

# ELLOS GROUP

FNG Nordic AB (publ) group\*\*

## INTERIM REPORT JANUARY – DECEMBER 2020

### THE FOURTH QUARTER

- Net sales totalled SEK 993.3 million.
- The gross margin amounted to 52.1 %.
- The operating profit/loss\* amounted to SEK 75.5 million. The operating margin\* was 7.6%.
- Adjusted EBITA\* amounted to SEK 99.4 million. The adjusted EBITA margin\* stood at 10.0%.
- Adjusted EBITDA\* amounted to SEK 121.8 million. The adjusted EBITDA margin\* stood at 12.3%.
- Cash flow from operating activities amounted to SEK 89.4 million.
- Operating cash flow\*, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK 72.1 million.
- Cash and cash equivalents amounted to SEK 320.7 million.

### FULL YEAR 2020

- Net sales totalled SEK 3,174.9 million.
- The gross margin amounted to 47.3%.
- The operating profit/loss\* amounted to SEK 58.0 million. The operating margin\* was 1.8%.
- Adjusted EBITA\* amounted to SEK 290.2 million. The adjusted EBITA margin\* stood at 9.1%.
- Adjusted EBITDA\* amounted to SEK 381.5 million. The adjusted EBITDA margin\* stood at 12.0%.
- Cash flow from operating activities amounted to SEK 131.4 million.
- Operating cash flow\*, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK 95.1 million.
- Cash and cash equivalents amounted to SEK 320.7 million.

FINANCIALS KPI'S, AMOUNT IN MSEK	3 MONTHS	12 MONTHS	26 NOV-
	OCT – DEC 2020	JAN – DEC 2020	31 DEC 2019
Net sales	993,3	3 174,9	262,2
Gross margin, %	52,1	47,3	50,7
Adjusted gross margin, %	52,1	52,4	50,7
Operating profit/loss	75,5	58,0	-28,2
Operating margin, %	7,6	1,8	-10,8
Adjusted EBITA	99,4	290,2	37,4
Adjusted EBITA- margin, %	10,0	9,1	14,3
Adjusted EBITDA	121,8	381,5	46,5
Adjusted EBITDA- margin, %	12,3	12,0	17,7
Profit/loss for the period	67,2	-92,3	-53,4
Cash-flow from operations	89,4	131,4	32,9
Operating cash-flow	72,1	95,1	-903,8

\* Not defined according to IFRS. See page 19.

\*\*The interim report is prepared by FNG Nordic AB (publ). In the interim report, however, FNG Nordic AB (publ) is instead referred to as Ellos Group.

## CEO COMMENTS

### A POSITIVE END OF A STRONG YEAR!

During the fourth quarter, Ellos Group continues the progress seen during the year, with significant increases in both sales and result. This development comprises the whole quarter with its peak during Black Week when sales increased by almost 50% despite lower discount levels than last year. During the year, we have welcomed many new customers and during Black Week alone, more than 100.000 new customers chose to purchase from one of our brands. Our web sites had more than 8 million visits during the week. The significant improvements made by Ellos Group in IT and Logistics to create a smooth, personal, and effortless shopping experience online, are one of the important explanations for this result. During the fourth quarter, the adjusted EBITA margin amounted to 10,0% and the adjusted EBITDA margin to 12,3%.

For the full year, sales increased by 18%. The development within the home segment has been very strong during the year, which has been noted for a longer period, but during 2020 the category has also increased due to the Covid-19 pandemic which has led to that many customers spend much time in their homes. Sports and Electronics have also been successful categories during the year. Clothes and fashion have been negatively impacted by Covid-19 as social activities with friends and family have been cancelled and fashion categories such as dresses and tops are not purchased to the same extent as before the pandemic. Swim wear has also been a challenge as travelling abroad has decreased severely. Even though casual comfortable clothes, together with sport and leisure have performed well during the year, this does not weigh up the drop in more party related fashion wear such as dresses and tops, together with swim and beach wear.

As 2020 was a very successful year, all employees were given an extraordinary bonus of 5 000 SEK. The cost for this bonus is taken in the fourth quarter. Adjusted EBITA for the full year amounts to 290,2 MSEK with a margin of 9,1%. Corresponding figures for adjusted EBITDA are 381,5 MSEK and 12,0%. While the business shows a strong result for the year, 2020 has also been a year in which we have looked ahead and implemented a number of projects to strengthen the customer experience, our operative capability and given customers outside the Nordic region the possibility to purchase our products. In the beginning of the year, we launched a new function for financial services, Elpy, which is a digital, mobile and scalable platform which improves the customer experience when purchasing and paying for products. Elpy has also ensured that Stayhard and Homeroom now can generate income from financial services. In February we opened our new warehouse building in Borås for furniture and other large home products. The new warehouse has enabled a possibility for continued growth, more efficient ways of working, consolidation of warehouses, and a better service offer to our customer.

During the year, we have also launched new web sites for Ellos, Jotex, and Homeroom, which have led to that the customer get a faster, easier, and more inspiring user experience designed for the mobile. Customers are offered an improved user friendliness and personalization which improve the relevance for each customer. At the end of the year, we took an important step in our strategy when we launched one of our brands outside the Nordic region. The first step in this expansion was to launch Jotex in Germany and Poland in December 2020, and the Netherlands and Austria in the beginning of 2021. Based upon how the business have started, it looks very promising.

FNG Nordic AB is part of the Belgian FNG group. A number of the companies in Belgium and the Netherlands within the FNG group, filed for bankruptcy in July 2020. FNG Nordic AB and Ellos Group are not part of those proceedings. Due to the bankruptcies within the FNG group, the planned purchasing co-operation cannot be implemented. As a consequence, Ellos Group reserved 158,6 MSEK, corresponding to the pre-payment and entry fee paid. This is included in the operating profit but is treated as non-recurring item in the adjusted EBITA and adjusted EBITDA. The cash flow for the year is fully impacted by these payments.

Despite the mentioned payments, Ellos Group shows a positive operating cash flow for the full year, amounting to 95,1 MSEK. The Net debt decreases to 1 134 MSEK, meaning that liquidity is strong with an undrawn revolving credit facility and 320,7 MSEK in cash at hand.

With a strong year behind us as and a positive momentum, we look forward with excitement to the rest of 2021.

Paul Lembrechts, CEO of FNG Nordic AB (publ).

## COVID-19

For Ellos Group, with its already strong position in the market, Covid-19 has affected the sales positively when it comes to home interior and some other categories connected to the customers spending more time in their homes such as Electronics, Leisure, Sportswear and Beauty. In line with the whole Retail sector, Ellos Group is experiencing an overall negative impact on Apparel and Shoes. Even if casual comfortable clothes and sleepwear, together with sport and leisure have had a strong year, it's not enough to compensate for the negative impacts in party related categories such as dresses and tops together with swim and beach wear.

In terms of our operations the impact has been limited. In line with the recommendations from The Swedish Public Health Agency and other authorities, Ellos Group promptly implemented extensive measures to ensure a safe work environment whilst staying operational. Among other things, Ellos Group introduced a work from home policy for employees who have the opportunity, and strongly encouraged employees to stay at home when sick. On October 30, the day after the Swedish Public Health Agency tightened the general guidelines in the Västra Götaland region, Ellos Group also tightened its approach accordingly. The Ellos Group is maintaining an ongoing dialogue with all employees to continuously inform them about the situation.

When it comes to the supply chain, we already from the start of the pandemic implemented a close cooperation with our diversified network of suppliers to maintain a continuous supply of products. The global sourcing platform has a balanced geographic exposure which combined with relevant stock levels has contributed to a stable availability of goods so far. During the second half of the year we have seen delays in deliveries to our warehouse but without any material impact on sales.

We monitor the entire delivery situation and right now we are experiencing disturbances, especially in India and Europe, which is why we have a special focus on these regions now. So far, there is only a minor and fully manageable impact on Ellos Group, but depending on how the situation develops, it may change. We are for that reason looking for and contracting alternative suppliers in other areas for specific categories. Regarding the overall supply situation, the close cooperation with partners is critical to succeed. The Ellos Group top of mind awareness is to protect both flow of goods as well as the people involved in production. At the end of last year a challenging situation arose when the demand for freight from Asia for quarter 1 widely surpassed the supply. The lack of capacity was primarily driven by a lack of containers in Asia. After an intense search for solutions, the situation is now under control and the transports which were intended to leave port before the Chinese New Year have to a large extent done so, however, with some delays and to significantly higher prices.

Even though Ellos Group so far has had limited negative impact from covid-19 and the business is developing very positively, the situation continues to be characterized by a high degree of uncertainty. Despite this, Ellos Group has a positive view on the business.



## FOURTH QUARTER 2020

### SALES

Net sales for the period amounted to SEK 993.3 million, which means a continued strong increase. The product groups in the home, sport and electronic categories are the ones with the most significant increases.

### RESULTS

Gross profit for the period amounted to SEK 517.9 million and the gross margin was 52.1 percent.

The operating profit/loss for the fourth amounted to SEK 75.5 million. Selling expenses for the third quarter amounted to SEK 356.3 and administrative expenses amounted to SEK 96.8 million.

Adjusted EBITA amounted to SEK 99.4 million and adjusted EBITDA amounted to SEK 121.8 million.

### CASH FLOW

Cash flow from operating activities amounted to SEK 89.4 million. The cashflow includes bond loan interest expenses amounting to SEK 24.9 million.

Inventories were SEK 551.3 (529.4) million at the end of December which is normal for the period even though the strong demand during the season in general and the fourth quarter in particular has reduced the need for sales before the new year. The decrease by SEK 5.2 million during the quarter, has had a positive effect on cash flow.

Accounts payable amounted to 288.5 (222.5) million and were at the end of December SEK 41.6 million higher than they were at the end of September which had a positive effect on cash flow during the quarter.

Cash flow from investments totalled SEK -17.3 million, where the biggest part of it was related to investments in IT structure for development projects as well as investments in logistics.

Operating cash-flow amounted to SEK 72.1 million.

Cash flow from financing activities amounted to SEK -12.2 million, which comprised change in the group's lease liability.

Cash flow for the period totalled SEK 59.9 million.



## THE FULL YEAR 2020

### SALES

Net sales for the full year amounted to SEK 3,174.9 million and developed positively during the year. The Group has shown growth every quarter. It is mainly the product groups within furniture and home furnishings that are responsible for the positive development, but electronics as well as sport and leisure have increased their sales.

### RESULTS

Gross profit for the period amounted to SEK 1,502.4 million and the gross margin was 47.3%. Gross profit has been negatively affected by the reserve made for the intended collaboration regarding purchases within the FNG NV Group. Adjusted for this non-recurring item of SEK 158.6 million, the gross profit amounted to SEK 1,661.0 million and the gross margin to 52.3 percent.

The operating profit/loss that was also affected by the above mentioned reserve amounted to SEK 58.0 million. Selling expenses amounted to SEK 1,134.0 million while administrative expenses amounted to SEK 343.1 million.

Adjusted EBITA amounted to SEK 290.2 million and adjusted EBITDA amounted to SEK 381.5 million.

### CASH FLOW

Cash flow from operating activities amounted to SEK 131.4 million and was impacted positively by the change in working capital of SEK 67.3 million and also the cash flow from operating activities had a positive impact of SEK 64.2 million. Cash flow from operating activities includes interest expenses of SEK 104.6 million relating to the group's bond loans and payments made within the framework of the intended purchasing collaboration with FNG, which amounted to SEK 158.6 million

Cash flow from investments totalled SEK -36.3 million, where the biggest part of it was related to investments in the IT structure for development projects as well as investments in logistics.

Operating cash-flow amounted to SEK 95.1 million.

Cash flow from financing activities amounted to SEK -46.5 million, which comprised change in the group's lease liability.

Cash flow for the period totalled SEK 48.6 million.

Net debt\* amounted to SEK 1,133.8 million.

### FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents amounted to SEK 320.7 (272.0) million. The group has a solid financial position with access to liquidity both in terms of cash at hand and the revolving credit facility. The credit facility amounted to SEK 350.0 (350.0) million and was on the balance sheet date only used for guarantees provided by the bank amounting to SEK 116.2 (53.6) million.

\*See definitions on page 19.



## SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

A summary of effects on the group due to covid-19 can be found on page 3.

The Group has started a launch in Europe with the Jotex brand. On the first of December, Jotex opened in Germany and on December 15, the business was started in Poland.

## EVENTS AFTER CLOSING DATE

The European launch has continued with The Netherlands, where the Jotex site was opened on January 19, followed by Austria which was launched on February 2.

## NUMBER OF EMPLOYEES

As at 31 December 2020, the group had 551 employees.

## RISKS AND UNCERTAINTIES

The group is exposed to a number of risks that can impact the business and the result. The risks that have been identified are founded in areas such as, currency risk, interest rate risk, credit risk, competition, fashion trends, import restrictions, weather, economic fluctuations and data integrity. For more detailed information we refer to FNG Nordic AB's annual report for 2019.

With Covid-19, the group has made a further review of previously identified risks in order to ascertain whether any change in position is required. Particular attention has been paid to risks in the supply chain, valuation of inventories and credit losses. The group currently assesses minor manageable disruptions in deliveries from certain locations. The supply of containers in Asia together with the development of shipping costs are areas that the group monitors. Inventories are current, at a satisfactory level and the proportion of older obsolete inventory is low. No increased credit losses or credit risks have been noticed. Group management monitors closely the Group's risks to pay attention if any change occurs.

FNG Nordic AB is a party to an ongoing arbitration procedure where the previous owners of Ellos Group have made claims against the buyer FNG NV in Belgium but also against FNG Nordic AB in its capacity as the company that made the acquisition of Ellos Group. The question concerns, among other things, the value of the payment for Ellos Group. This is an ongoing negotiation which is primarily handled by FNG NV in Belgium. FNG Nordic disputes all the points made by the previous owners.

## PLEDGED ASSETS

The group's assets pledged as collateral for financing from Swedbank AB (publ) and the issued bond consist of shares and corporate mortgages in subsidiaries, SEK 253.5 (433.6) million and corporate mortgages in some of the group's companies, SEK 11,278.8 (1,669.3) million and mortgages on major intra-group loans.

## CONTINGENT LIABILITIES

After the balance sheet date, the Group has received a decision following an ongoing tax audit in the subsidiary Ellos Finland OY. The remark refers to that the company's financial services operations are VAT liable and concern the years 2018 and 2019. The Finnish Tax Agency has applied VAT on the company for the two years with a total of EUR 1.2 million (SEK 11.7 million). If the corresponding approach were to be applied to 2020 revenues, it would mean that additional VAT of EUR 0.4 million (SEK 4.3 million) should be paid. This decision will be appealed and the Group believes that there are good opportunities for a positive outcome

## PARENT COMPANY

The Parent Company's operating profit/loss amounted to SEK 0.0 million for the fourth quarter while the operating profit/loss for the year was SEK 0.6 million. The Parent Company's income consists of intra-group services and the main costs was staff costs. Net financial income/expense amounted to SEK -29.6 million for the fourth quarter and to -124.4 million for the year and primarily comprised interest on issued bonds.



DISTRUBUTION OF NET SALES AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
Revenue from agreements with customers	910,9	2 863,9	234,0
Additional purchase price Resurs Bank	82,4	311,0	28,2
<b>Total</b>	<b>993,3</b>	<b>3 174,9</b>	<b>262,2</b>

NET SALES PER COUNTRY WHERE THE CUSTOMER IS LOCATED, AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
Sweden	575,6	1 794,0	154,7
Norway	183,9	566,4	40,9
Finland	149,4	539,7	44,2
Denmark	75,1	248,5	22,0
Other	9,3	26,3	0,4
<b>Net sales</b>	<b>993,3</b>	<b>3 174,9</b>	<b>262,2</b>

OTHER INCOME, AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
Rental income	0,9	5,0	0,3
Royalties	4,1	12,0	3,0
Other	9,4	23,6	5,5
<b>Other income</b>	<b>14,4</b>	<b>40,6</b>	<b>8,8</b>



CONSOLIDATED INCOME STATEMENT, AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
Net sales	993,3	3 174,9	262,2
Cost of goods sold	-475,4	-1 672,5	-129,3
<b>Gross profit</b>	<b>517,9</b>	<b>1 502,4</b>	<b>132,9</b>
Selling expenses	-356,3	-1 134,0	-90,8
Administrative expenses	-96,8	-343,1	-79,1
Other income	14,4	40,6	8,8
Other costs	-3,7	-7,9	0,0
<b>Operating profit/loss</b>	<b>75,5</b>	<b>58,0</b>	<b>-28,2</b>
Financial income	2,4	8,7	1,3
Financial costs	-38,1	-163,3	-12,7
<b>Financial items</b>	<b>-35,7</b>	<b>-154,6</b>	<b>-11,4</b>
Profit/loss before tax	39,8	-96,6	-39,6
Income tax	27,4	4,3	-13,8
<b>Profit/loss for the period</b>	<b>67,2</b>	<b>-92,3</b>	<b>-53,4</b>
Attributable to:			
Parent company's shareholders	67,2	-92,3	-53,4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
<b>Profit/loss for the period</b>	<b>67,2</b>	<b>-92,3</b>	<b>-53,4</b>
<b>Items not to be returned to the income statement</b>			
Actuarial gains/losses	4,6	4,6	1,2
Tax effect	-1,0	-1,0	-0,3
<b>Items not to be returned to the income statement</b>	<b>3,7</b>	<b>3,7</b>	<b>1,0</b>
<b>Items that can later be reversed to the income statement</b>			
Translation differences for the period	-5,7	13,0	-0,7
Cash-flow hedges change in value	-69,6	-57,6	-20,5
Cash-flow hedges returned to the income statement	21,2	21,6	0,7
Tax effect	9,9	7,3	4,2
<b>Items that can later be reversed to the income statement</b>	<b>-44,2</b>	<b>-15,7</b>	<b>-16,3</b>
<b>Comprehensive income</b>	<b>26,7</b>	<b>-104,4</b>	<b>-68,7</b>
Attributable to:			
Parent company's shareholders	26,7	-104,4	-68,7



CONSOLIDATED STATEMENT OF FINANCIAL POSITION, AMOUNT IN MSEK	2020-12-31	2019-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	1 793,7	1 872,5
Tangible fixed assets	658,9	708,6
Long-term receivables	3,4	3,1
Deferred tax receivables	57,2	31,7
<b>Total fixed assets</b>	<b>2 513,2</b>	<b>2 615,9</b>
<b>Current asset</b>		
Inventories	551,3	529,4
Contract assets	31,2	36,0
Account receivables	37,1	59,5
Current receivables from group companies	12,8	7,7
Other current assets	165,9	65,5
Cash & cash equivalents	320,7	272,0
<b>Total current assets</b>	<b>1 119,0</b>	<b>970,1</b>
<b>TOTAL ASSETS</b>	<b>3 632,2</b>	<b>3 586,0</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to parent company shareholders	464,0	552,9
<b>Total Equity</b>	<b>464,0</b>	<b>552,9</b>
<b>Long-term liabilities</b>		
Bond	1 454,5	1 443,5
Long-term lease liabilities	482,9	525,6
Other long-term liabilities	37,7	10,8
Deferred tax liabilities	208,8	228,9
Provision for pensions	165,2	170,0
<b>Total Long-term liabilities</b>	<b>2 349,1</b>	<b>2 378,8</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	0,0	0,0
Current lease liabilities	63,4	65,3
Accounts payable	288,5	222,5
Other current liabilities	467,2	366,5
<b>Total Current liabilities</b>	<b>819,1</b>	<b>654,3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 632,2</b>	<b>3 586,0</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, AMOUNT IN MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit of the year	Total Equity
<b>OPENING BALANCE AT JANUARY 1, 2020</b>	<b>0,5</b>	<b>664,3</b>	<b>-0,7</b>	<b>-15,6</b>	<b>-95,7</b>	<b>552,9</b>
Comprehensive income						
Profit/loss for the period					-92,3	-92,3
<b>Other comprehensive income</b>						
Cash flow hedges						
Change in fair value for the year				-57,6		-57,6
Transferred to the income statement				21,6		21,6
Translation differences			13,0			13,0
Actuarial gains/losses					4,6	4,6
Tax attributable to items in other comprehensive income				7,3	-1,0	6,3
<b>Other comprehensive income, after tax</b>	<b>0,0</b>	<b>0,0</b>	<b>13,0</b>	<b>-28,7</b>	<b>3,7</b>	<b>-12,1</b>
<b>Comprehensive income</b>	<b>0,0</b>	<b>0,0</b>	<b>13,0</b>	<b>-28,7</b>	<b>-88,7</b>	<b>-104,4</b>
<b>Transactions with shareholders</b>						
Contribution received in connection with acquisition of subsidiary		15,6				15,6
Dividends					0,0	0,0
<b>Transactions with shareholders</b>	<b>0,0</b>	<b>15,6</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>15,6</b>
<b>BALANCE AT DECEMBER 31, 2020</b>	<b>0,5</b>	<b>679,9</b>	<b>12,3</b>	<b>-44,3</b>	<b>-184,4</b>	<b>464,0</b>



CONSOLIDATED CASH FLOW STATEMENT, AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
Cash-flow from operations before changes in working capital	87,2	64,2	5,6
Cash-flow from changes in working capital	2,3	67,3	27,3
<b>Cash-flow from operations</b>	<b>89,4</b>	<b>131,4</b>	<b>32,9</b>
Investments			
Acquisitions	0,0	0,0	-929,8
Acquisition of intangible fixed assets	-7,2	-21,1	-1,9
Acquisition of tangible fixed assets	-10,5	-14,9	-1,9
Acquisition of financial fixed assets	0,4	-0,3	-3,1
<b>Cash-flow from investments</b>	<b>-17,3</b>	<b>-36,3</b>	<b>-936,7</b>
<b>Operating cash-flow</b>	<b>72,1</b>	<b>95,1</b>	<b>-903,8</b>
Financing activities			
Payment of fees for liabilities	0,0	-1,9	0,0
Payment of lease liabilities	-12,2	-44,6	-4,9
<b>Cash-flow from financing activities</b>	<b>-12,2</b>	<b>-46,5</b>	<b>-4,9</b>
<b>Cash-flow for the period</b>	<b>59,9</b>	<b>48,6</b>	<b>-908,7</b>
Cash and cash equivalents at beginning of period	263,4	272,0	1 180,7
Exchange rate difference in liquid assets	-2,6	0,1	0,0
<b>Cash and cash equivalents at end of period</b>	<b>320,7</b>	<b>320,7</b>	<b>272,0</b>



PARENT COMPANY INCOME STATEMENT, AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
Net sales	4,0	20,5	0,5
<b>Gross profit</b>	<b>4,0</b>	<b>20,5</b>	<b>0,5</b>
Administrative expenses	-4,0	-19,9	-4,8
<b>Operating profit</b>	<b>0,0</b>	<b>0,6</b>	<b>-4,3</b>
<b>Financial items</b>			
Interest income	2,9	11,6	1,5
Interest costs	-32,5	-136,1	-28,6
<b>Financial items</b>	<b>-29,6</b>	<b>-124,4</b>	<b>-27,1</b>
<b>Profit/loss after financial costs</b>	<b>-29,6</b>	<b>-123,8</b>	<b>-31,4</b>
Appropriations	20,0	20,0	0,0
<b>Profit/loss before tax</b>	<b>-9,6</b>	<b>-103,8</b>	<b>-31,4</b>
Income tax	-2,6	0,5	0,0
<b>Profit/loss for the period</b>	<b>-12,2</b>	<b>-103,3</b>	<b>-31,4</b>

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, AMOUNT IN MSEK	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
Profit/loss for the period	-12,2	-103,3	-31,4
<b>Comprehensive income</b>	<b>-12,2</b>	<b>-103,3</b>	<b>-31,4</b>



PARENT COMPANY'S BALANCE SHEET, AMOUNT IN MSEK	2020-12-31	2019-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
Shares in subsidiaries	1 669,3	1 679,4
Deferred tax assets	0,5	0,0
Long-term receivables	2,0	0,0
<b>Total Fixed assets</b>	<b>1 671,8</b>	<b>1 679,4</b>
<b>Current assets</b>		
Contract assets	2,1	1,5
Receivables from group companies	362,5	456,2
Tax assets	0,2	0,0
Other current assets	0,0	0,0
Prepayments and accrued income	0,2	0,1
Cash and bank	4,8	0,8
<b>Total Current assets</b>	<b>369,7</b>	<b>458,6</b>
<b>Total assets</b>	<b>2 041,6</b>	<b>2 138,0</b>
<b>EQUITY AND LIABILITIES</b>		
Restricted equity	0,5	0,5
Non-restricted equity	524,5	612,2
<b>Total Equity</b>	<b>525,0</b>	<b>612,7</b>
<b>Long-term liabilities</b>		
Bond issue	1 454,5	1 443,5
Long-term liabilities	36,1	0,0
<b>Total Long-term liabilities</b>	<b>1 490,5</b>	<b>1 443,5</b>
<b>Current liabilities</b>		
Liabilities to group companies	0,1	0,0
Other current liabilities	0,2	0,1
Accrued expenses and prepaid income	25,8	81,7
<b>Total Current liabilities</b>	<b>26,1</b>	<b>81,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 041,6</b>	<b>2 138,0</b>

FINANCIALS KPI'S, AMOUNT IN MSEK,	3 MONTHS OCT – DEC 2020	3 MONTHS JUL - SEP 2020	3 MONTHS APR – JUN 2020	3 MONTHS JAN – MAR 2020	26 NOV- 31 DEC 2019
Net sales	993,3	778,0	763,1	640,5	262,2
Gross profit	517,9	252,5	417,7	314,3	132,9
Gross margin. %	52,1	32,5	54,7	49,1	50,7
Adjusted gross profit	517,9	411,1	417,7	314,3	132,9
Adjusted gross margin. %	52,1	52,8	54,7	49,1	50,7
Operating profit/loss	75,5	-98,5	105,7	-24,7	-28,2
Operating margin. %	7,6	-12,7	13,9	-3,9	-10,8
EBITA	99,4	-74,6	129,6	-0,8	-20,2
Adjusted EBITA	99,4	85,0	104,8	0,9	37,4
Adjusted EBITA-margin. %	10,0	10,9	13,7	0,1	14,3
EBITDA	121,7	-51,3	152,8	21,7	-11,1
Adjusted EBITDA	121,8	108,3	128,0	23,4	46,5
Adjusted EBITDA-marginal. %	12,3	13,9	16,8	3,6	17,7
Financial items	-35,7	-41,9	-40,5	-36,6	-11,4
Profit/loss before tax	39,8	-140,4	65,2	-61,3	-39,6
Profit/loss for the period	67,2	-150,7	41,0	-49,9	-53,4
Cash-flow from operations	89,4	127,8	13,6	-99,3	32,9
Operating cash-flow	72,1	123,8	8,2	-108,9	-903,8
Cash-flow for the period	59,9	110,1	-31,6	-89,8	-908,6
Balance sheet total at the end of the period	3 632,2	3 605,2	3 645,1	3 736,6	3 586,0
Cash and cash equivalents at end of period	320,7	263,4	202,7	240,3	272,0
Inventories at the end of the period	551,3	556,5	486,6	539,9	529,4
Equity at the end of the period	464,0	437,3	588,8	558,1	552,9
Net debt	1 133,8	1 187,9	1 245,6	1 236,1	1 171,5
Number of employees at the end of the period	551	522	521	530	517





# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

FNG Nordic 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.

FNG Nordic AB is a subsidiary of FNG Finance Belgium BVBA, whose registered office is in Belgium, and the company is a part of the in Belgium listed group FNG NV.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### General information

The consolidated financial statements for FNG Nordic 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 2019.

The comparative figures for the Group refer to the period November 26, 2019. This financial report thus contains no comparative figures for previous years other than those that apply to closing values as of December. This is due to the parent company's acquisition of the shares in Ellos Group Holding AB on November 26, 2019.

New and changed amendments together with new interpretations which come into effect on 1 January 2020 are not expected to have a significant impact on the group's financial statements.

### Parent Company's accounting policies

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.

The changes in RFR 2 which come into effect on 1 January 2020 are not expected to have a significant impact on Parent Company's financial statements.

## 3. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company's executive management and Board to make estimates and judgements and also to make assumptions that affect the application of the accounting policies and the recognized assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgements.

Important estimates and assessments appear in the annual report for 2019. In addition to estimates and assessments for 2019, which are unchanged, management has made an additional assessment regarding current tax where the booked provision, SEK 158.6 million, regarding an intended collaboration with the FNG NV Group (see page 5) has been treated as a deductible expense for 2020 despite the fact that the final decision in the bankruptcy has not yet been received. The Group considers it unlikely that they will receive a distribution in the bankruptcy. The group has particularly assessed the need for changed estimates and assessments in connection with the preparation of the interim report, as a consequence of covid-19. This review has not given rise to a need for any changes in estimates and assessments.

## 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 2019 for FNG Nordic AB.

## 5. FAIR VALUE FINANCIAL INSTRUMENTS

The group's financial instruments measured at fair value as at 31 December 2020 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 27.3 (21.9) million and derivative contracts with negative values amounted to SEK 65.1 (18.1) 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.

## 6. BUSINESS COMBINATIONS

### Acquisition of subsidiaries

On 26 November 2019 FNG Nordic AB (publ) acquired all the shares in Ellos Group Holding AB. The purchase price was initially valued at SEK 1,615 million but has been recalculated to SEK 1,630 million from the previous SEK 1,615 million through an updated valuation of the underlying instruments included as payment of the acquisition. A total of SEK 951 million was paid in cash and SEK 680 million was paid through, among other things, shares in FNG NV and other instruments, which were received as shareholder contributions in FNG Nordic AB. The increase that the updated valuation gave rise to SEK 15 million was reported as shareholder contributions during the second quarter of 2020. The changed calculation has entailed an increase in goodwill by SEK 15 million from earlier SEK 662 million to the current 677 million.

## 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 OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
<b>GROSS PROFIT, AMOUNT IN MSEK</b>			
Net sales	993,3	3 174,9	262,2
Cost of goods sold	-475,4	-1 672,4	-129,3
<b>Gross profit</b>	<b>517,9</b>	<b>1 502,4</b>	<b>132,9</b>

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

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
<b>GROSS MARGIN %</b>			
Gross profit, in MSEK	517,9	1 502,4	132,9
Net sales, in MSEK	993,3	3 174,9	262,2
<b>Gross margin</b>	<b>52,1</b>	<b>47,3</b>	<b>50,7</b>

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

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
<b>ADJUSTED GROSS PROFIT, AMOUNT IN MSEK</b>			
Net sales	993,3	3 174,9	262,2
Cost of goods sold	-475,4	-1 672,4	-129,3
<b>Gross profit</b>	<b>517,9</b>	<b>1 502,4</b>	<b>132,9</b>
<b>Non-recurring items</b>			
Reserve of cooperation regarding purchasing platform	0,0	158,6	0,0
<b>Adjusted gross profit</b>	<b>518,0</b>	<b>1 661,0</b>	<b>132,9</b>

Adjusted gross profit shows the difference between net sales and cost of goods sold adjusted for non-recurring items which refers to items that not occur yearly and are separated from usual business.

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
<b>ADJUSTED GROSS MARGIN %</b>			
Adjusted gross profit, in MSEK	518,0	1 661,0	132,9
Net sales, in MSEK	993,3	3 174,9	262,2
<b>Adjusted gross margin</b>	<b>52,1</b>	<b>52,3</b>	<b>50,7</b>

Adjusted gross margin shows adjusted gross profit in percentage to net sales.

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
<b>OPERATING PROFIT/LOSS, AMOUNT IN MSEK</b>			
Profit/loss before tax, in MSEK	39,8	-96,7	-39,6
Financial items, in MSEK	-35,7	-154,7	-11,4
<b>Operating profit/loss</b>	<b>75,5</b>	<b>58,0</b>	<b>-28,2</b>

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

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
OPERATING MARGIN %			
Operating profit/loss, in MSEK	75,5	58,0	-28,2
Net sales, in MSEK	993,3	3 174,9	262,2
<b>Operating margin</b>	<b>7,6</b>	<b>1,8</b>	<b>-10,8</b>

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

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
EBITA, AMOUNT IN MSEK			
Operating profit/loss	75,5	58,0	-28,2
Amortization of acquisition-related intangible assets	23,9	95,6	8,0
<b>EBITA</b>	<b>99,4</b>	<b>153,6</b>	<b>-20,2</b>

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

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
EBITDA, AMOUNT IN MSEK			
Operating profit/loss	75,5	58,0	-28,2
Amortization, depreciation and impairment	46,3	186,9	17,1
<b>EBITDA</b>	<b>121,7</b>	<b>244,9</b>	<b>-11,1</b>

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

	3 MONTHS OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
ADJUSTED EBITA, AMOUNT IN MSEK			
Operating profit/loss	75,5	58,0	-28,2
Amortization of acquisition-related intangible assets	23,9	95,6	8,0
<b>Non-recurring items</b>			
Strategic costs	0,0	0,0	1,1
Acquisition-related costs	0,1	-23,1	56,5
Reserve of cooperation regarding purchasing platform	0,0	158,6	0,0
Unused storage areas	0,0	1,1	0,0
<b>Adjusted EBITA</b>	<b>99,4</b>	<b>290,2</b>	<b>37,4</b>

Adjusted EBITA shows the operating profit/loss before amortization, of acquisition-related intangible assets 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 OCT – DEC 2020	12 MONTHS JAN – DEC 2020	26 NOV- 31 DEC 2019
ADJUSTED EBITDA, AMOUNT IN MSEK			
Operating profit/loss	75,5	58,0	-28,2
Amortization, depreciation and impairment	46,3	186,9	17,1
<b>EBITDA</b>	<b>121,7</b>	<b>244,9</b>	<b>-11,1</b>
<b>Non-recurring items</b>			
Strategic costs	0,0	0,0	1,1
Acquisition-related costs	0,1	-23,1	56,5
Reserve of cooperation regarding purchasing platform	0,0	158,6	0,0
Unused storage areas	0,0	1,1	0,0
<b>Adjusted EBITDA</b>	<b>121,8</b>	<b>381,5</b>	<b>46,5</b>

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

	3 MONTHS	12 MONTHS	26 NOV-
ADJUSTED EBITA MARGIN, %	OCT – DEC 2020	JAN – DEC 2020	31 DEC 2019
Net sales	993,3	3 174,9	262,2
Adjusted EBITA	99,4	290,2	37,4
<b>Adjusted EBITA- margin</b>	<b>10,0</b>	<b>9,1</b>	<b>14,3</b>

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

	3 MONTHS	12 MONTHS	26 NOV-
ADJUSTED EBITDA MARGIN, %	OCT – DEC 2020	JAN – DEC 2020	31 DEC 2019
Net sales	993,3	3 174,9	262,2
Adjusted EBITDA	121,8	381,5	46,5
<b>Adjusted EBITDA- margin</b>	<b>12,3</b>	<b>12,0</b>	<b>17,7</b>

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

NET DEBT, AMOUNT IN MSEK	2020-12-31	2019-12-31
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 454,5	1 443,5
Interest-bearing liabilities, short-term	0,0	0,0
Cash and cash equivalents	-320,7	-272,0
<b>Net debt</b>	<b>1 133,8</b>	<b>1 171,5</b>

Net debt/net asset comprises interest-bearing liabilities excluding pension liabilities and lease liabilities. Net debt/net asset indicates the extent to which the group is willing to indebt its business.

	3 MONTHS	12 MONTHS	26 NOV-
OPERATING CASH FLOW, AMOUNT IN MSEK	OCT – DEC 2020	JAN – DEC 2020	31 DEC 2019
Cash flow from operating activities	89,4	131,4	32,9
Cash flow from investments	-17,3	-36,4	-936,7
<b>Operating cash flow</b>	<b>72,1</b>	<b>95,1</b>	<b>-903,8</b>

Operating cash flow shows cash flow from operating activities before the cash flow from investment activities.



## 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 non-recurring items.

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

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.

Operating cash flow: The sum of Cash flow from operating activities and Cash flow from investment activities.

\* Definition according to IFRS



## ASSURANCE OF TRUE AND FAIR VIEW

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

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

Borås, 26 February 2021

Paul Lembrechts  
CEO

## FUTURE REPORTING AND EVENTS

Annual report 2021	30 April 2021
Annual general meeting	25 May 2021
Interim report first quarter 2021	31 May 2021

The interim report will be published and available at Ellos Groups website, [www.ellosgroup.com](http://www.ellosgroup.com). 26<sup>th</sup> of February 2021.

## FOR FURTHER INFORMATION

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## FOR TRANSLATION PURPOSES ONLY

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*This information is information that FNG Nordic AB is legally obliged to disclose in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. Through the agency of the contact persons shown above, the information was released for publication on 30th of November 2020 at 18.00 CET.*

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## ABOUT ELLOS GROUP

The Ellos Group, which includes Ellos, Jotex, Stayhard, and Homeroom, is the Nordic region's leading e-commerce 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.

[www.ellosgroup.com](http://www.ellosgroup.com)

