-12-31 Maturity < 3 months	3-6 months	6-12 months	TOTAL
Nominal amount				
EUR	-5.5	-0.9	-	**-6.3**
NOK	-100.0	-8.3	-	**-108.3**
DKK	-26.8	-4.4	-	**-31.2**
USD	13.4	-	-	**13.4**
HKD	3.6	-	-	**3.6**
PLN	-1.8	-0.3	-	**-2.0**
Total	**-117.1**	**-13.9**	**-**	**-130.8**

The Group's outstanding forward contracts for purchases and sales, SEK M	2024-12-31 Maturity < 3 months	3-6 months	6-12 months	TOTAL
Average rate				
EUR	11.34	11.59	-	-
NOK	0.97	0.98	-	-
DKK	1.53	1.56	-	-
USD	10.44	-	-	-
HKD	1.34	-	-	-
PLN	2.59	2.64	-	-

The effect of the hedging instrument on consolidated balance sheet, SEK M	Group 2024-12-31
Currency forwards with positive/negative value	
Nominal amount	-
Carrying amount	-7.8
Line in balance sheet	Derivatives
Change in fair value	19.5

Effect of hedged item on consolidated balance sheet, SEK M	Group 2024-12-31
Currency forwards with positive/negative value	
Change in fair value	19.5
Hedging reserve	7.7

Effect of cash flow hedges on income statement and other comprehensive income, SEK M	Group 2024-10-15 –2024-12-31
"Very probable forecasted sale/cost of goods sold"	
Hedging gains/losses recognised in other comprehensive income	19.5
Ineffectiveness reported in income statement	-
Line in income statement	-
Reclassified from other comprehensive income to income statement	-9.8
Line in income statement	Sales/Cost of goods sold

NOTE 31 | BUSINESS ACQUISITION

Ellos Holding AB (publ), company registration number 559495-4116, acquired all shares in Ellos Group Nordic AB (publ), company registration number 559318-3618, on October 15, 2024, and the "Ellos Group" was formed. The acquisition is classified as a business acquisition according to IFRS 3. This means that acquired assets, liabilities, and contingent liabilities are valued at fair value on the acquisition date. All acquired items have a reported value corresponding to fair value. The purchase price of SEK 1,326.7 million consisted of assumed bond loans of SEK 1,750.0 million including accrued interest of SEK 58.4 million, assumed receivables from group companies, restricted bank funds, and a cash settlement.

Purchase price SEK M	
Bond loans including accrued interest	1,808.4
Transferred receivables	-420.1
Restricted bank funds	-71.5
Cash settlement	10.0
Total	**1,326.7**

Cash flow impact of business acquisition, SEK M	
Acquired cash in the business	-20.2
Cash settlement	10.0
Liquidity impact, net	**10.2**

The acquired net assets according to the acquisition analysis amounted to SEK 934.3 million, resulting in a goodwill item of SEK 392.4 million. Goodwill is largely considered to consist of intangible assets in the form of customer relationships with existing customers that do not meet the criteria for separate recognition in the balance sheet.

Income statement at acquisition, SEK M	
Net sales	2,328.1
Cost of goods sold	-1,364.6
Gross profit	**963.5**
Selling expenses	-629.5
Administrative expenses	-356.1
Other income	27.4
Other costs	-9.9
Operating profit	**-4.6**
Financial income	20.3
Financial costs	-237.3
Profit/loss after financial items	**-221.6**
Income tax	12.1
Profit/loss for the year	**-209.5**

Balance sheet at acquisition, SEK M	
Development expenses	75.6
Tangible fixed assets	105.4
Right-of-use assets	501.4
Other fixed assets	29.0
Inventories	746.4
Current receivables	336.3
Cash & cash equivalents	20.2
Total assets	**1,814.3**
Equity	87.7
Non-current liabilities and provisions	569.6
Lease liabilities	480.1
Deferred tax liabilities	5.1
Trade payables	258.4
Other current liabilities	413.4
Total equity and liabilities	**1,814.3**

Acquisition analysis, SEK M	
Trademark	859.5
Customer relations	206.8
Other fixed assets	711.4
Inventories	746.4
Current receivables	336.3
Cash & cash equivalents	20.2
Non-current liabilities and provisions	-1,054.8
Deferred tax liabilities	-219.7
Current liabilities	-671.8
Acquired net assets	**934.3**
Goodwill	392.4
Purchase price	**1,326.7**

NOTE 32 | PARTICIPATIONS IN GROUP COMPANIES

	Parent company
SEK M	2024-12-31
Opening acquisition value	-
Acquisition	1,326.7
Outstanding acquisition value	**1,326.7**

The Parent company acquired all shares in Ellos Group Nordic AB (publ), company registration number 559318-3618, on October 15, 2024

Name	Company registration number	Registered office	Number of shares	Equity share	2024-12-31 Recognised amount, SEK M
Ellos Group Nordic AB	559318-3618	Stockholm	500 000	100 %	**1,326.7**

The group also includes the following indirectly owned subsidiaries

Name	Company registration number	Registered office	Equity share
Ellos Group Holding AB	556857-8511	Stockholm, Sweden	100 %
Ellos Holding AB	556831-9114	Stockholm, Sweden	100 %
Ellos Group Sweden AB	556217-1925	Borås, Sweden	100 %
Ellos AB	556044-0264	Borås, Sweden	100 %
Jotex Sweden AB	556249-7106	Borås, Sweden	100 %
Ellos Finland OY	1442131-6	Helsinki, Finland	100 %
Ellos Finland OY branch	516411-6237		
Ellos Norway Holding AS	879478642	Oslo, Norway	100 %
Ellos Norway AS	832005622	Oslo, Norway	100 %
Ellos Norway AS branch	516411-6278		
Ellos Denmark A/S	24927814	Copenhagen, Denmark	100 %
Ellos Denmark A/S branch	516411-6153		
Ellos 1 AB	556783-8858	Borås, Sweden	100 %
Ellos 2 AB	556713-8077	Borås, Sweden	100 %
FAAD AB	559027-6407	Borås, Sweden	100 %

NOTE 33 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group	Parent company
Pledged assets, SEK M	**2024-12-31**	**2024-12-31**
Pledged shares in subsidiaries	5,964.9	1,326.7
Floating charges	3,145.4	-
Pledged intra-group loans	484.1	484.1
Pledged bank accounts	95.1	0.1
Pledged capital insurance policies	9.6	-
Other	4.3	-
Total	**9,703.4**	**1,810.9**

	Group	Parent company
Contingent liabilities, SEK M	**2024-12-31**	**2024-12-31**
General unlimited guarantee	-	-
Guarantee	153.9	0.1
Guarantee to PRI	2.0	-
Total	**155.9**	**0.1**

The group has issued bonds totalling SEK 1,163.8 million. The collateral for the credits consists of floating charges, pledged shares in the Group's companies, pledged intra-group loans, and pledged receivables in Norwegian subsidiaries. Additionally, the Group's companies have provided a general unlimited guarantee. There are also capital insurance policies pledged for pension commitments and pledged bank accounts for issued bank guarantees and derivatives.

NOTE 34 | TRANSACTIONS WITH RELATED PARTIES

Related parties primarily refer to subsidiaries and indirectly owned subsidiaries, as well as key management personnel. Transactions between companies within the group, such as the sale and purchase of goods and services, have been conducted 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.

Parent company

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

NOTE 35 | EVENTS AFTER THE BALANCE SHEET DATE

On April 3, 2025, the indirectly owned subsidiary Ellos Norway Holding AS, company registration number 879478642, was dissolved through a reverse merger with its subsidiary Ellos Norway AS, company registration number 832005622.

NOTE 36 | APPROPRIATION OF THE COMPANY'S PROFIT OR LOSS

Proposal for profit distribution

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

Retained earnings	-
Profit/loss for the year	-75,838,817
	-75,838,817

The Board of Directors proposes that profits be appropriated as follows

Carried forward	-75,838,817
	-75,838,817

RECONCILIATION OF ALTERNATIVE KEY FIGURES

Some of the financial alternative performance measures (APM) 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. The Group's definitions of these financial measures may differ from other companies' definitions of the same terms.

GROSS PROFIT, SEK M	**2024-10-15 –2024-12-31**
Net sales	997.8
Cost of goods sold	-597.1
Gross profit	**400.7**

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

GROSS MARGIN, %	**2024-10-15 –2024-12-31**
Gross profit, SEK M	400.7
Net sales, SEK M	997.8
Gross margin	**40.2**

Gross margin shows the difference between net sales and cost of goods sold in percentage to net sales.

EBITA, SEK M	**2024-10-15 –2024-12-31**
Operating profit	19.9
Amortisation of acquisition-related intangible assets (customer relations)	14.4
EBITA	**34.3**

EBITA shows the operating profit before amortisation of acquisition-related intangible assets.

EBITA MARGIN, %	**2024-10-15 –2024-12-31**
Net sales, SEK M	997.8
EBITA, SEK M	34.3
EBITA margin	**3.4**

EBITA margin shows the relationship between EBITA and net sales.

EBITDA, SEK M	**2024-10-15 –2024-12-31**
Operating profit	19.9
Amortisation, depreciation and impairment	45.5
EBITDA	**65.4**

EBITDA shows the operating profit/loss before amortisation, depreciation, and impairment.

EBITDA MARGIN, %	**2024-10-15 –2024-12-31**
Net sales, SEK M	997.8
EBITDA, SEK M	65.4
EBITDA margin	**6.6**

EBITDA margin shows the relationship between EBITDA and net sales.

OPERATING PROFIT, SEK M	**2024-10-15 –2024-12-31**
Profit/loss before tax	-73.0
Financial items	-92.9
Operating profit	**19.9**

Operating profit shows the result for the operating activities, and this is an important key indicator that the group follows.

OPERATING MARGIN, %	**2024-10-15 –2024-12-31**
Operating profit, SEK M	19.9
Net sales, SEK M	997.8
Operating margin	**2.0**

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

NET DEBT, SEK M	**2024-12-31**
Bond loans	1,163.7
Cash and cash equivalents	-182.3
Net debt	**981.4**

Net debt comprises of interest-bearing liabilities excluding pension liabilities, lease liabilities and liabilities to group companies. In addition to the above, the group has restricted bank funds amounting to SEK 166.6 million, which are not included in the item cash and cash equivalents.

DEFINITIONS

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

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

EBITA: Operating profit before amortisation of acquisition-related intangible assets.

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

EBITDA: Operating profit before depreciation, amortisation and impairment.

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

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

Average number of employees: Calculated by the sum of the number of hours worked divided by a normal annual working time.

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

Net debt: 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.

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

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

* Definition according to IFRS

CERTIFICATION AND SIGNATURES

The Board of Directors and the CEO assure that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The annual report and the consolidated financial statements provide a true and fair view of the Parent company's and the Group's financial position and results. The management report for the Parent company and the Group provides a fair overview of the development of the Parent company's and the Group's operations, financial position, and results, and describes significant risks and uncertainties faced by the Parent company and the companies included in the Group. The annual report and the consolidated financial statements were approved for issuance by the Board of Directors and the CEO on April 14, 2025.

Borås on April 14 2025

Morten Eivindssøn Aastrup
Chairman of the board

Hans Ohlsson
Board member and CEO

Joakim Friedman
Board member

Hans Lindau
Employee representative

Åsa Tobrant
Employee representative

We submitted our Auditor's Report on April 15 2025

Ernst & Young AB

Andreas Mast
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Ellos Holding AB (Publ), company registration number 559495-4116

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Ellos Holding AB (publ) for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 4-100 in this document.

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 31 December 2024 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 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. 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.

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.

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

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 8-62. 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 Accounting Standards 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 intend 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].

- Conclude on the appropriateness of the Board of Directors’ [and the Managing Director’s] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 Holding AB (publ) for the year 2024 and the proposed appropriations of the company’s profit or loss.

We recommend to the general meeting of shareholders that the 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Göteborg, 15 April 2025

Ernst & Young AB

Andreas Mast
Authorized Public Accountant