

ELLOS GROUP

Ellos Group AB (publ) group, (renamed from FNG Nordic AB (Publ))

INTERIM REPORT JANUARY - JUNE 2022

"An eventful quarter"

THE SECOND QUARTER 2022

- Net sales increased by 0.2 % to SEK 854.6 (852.9) million. Currency effects had a positive effect on growth of 1.9 %.
- The gross margin decreased to 51.3 (53.9) %.
- Adjusted EBITA* amounted to SEK 8.4 (54.6) million. The adjusted EBITA margin* stood at 1.0 (6.4) %.
- The operating profit/loss* amounted to SEK -1.7 (19.0) million. The operating margin* was -0.2 (2.2) %.
- Cash flow from operating activities amounted to SEK 16.8 (19.7) million.
- Cash and cash equivalents amounted to SEK 156.7 (198.3) million.

SIX MONTHS 2022

- Net sales increased by 1.8 % to SEK 1 714.0 (1 683.2) million. Currency effects had a positive effect on growth of 1.7 %.
- The gross margin decreased to 51.3 (52.4) %.
- Adjusted EBITA* amounted to SEK 23.4 (86.1) million. The adjusted EBITA margin* stood at 1.4 (5.1) %.
- The operating profit/loss* amounted to SEK -24.9 (26.6) million. The operating margin* was -1.5 (1.6) %.
- Cash flow from operating activities amounted to SEK -87.1 (-66.8) million.
- Cash and cash equivalents amounted to SEK 156.7 (198.3) million.

FINANCIALS KPI'S

AMOUNT IN MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	CHANGE	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021	CHANGE
Net sales	854.6	852.9	0.2%	1714.0	1 683.2	1.8%
Gross margin, %	51.3	53.9		51.3	52.4	
Adjusted EBITA	8.4	54.6	-84.6%	23.4	86.1	-72.8%
Adjusted EBITA- margin, %	1.0	6.4		1.4	5.1	
Operating profit/loss	-1.7	19.0	>-100%	-24.9	26.6	>-100%
Operating margin, %	-0.2	2.2		-1.5	1.6	
Profit/loss for the period	-61.6	-34.0	-81.2%	-122.6	-72.3	-69.6%
Cash-flow from operations	16.8	19.7	-14.7%	-87.1	-66.8	-30.4%



*Not defined according to IFRS. See page 17.

**The first six month of 2021 have been recalculated due to interest being calculated on the provision of SEK 401.4 million made. The second quarter was charged with SEK 12.0 million and the six months was charged with SEK 20.6 million.

COMMENT FROM THE CEO OF ELLOS GROUP AB (PUBL)

AN EVENTFUL QUARTER

Demand for Ellos Group's comprehensive and affordable range of products remained strong during a quarter characterised by a volatile external environment and some degree of uncertainty among customers.

Like the first quarter of the year, sales were high from a historical perspective, although the increase compared to the previous year remained at 0.2 percent. Sales were approximately 30 percent higher than the corresponding quarter in 2019. It was also 12 percent higher than the same quarter in 2020, which was the first quarter when e-commerce in the Nordics was positively affected by Covid-19.

Demand for our fashion offering was strong. The sales trend clearly demonstrates that our customers have returned to their normal living habits in terms of work, socialising, leisure activities and entertainment.

Our home furnishing sales, facing a strong 2021 comparative quarter, were somewhat lower than expected but still at a high level as compared with the 2019 and 2020 comparative quarters. This development is in line with changes in consumer behaviour. Competition for home furnishing consumers is strong, and we drove sales during the quarter with a range of campaign activities.

The quarter's gross margin was 51.3 per cent (53.9) and was mainly affected by negative currency effects. The gross margin was also affected by increased storage costs and discounts.

As during the first quarter, returns increased over last year's low levels. We view this development as a normalisation from a long-term comparative perspective.

The inventory levels are high from a historical perspective, partly influenced by frontloaded autumn deliveries but also by the general market situation. At the same time, we see high inventories as a strength considering continued supply chain uncertainty. We are closely monitoring this development.

The turbulent world situation, coupled with high inflation, price increases and rising interest rates, indicates that consumers are tightening their purse strings. This is likely to affect consumption as we move forward. The current global situation, with continued production and supply chain disruptions, had a negative impact on our costs this quarter, mainly as regards customer deliveries.

Ellos Group has succeeded in countering the major shifts in consumer purchasing patterns over the past two years. We see that our comprehensive fashion and home furnishings offer gives us resilience and flexibility.

As we previously communicated, we are sharpening our strategy by concentrating our efforts and focus on our offering to our core customers – women in mid-life. We made the difficult decision that Stayhard was no longer part of our core business. We were pleased to announce the sale of Stayhard in early July and are gratified that the brand will live on.

During the quarter we also learned that Nordic Capital is once again the owner of Ellos Group. I see this as a positive development and a bit of a fresh start. With the support of a strong owner, we will now focus on working with our sharpened strategy to continue to grow the business profitably.

In spite of the dark clouds looming over our world, we continue to look positively to the future. With a strong market position and a stable owner, we are well positioned to capitalise on the continuing structural growth and online demand, in the Nordic region and across Europe.

Hans Ohlsson, CEO





SECOND QUARTER 2022

SALES

Net sales for the period amounted to SEK 854.6 (852.9) million which is an increase of 0.2 % compared to last year. Exchange rates have affected net sales positively by 1.9 %. In a comparison with the second quarter of 2020 at the beginning of Covid-19 pandemic, net sales have increased by SEK 91.5 million and 12.0 percent.

GROSS PROFIT

Gross profit for the period amounted to SEK 438.6 (460.0) million which is a decrease of 21.4 million compared to last year. The quarter's gross margin amounted to 51.3% (53.9%) and was mainly affected by negative currency effects. Increased storage costs and discounts also affected the gross margin.

OPERATING COSTS

Selling expenses amounted to SEK 346.7 (330.8) million which is an increase of SEK 15.9 million compared to last year. In relation to net sales, sales costs decrease by 1.8 percentage points. The increase can mainly be explained by increased distribution costs as a result of strong cost inflation, especially for fuel. Selling expenses include amortization of acquisition-related intangible assets of SEK 23.6 (23.9) million.

Administrative expenses, which amounted to SEK 84.6 (118.1) million decreased by SEK 33.5 million. The reduction can be explained by the strategic costs that existed in 2021 which amounted to 11.7 MSEK and the reduction of pension costs by 14.4 MSEK that arose in connection with the actuarial calculation made in June 2022.

Other income amounted to SEK 7.4 (8.1) million and other costs to SEK 16.4 (0.2) million. The increased costs are related to exchange rate changes.

ADJUSTED EBITA

Adjusted EBITA amounted to SEK 8.4 (54.6) million which means a decrease of SEK 46.2 million compared with the corresponding period last year.

EBITA

EBITA amounted to SEK 22.0 (42.9) million which is a decrease of SEK 20.9 million compared with the same period last year.

FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 5.6 (-2.9) million and financial expenses amounted to SEK -62.2 (-47.1) million. The financial costs for the second quarter of 2022 include a fee of SEK 15.0 million which is issued to the bondholders as a result of the change in ownership that occurred for the group.

Income tax for the period amounted to SEK -3.3 (-3.0) million.

NET PROFIT

Net profit for the period amounted to SEK -61.6 (-34.0) million.

CASH FLOW

Cash flow from operating activities amounted to SEK 16.8 (19.7) million. The cash flow includes bond loan interest expenses amounting to SEK 25.3 (25.6) million.

Inventories increased during the quarter by SEK 22.3 (38.7) million, which had a negative effect on cash flow.

Accounts payable increased during the quarter by SEK 49.1 (62.0) million and has had a positive effect on cash flow.

Cash flow from investments totalled SEK -9.0 (-13.7) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK -9.2 (-13.3) million and mainly referred to changes in the group's revolving credit and lease liability.

Cash and cash equivalents amounted to SEK 156.7 (198.3) million.

Cash flow for the period totalled SEK -1.4 (-7.3) million.



SIX MONTH 2022

SALES

Net sales for the period amounted to SEK 1 714.0 (1 683.2) million which is an increase of 1.8 % compared to last year. Exchange rates have affected net sales positively by 1.7 %. In a comparison with the first half of 2020, at the beginning of Covid-19 pandemic, net sales have increased by SEK 310.3 million and 22.1 percent.

GROSS PROFIT

Gross profit for the period amounted to SEK 880.0 (881.8) million which is an decrease of 1.8 million compared to last year. The gross margin decreased by 1.1 percentage points compared with the same period last year and amounted to 51.3 (53.9) percent. Currency effects and increased storage costs have affected the gross margin negatively compared to last year.

OPERATING COSTS

Selling expenses amounted to SEK 684.4 (659.2) million which is an increase of SEK 25.2 million compared to last year. In relation to net sales, sales costs decrease by 0.7 percentage points. It is mainly the distribution costs that have increased. Selling expenses include amortization of acquisition-related intangible assets of SEK 47.3 (47.8) million.

Administrative expenses, which amounted to SEK 208.7 (217.0) million decreased by SEK 8.3 million. The reduction can be explained by, among other things the strategic costs that existed in 2021 which amounted to 11.7 MSEK.

Other income amounted to SEK 12.2 (21.8) million and other costs to SEK 24.0 (0.8) million. Both the reduced income and the increased costs are related to exchange rate changes.

ADJUSTED EBITA

Adjusted EBITA amounted to SEK 23.4 (86.1) million which means a decrease of SEK 62.7 million compared with the corresponding period last year.

EBITA

EBITA amounted to SEK 22.3 (74.4) million which is a decrease of SEK 52.1 million compared with the same period last year.

FINANCIAL ITEMS AND TAXES

Financial income amounted to SEK 10.4 (3.5) million and financial expenses amounted to SEK -109.8 (-98.6) million. The financial costs for the first half of 2022 include a fee of SEK 15.0 million which is issued to the bondholders as a result of the change in ownership that occurred for the group.

Income tax for the period amounted to SEK 1.7 (-3.8) million.

NET PROFIT

Net profit for the period amounted to SEK -122.6 (-72.3) million.

CASH FLOW

Cash flow from operating activities amounted to SEK -87.1 (-66.8) million. The cash flow includes bond loan interest expenses amounting to SEK 51.2 (51.3) million.

Inventories increased during the six months by SEK 53.6 (81.4) million, which had a negative effect on cash flow.

Accounts payable decreased during the six months by SEK -66.4 (28.2) million and has had a negative effect on cash flow.

Cash flow from investments totalled SEK -21.7 (-29.1) million, where the biggest part of it was related to commercial development projects.

Cash flow from financing activities amounted to SEK 69.2 (-26.5) million and mainly referred to changes in the group's revolving credit facility and lease liability.

Cash and cash equivalents amounted to SEK 156.7 (198.3) million.

Cash flow for the period totalled SEK -39.6 (-122.4) million.



SIGNIFICANT EVENTS DURING THE SECOND QUARTER

Olof Faxander is a new board member as of June 30, 2022 in Ellos Group AB (publ). Olof Faxander has extensive experience from leadership positions within large industrial companies and has been CEO at Sandvik and SSAB. Since 2016, Olof Faxander has been Operating Partner at Nordic Capital.

On June 30, 2022, Nordic Capital became the new owner of Ellos Group AB. As previously communicated, the existing financing is maintained as the bondholders in Ellos Group already approved a change to the terms of Ellos Group's bond loan which enabled the change of ownership.

EVENTS AFTER CLOSING DATE

The parent company in the group has changed its name to Ellos Group AB (publ) from FNG Nordic AB (publ). The name change was registered with the Swedish Companies Registration Office on 15 August 2022.

On July 8, 2022, it was informed that Ellos Group is selling Stayhard to Footway Group. Stayhard has been owned by Ellos Group since 2014. Ellos Group will focus on growing the main business and making greater investment in the group's core customer – the woman in mid life. As a result of this, a strategic decision was made earlier in 2022 to close the fashion store Stayhard which targets a substantially different target group.

NUMBER OF EMPLOYEES

As at 30 juni 2022, the group had 602 (581) employees.

RISKS AND UNCERTAINTIES

The Group is exposed to several risks, for example in areas such as currency, interest rate and financing as well as competition, the economy and IT security, and these risks can affect operations and earnings. The risks that have been identified are described in the Group's annual report for 2021 on pages 10-11 and 37-39.

It should be noted, however, that there is a great deal of uncertainty in the global market in a number of areas, such as prices and supply of raw materials, production- and transport capacity.

PLEDGED ASSETS

The group's assets pledged as collateral for financing from Swedbank AB (publ) and the issued bond are unchanged compared with 31 December 2021 and is described in the Group's annual report for 2021 on page 61.

The shares in the subsidiary Ellos Group Nordic AB have been pledged, in favor of the Group's bond loans and other credit facilities, similar to the shares in other companies within the Group.

CONTINGENT LIABILITIES

The Group has received a decision following an ongoing tax audit in the subsidiary Ellos Finland OY. The remark refers to whether VAT is to be levied in the company's financial operations and refers to the years 2018 and 2019. This decision has been appealed, and the Group believes that there are good opportunities for a positive outcome. Further information can be found in the Group's annual report for 2021 on page 61.

PARENT COMPANY

The Parent Company's operating profit/loss amounted to SEK 0.1 (0.2) million. The Parent Company's income consists of intra-group services and the main costs was consultant costs. Net financial income/expense amounted to SEK -48.4 (-41.6) million for the second quarter and primarily comprised interest on issued bonds, interest on the settlement amount and the fee which has been paid to bondholders as a result of the change in ownership.



Distrubution of net sales

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	CHANGE	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021	CHANGE
Revenue from agreements with customers	774.6	773.8	0.1%	1 552.0	1 522.4	1.9%
Additional purchase price Resurs Bank	80.0	79.1	1.2%	162.0	160.8	0.8%
Net sales	854.6	852.9	0.2%	1 714.0	1 683.2	1.8%

Net sales per country where the customer is located

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	CHANGE	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021	CHANGE
Sweden	465.4	461.0	1.0%	919.4	910.7	1.0%
Norway	153.3	156.7	-2.2%	307.2	296.5	3.6%
Finland	122.8	124.0	-0.9%	254.2	251.2	1.2%
Denmark	60.6	65.4	-7.3%	124.9	141.6	-11.8%
Other Europe	52.5	45.8	14.6%	108.3	83.3	30.0%
Net sales	854.6	852.9	0.2%	1 714.0	1 683.2	1.8%

Other income

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	CHANGE	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021	CHANGE
Rental income	1.1	1.2	-5.2%	2.4	2.1	16.0%
Royalties	3.8	4.9	-21.7%	7.1	8.3	-14.8%
Exchange gain	0.7	1.0	-28.4%	0.7	9.8	-92.7%
Other	1.6	1.0	56.0%	2.0	1.6	22.8%
Other income	7.4	8.1	-8.9%	12.2	21.8	-44.1%

Other costs

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	CHANGE	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021	CHANGE
Exchange loss	-16.4	0.5	>-100%	-23.9	0.0	>-100%
Other	0.0	-0.8	>100%	0.0	-0.8	>100%
Other costs	-16.4	-0.2	>-100%	-23.9	-0.8	>-100%



Consolidated income statement

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
Net sales	854.6	852.9	1 714.0	1 683.2
Cost of goods sold	-416.0	-392.9	-834.0	-801.4
Gross profit	438.6	460.0	880.0	881.8
Selling expenses	-346.7	-330.8	-684.4	-659.2
Administrative expenses	-84.6	-118.1	-208.7	-217.0
Other income	7.4	8.1	12.2	21.8
Other costs	-16.4	-0.2	-24.0	-0.8
Operating profit/loss	-1.7	19.0	-24.9	26.6
Financial items				
Financial income	5.6	-2.9	10.4	3.5
Financial costs	-62.2	-47.1	-109.8	-98.6
Financial items	-56.6	-50.0	-99.4	-95.1
Profit/loss before tax	-58.3	-31.0	-124.3	-68.5
Income tax	-3.3	-3.0	1.7	-3.8
Profit/loss for the period	-61.6	-34.0	-122.6	-72.3
Attributable to:				
Parent company's shareholders	-61.6	-34.0	-122.6	-72.3

Consolidated statement of comprehensive income

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
Profit/loss for the period	-61.6	-34.0	-122.6	-72.3
Items not to be returned to the income statement:				
Actuarial gains/losses	29.0	14.1	29.0	14.1
Tax effect	-6.0	-2.9	-6.0	-2.9
Items not to be returned to the income statement	23.0	11.2	23.0	11.2
Items that can later be reversed to the income statement:				
Translation differences for the period	9.4	-11.1	1.5	-1.9
Cash-flow hedges change in value	106.4	11.0	102.9	13.9
Cash-flow hedges returned to the income statement	-43.3	-2.5	-60.8	21.3
Tax effect	-13.0	-1.7	-8.7	-7.3
Items that can later be reversed to the income statement	59.6	-4.4	34.9	26.1
Comprehensive income	21.0	-27.2	-64.7	-35.0
Attributable to parent company's shareholders	21.0	-27.2	-64.7	-35.0

Consolidated statement of financial position

Amount in MSEK	2022-06-30	2021-06-30	2021-12-31
ASSETS			
<i>Non-current assets</i>			
Goodwill	677.0	677.0	677.0
Trademarks	445.3	446.8	445.3
Customer relationships	417.7	512.3	465.0
Development expenditure	105.4	106.7	104.2
Right-of-use assets	527.9	520.5	491.0
Equipment, tools, fixtures and fittings	56.2	38.7	57.2
Investments in leased property	70.3	73.4	72.7
Constuction in progress within property, plant and equipment	2.0	9.3	0.1
Non-current receivables	6.9	4.4	6.4
Deferred tax assets	24.0	47.4	29.8
Total non-current assets	2 332.7	2 436.5	2 348.7
<i>Current asset</i>			
Inventories	792.2	624.0	738.6
Return assets	13.6	8.7	12.6
Accrued income	31.3	31.7	32.9
Trade receivables	43.4	39.4	44.0
Current receivables from group companies	0.0	12.8	12.8
Current tax assets	91.7	118.0	83.9
Derivate instruments	110.2	21.1	44.5
Other current receivables	8.1	21.6	47.9
Prepaid expenses	41.6	43.3	32.3
Cash & cash equivalents	156.7	198.3	196.3
Total current assets	1 288.8	1 118.9	1 245.8
TOTAL ASSETS	3 621.5	3 555.4	3 594.5

Consolidated statement of financial position

Amount in MSEK	2022-06-30	2021-06-30	2021-12-31
EQUITY AND LIABILITIES			
<i>Equity attributable to parent company's shareholders</i>			
Share capital	0.5	0.5	0.5
Additional paid-in capital	679.9	679.9	679.9
Reserves	24.1	-6.0	-10.8
Retained earnings including the profit/loss for the year	-829.0	-646.9	-729.4
Total Equity	-124.5	27.6	-59.8
<i>Non-current liabilities</i>			
Bond issue	1 473.5	1 460.8	1 467.2
Long-term lease liabilities	476.4	457.6	432.2
Other long-term liabilities	23.2	47.4	42.6
Deferred tax liabilities	189.7	199.2	195.7
Provision for pensions	133.8	150.8	163.0
Total non-current liabilities	2 296.6	2 315.8	2 300.7
<i>Current liabilities</i>			
Interest-bearing liabilities	98.9	0.0	0.0
Current lease liabilities	53.9	62.2	60.9
Trade payables	354.6	316.7	421.0
Current liabilities to Group companies	0.0	0.1	0.1
Current tax liabilities	36.5	69.6	49.0
Other provisions	466.6	422.0	446.2
Derivatives	47.2	18.9	23.6
Other current liabilities	107.9	87.5	114.4
Repayment liability	28.6	19.7	27.2
Accrued expenses	255.2	215.3	211.2
Total Current liabilities	1 449.4	1 212.0	1 353.6
Total liabilities	3 746.0	3 527.8	3 654.3
TOTAL EQUITY AND LIABILITIES	3 621.5	3 555.4	3 594.5

Consolidated statement of changes in equity

Amount in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit of the year	Total Equity
Opening balance as at 1 January 2022	0.5	679.9	-10.2	-0.6	-729.4	-59.8
Comprehensive income						
Profit/loss for the period					-122.60	-122.6
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				102.9		102.9
Transferred to the income statement				-60.8		-60.8
Translation differences			1.5			1.5
Actuarial gains/losses					29.0	29.0
Tax attributable to items in other comprehensive income				-8.7	-6.0	-14.6
Other comprehensive income, after tax			1.5	33.4	23.0	57.9
Comprehensive income			1.5	33.4	-99.6	-64.7
Transactions with shareholders:						
Dividends					0	0
Transactions with shareholders					0	0
Balance at 30 juni 2022	0.5	679.9	-8.8	32.9	-829.0	-124.5

Consolidated statement of changes in equity

Amount in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit of the year	Total Equity
Opening balance as at 1 January 2021	0.5	679.9	12.3	-44.3	-585.7	62.6
Comprehensive income						
Profit/loss for the period					-72.3	-72.3
Other comprehensive income:						
Cash flow hedges						
Change in fair value for the year				13.9		13.9
Transferred to the income statement				21.3		21.3
Translation differences			-1.9			-1.9
Actuarial gains/losses					14.1	14.1
Tax attributable to items in other comprehensive income				-7.3	-2.9	-10.2
Other comprehensive income, after tax			-1.9	28.0	11.2	37.3
Comprehensive income			-1.9	28.0	-61.1	-35.0
Transactions with shareholders:						
Dividends					0	0
Transactions with shareholders					0	0
Balance at 30 juni 2021	0.5	679.9	10.4	-16.4	-646.9	27.6

Consolidated cash flow statement

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
Cash flow from operating activities				
Cash-flow from operations before changes in working capital	-6.1	16.3	-36.9	5.0
Cash-flow from changes in working capital	22.9	3.4	-50.2	-71.8
Cash-flow from operations	16.8	19.7	-87.1	-66.8
Investments				
Acquisition of intangible fixed assets	-5.6	-4.3	-14.6	-8.1
Acquisition of tangible fixed assets	-3.1	-8.8	-6.5	-20.0
Acquisition of financial fixed assets	-0.3	-0.6	-0.6	-1.0
Cash-flow from investments	-9.0	-13.7	-21.7	-29.1
Financing activities				
Payment of lease liabilities	-14.9	-13.3	-29.7	-26.5
Change of revolving credit	5.7	0.0	98.9	0.0
Cash-flow from financing activities	-9.2	-13.3	69.2	-26.5
Cash-flow for the period	-1.4	-7.3	-39.6	-122.4
Cash and cash equivalents at beginning of period	158.1	205.6	196.3	320.7
Exchange rate difference in liquid assets	0.0	0.0	0.0	0.0
Cash and cash equivalents at end of period	156.7	198.3	156.7	198.3



Parent company income statement

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
Net sales	0.6	5.9	1.9	11.1
Gross profit	0.6	5.9	1.9	11.1
Administrative expenses	-0.5	-5.7	-2.3	-10.7
Operating profit	0.1	0.2	-0.4	0.4
Financial items				
Interest income	5.8	4.4	11.8	6.9
Interest costs	-54.2	-46.0	-93.0	-86.4
Financial items	-48.4	-41.6	-81.2	-79.4
Profit/loss after financial costs	-48.3	-41.4	-81.6	-79.0
Year end appropriations				
Received Group contribution	0.0	0.0	0.0	0.0
Profit/loss before tax	-48.3	-41.4	-81.6	-79.0
Income tax	-3.4	1.1	-4.1	1.8
Profit/loss for the period	-51.7	-40.3	-85.7	-77.2

Parent company statement of comprehensive income

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
Profit/loss for the period	-51.7	-40.3	-85.7	-77.2
Comprehensive income	-51.7	-40.3	-85.7	-77.2



Parent company's balance sheet

Amount in MSEK	2022-06-30	2021-06-30	2021-12-31
ASSETS			
<i>Fixed assets</i>			
Shares in subsidiaries	2 369.8	2 369.8	2 369.8
Long-term receivables	0.0	2.3	0.0
Deferred tax assets	0.0	2.6	0.0
Total Fixed assets	2 369.8	2 374.7	2 369.8
<i>Current assets</i>			
Receivables from group companies	209.5	319.3	272.8
Tax assets	0.0	0.2	0.1
Other current assets	0.0	0.1	0.0
Prepayments and accrued income	0.1	0.6	0.5
Cash and bank	3.0	3.7	3.2
Total Current assets	212.6	324.0	276.5
TOTAL ASSETS	2 582.4	2 698.8	2 646.3
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital	0.5	700.5	0.5
<i>Non-restricted equity</i>			
Non-restricted equity	589.4	45.9	675.2
Total Equity	589.9	746.4	675.7
<i>Long-term liabilities</i>			
Bond issue	1 473.0	1 460.8	1 467.1
Long-term liabilities	14.6	45.2	34.7
Total Long-term liabilities	1 487.6	1 506.0	1 501.8
<i>Current liabilities</i>			
Accounts payable	0.0	0.6	0.9
Liabilities to group companies	0.0	0.0	1.9
Tax liabilities	3.8	0.0	0.0
Other provisions	466.6	422.0	446.2
Other current liabilities	0.0	0.3	0.3
Accrued expenses and prepaid income	34.5	23.5	19.5
Total Current liabilities	504.9	446.3	468.8
TOTAL EQUITY AND LIABILITIES	2 582.4	2 698.8	2 646.3

Financial KPI's

Amount in MSEK	3 MONTHS APR - JUN 2022	3 MONTHS JAN - MAR 2022	3 MONTHS OKC - DEC 2021	3 MONTHS JUL - SEP 2021	3 MONTHS APR - JUN 2021	3 MONTHS JAN - MAR 2021	3 MONTHS OCT - DEC 2020	3 MONTHS JUL - SEP 2020	3 MONTHS APR - JUN 2020	3 MONTHS JAN - MAR 2020
Net sales	854.6	859.3	1 059.3	846.6	852.9	830.3	993.3	778.0	763.1	640.5
Gross profit	438.6	441.3	535.7	426.1	460.1	421.7	517.9	252.5	417.7	314.3
Gross margin. %	51.3	51.4	50.6	50.3	53.9	50.8	52.1	32.5	54.7	49.1
Adjusted gross profit	438.6	441.3	535.7	426.1	460.0	421.7	517.9	411.1	417.7	314.3
Adjusted gross margin. %	51.3	51.4	50.6	50.3	53.9	50.8	52.1	52.8	54.7	49.1
EBITA	22.0	0.4	35.2	30.5	42.9	31.4	-302.0	-74.6	129.6	-0.8
Adjusted EBITA	8.4	15.0	38.9	36.4	54.6	31.4	99.4	85.0	104.8	0.9
Adjusted EBITA-margin. %	1.0	1.7	3.7	4.3	6.4	3.8	10.0	10.9	13.7	0.1
EBITDA	48.9	27.2	60.1	54.6	66.6	54.8	-279.6	-51.3	152.8	21.7
Adjusted EBITDA	35.4	41.8	63.7	60.6	78.3	54.8	121.8	108.3	128.0	23.4
Operating profit/loss	-1.7	-23.2	10.4	6.6	19.0	7.5	-325.9	-98.5	105.7	-24.7
Operating margin. %	-0.2	-2.7	1.0	0.8	2.2	0.9	-32.8	-12.7	13.9	-3.9
Financial items	-56.6	-42.8	-59.7	-22.2	-50.1	-45.1	-35.7	-41.9	-40.5	-36.6
Profit/loss before tax	-58.3	-66.1	-49.3	-15.7	-31.0	-37.5	-361.6	-140.4	65.2	-61.3
Profit/loss for the period	-61.6	-61.0	-57.4	-18.4	-34.0	-38.3	-334.1	-150.7	41.0	-49.9
Cash-flow from operations	16.8	-103.9	43.5	7.1	19.7	-86.5	89.4	79.1	13.6	-50.6
Cash-flow for the period	-1.4	-38.2	16.6	-18.6	-7.4	-115.1	60.0	61.4	-31.6	-41.1
Balance sheet total at the end of the period	3 621.5	3 614.4	3 594.5	3 667.9	3 555.4	3 543.6	3 632.2	3 605.2	3 645.1	3 736.6
Cash and cash equivalents at end of period	156.7	158.1	196.3	179.7	198.3	205.6	320.7	263.4	202.7	240.3
Inventories at the end of the period	792.2	769.9	738.6	743.3	624.0	585.3	528.9	536.2	470.4	525.4
Equity at the end of the period	-124.5	-145.5	-59.8	30.5	27.6	54.8	62.6	437.3	588.8	558.1
Net debt	1 415.7	1 405.4	1 270.9	1 284.3	1 262.6	1 252.0	1 133.8	1 187.9	1 245.6	1 236.1
Number of employees at the end of the period	602	612	604	585	581	556	551	522	521	530

NOTES TO THE FINANCIAL STATEMENTS

Note 1 General information

Ellos Group AB (publ), corporate identity number 559175-1325 is a limited company registered in Sweden with registered office in Stockholm. The Company's address is PO Box 961, 501 10 Borås.

Ellos Group AB is a subsidiary of Cidron e-Com S.à r.l., B164334, 8 rue Lou Hemmer L-1748 Senningerberg, Luxemburg.

Unless otherwise stated, all amounts are shown in SEK millions.

Note 2 Significant accounting policies

General information

The consolidated financial statements for Ellos Group AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and issued by International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC). Furthermore, the group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for groups. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Applied accounting principles in the interim report are consistent with the accounting principles that were applied in the preparation of the consolidated and annual report 2021.

New and changed amendments together with new interpretations which come into effect on 1 January 2022 are not expected to have a significant impact on the group's financial statements.

Redovisningsprinciper för moderbolaget

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Application of RFR 2 means the Parent Company must, as far as possible, apply all IFRS adopted by the EU within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act. and consider the relationship between accounting and taxation.

Note 3 Significant estimates and judgements

The preparation of an interim report requires management to make assessments and estimates as well as assumptions that affect the application of the accounting principles and reported amounts for assets, liabilities, income and expenses. Actual outcome may deviate from these estimates and judgments.

Important estimates and assessments made by the company management appear from the annual report for 2021 on pages 35-36.

Note 4 Transactions with related parties

Transactions for the Parent Company and the group with related parties are currently of the same nature as described in annual report 2021 for FNG Nordic AB.

Note 5 Fair value financial instruments

The group's financial instruments measured at fair value as at 30 June 2022 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 110.2 (21.1) million and derivative contracts with negative values amounted to SEK 47.2 (18.9) million. Derivatives transactions are accounted for at gross value.

Financial assets and financial liabilities valued at fair value in the balance sheet (derivatives) are categorized according to the three-level fair value hierarchy in IFRS 13 (Level 1, 2 or 3). Measurement of all currency derivatives is categorized in Level 2. Currency futures are valued based on observable information regarding the currency rates and market interest rates as at the balance sheet date for the remaining term.

RECONCILIATION OF KPI'S THAT ARE NOT DEFINED ACCORDING TO IFRS

Some of the financial performance measures in this report which are used by management and analysts to assess the group's performance are not defined in IFRS. Below is a reconciliation of the alternative key indicators with the nearest reconcilable item. Management believes that these financial performance measures facilitate analysis and evaluation of this report and provide valuable information to increase the ability to make comparisons between periods. This information should be regarded as complementing, rather than replacing, financial reporting according to IFRS. FNG Nordic group's definitions of these financial performance measures may differ from other companies' definitions of the same terms.

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
Gross profit, MSEK				
Net sales	854.6	852.9	1 714.0	1 683.2
Cost of goods sold	-416.0	-392.9	-834.0	-801.4
Gross profit	438.6	460.0	880.0	881.8

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

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
Gross Margin, %				
Gross profit, in MSEK	438.6	460.0	880.0	881.8
Net sales, in MSEK	854.6	852.9	1 714.0	1 683.2
Gross margin	51.3	53.9	51.3	52.4

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

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
EBITA, MSEK				
Operating profit/loss	-1.7	19.0	-24.9	26.6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.9	47.3	47.8
EBITA	22.0	42.9	22.3	74.4

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

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
ADJUSTED EBITA, MSEK				
Operating profit/loss	-1.7	19.0	-24.9	26.6
Amortization and impairment of acquisition-related intangible assets (Trademarks, Customer relations)	23.6	23.9	47.3	47.8
Non-recurring items				
Strategic costs	0.0	11.7	1.1	11.7
Increase in PRI pension liabilities	-13.5	0.0	0.0	0.0
Adjusted EBITA	8.4	54.6	23.4	86.1

Adjusted EBITA shows the operating profit/loss before amortization, of acquisition-related intangible assets adjusted for nonrecurring items. Non-recurring items: refer to the items that are not occur yearly and are separated from usual business.

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
ADJUSTED EBITA marginal, %				
Net sales, in MSEK	854.6	852.9	1 714.0	1 683.2
Adjusted EBITA, in MSEK	8.4	54.6	23.4	86.1
Adjusted EBITA- margin	1.0	6.4	1.4	5.1

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

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
ADJUSTED EBITDA, MSEK				
Operating profit/loss	-1.7	19.0	-24.9	26.6
Amortization, depreciation and impairment	50.6	47.6	101.0	94.9
EBITDA	48.9	66.6	76.1	121.6
Non-recurring items				
Strategic costs	0.0	11.7	1.1	11.7
Increase in PRI pension liabilities	-13.5	0.0	0.0	0.0
Adjusted EBITDA	35.4	78.3	77.1	133.3

Adjusted EBITDA shows the operating profit/loss before amortization, depreciation, and impairment adjusted for non-recurring items. Non-recurring items: refer to the items that are not occur yearly and are separated from usual business.

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
OPERATING PROFIT/LOSS, MSEK				
Profit/loss before tax	-58.3	-31.0	-124.3	-68.5
Financial items	-56.6	-50.0	-99.4	-95.1
Operating profit/loss	-1.7	19.0	-24.9	26.6

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

	3 MONTHS APR - JUN 2022	3 MONTHS APR - JUN 2021	6 MONTHS JAN - JUN 2022	6 MONTHS JAN - JUN 2021
OPERATING MARGIN, %				
Operating profit/loss, in MSEK	-1.7	19.0	-24.9	26.6
Net sales, in MSEK	854.6	852.9	1 714.0	1 683.2
Operating margin	-0.2	2.2	-1.5	1.6

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

	2022-06-30	2021-06-30	2021-12-31
NET DEBT, MSEK			
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 473.5	1 460.8	1 467.2
Interest-bearing liabilities, short-term	98.9	0.0	0.0
Cash and cash equivalents	-156.7	-198.3	-196.3
Net debt	1 415.7	1 262.6	1 270.9

Net debt/net asset comprises interest-bearing liabilities excluding pension liabilities and lease liabilities.

DEFINITIONS/GLOSSARY

Number of employees: Number of employees, expressed as full-time equivalents, at the end of the year.

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

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

EBITDA: Operating profit/loss before depreciation/amortization and impairment.

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

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

Adjusted gross profit: Net sales less costs of goods sold and non-recurring items.

Adjusted EBITA: Operating profit/loss before amortization of acquisition-related intangible assets and non-recurring items.

Adjusted EBITA margin: Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA: Operating profit/loss before amortization/depreciation and impairment and nonrecurring items.

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

Net debt/net asset: Interest-bearing liabilities (excluding pension liabilities and lease liabilities) less cash and cash equivalents and interest-bearing assets at the end of the period.

Non-recurring items: Items that are not occur yearly and are separated from usual business.

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

Operating margin: Operating profit/loss as a percentage of net sales.

* Definition according to IFRS



ASSURANCE OM TRUE AND FAIR VIEW

This Interim Report has not been reviewed by the Company's auditors.

The Board of Directors hereby confirms that the Interim Report gives a true and fair view of the activities, financial position and financial performance of the Parent Company and of the group, and that it describes the material risks and uncertainties facing the Parent Company and the companies included in the group.

Borås 31 August 2022

The Board of Directors

FUTURE REPORTINGS AND EVENTS

Interim report third quarter 2022

16 November 2022

The interim report will be published and available at Ellos Groups website, www.ellosgroup.com. 31 augusti 2022.

FOR FURTHER INFORMATION

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This is information that Ellos Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CEST on August 31, 2022

ABOUT ELLOS GROUP

The Ellos Group, which includes Ellos, Jotex, Stayhard, and Homeroom, is the Nordic region's leading ecommerce group. Working closely with our millions of customers, we are constantly striving to develop and offer attractive and sustainable fashion and household items for the entire family. Our focus is always on the customer. We continuously work to develop our business through innovation, creativity, and sustainability. The Ellos Group, headquartered in Borås, Sweden, and with operations in all Nordic countries and in selected markets in Europe.

www.ellosgroup.com

