

# ELLOS GROUP

FNG Nordic AB (publ) group\*\*

## INTERIM REPORT JANUARY – SEPTEMBER 2020

### THE THIRD QUARTER

- Net sales totalled SEK 778.0 million.
- The gross margin amounted to 32.5 %.
- The operating profit/loss\* amounted to SEK -98.5 million. The operating margin\* was -12.7%.
- Adjusted EBITA\* amounted to SEK 85.0 million. The adjusted EBITA margin\* stood at 10.9%.
- Adjusted EBITDA\* amounted to SEK 108.3 million. The adjusted EBITDA margin\* stood at 13.9%.
- Cash flow from operating activities amounted to SEK 79.1 million.
- Operating cash flow\*, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK 75.1 million.
- Cash and cash equivalents amounted to SEK 263.4 million.

### NINE MONTHS 2020

- Net sales totalled SEK 2,181.6 million.
- The gross margin amounted to 45.1%.
- The operating profit/loss\* amounted to SEK -17.5 million. The operating margin\* was -0.8%.
- Adjusted EBITA\* amounted to SEK 190.7 million. The adjusted EBITA margin\* stood at 8.7%.
- Adjusted EBITDA\* amounted to SEK 259.7 million. The adjusted EBITDA margin\* stood at 11.9%.
- Cash flow from operating activities amounted to SEK 42.1 million.
- Operating cash flow\*, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK 23.0 million.
- Cash and cash equivalents amounted to SEK 263.4 million.

FINANCIALS KPI'S, AMOUNT IN MSEK	3 MONTHS		9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020	
Net sales	778,0		2 181,6
Gross margin, %	32,5		45,1
Adjusted gross margin, %	52,8		52,4
Operating profit/loss	-98,5		-17,5
Operating margin, %	-12,7		-0,8
Adjusted EBITA	85,0		190,7
Adjusted EBITA- margin, %	10,9		8,7
Adjusted EBITDA	108,3		259,7
Adjusted EBITDA- margin, %	13,9		11,9
Profit/loss for the period	-150,7		-159,6
Cash-flow from operations	79,1		42,1
Operating cash-flow	75,1		23,0

\* 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 CONTINUED STRONG DEVELOPMENT!

Ellos Group reported a strong quarter, similar to the preceding quarter, showing both strong sales and a strong underlying result. We have been seeing for a long time a structural change in the market where customers to a larger extent choose to shop online instead of in the physical store. Since Q2, in the wake of the ongoing pandemic, this development has accelerated, which is favorable for Ellos Group. The largest effect is primarily within the Home Interior segment, but also in other categories linked to spending more time at home and leisure / sports activities.

We see the positive development throughout all our four strong brands: Ellos, Jotex, Stayhard and Homeroom. New customer growth is significant, and we also see an increasing trend among our existing customers as they, from what we can see, choose to spend more time and a larger part of their wallet on our e-commerce platforms.

During the fourth quarter, we will meet two of the year's biggest market events - Black Friday / Black Week and Christmas shopping. As a result of 'a second wave' of the ongoing pandemic and increasing restrictions, there is a general expectation that more customers will choose to shop their Christmas gifts online and thus we expect a shift from strong to very strong growth for the overall online channel.

Ellos Group together with our partners in the distribution stage to the customer ('last mile') have prepared for a strong development in Q4. At the same time and depending on the total volume in this very important period, there are risks in the system: e.g. possible increased sick leave in production, lack of capacity in transport, delivery points and home deliveries which can affect e.g. delivery times and customer satisfaction.

In line with the development that we see in the market, the project continues to take Ellos Group out to Europe and it is progressing according to plan. Jotex brand will be launched in Germany, Poland, the Netherlands and Austria at the end of 2020 and the beginning of 2021. Already now, so-called "teaser pages" have been launched, where customers can sign up for newsletters. Given the growth Jotex has experienced in recent years and the strong home interior trend we are seeing, it will be very exciting to see how the brand is met on the continent.

We already sell our self-designed products on other platforms, and in Europe for example via Westwing. As part of reaching even more customers with our self-designed offer, we opened sales on Amazon.se during the third quarter.

Ellos Group's positive development of sales and revenue in combination with a healthy inventory position means that the underlying business generates a positive cash flow.

As previously announced during the year, Ellos Group has made a prepayment on goods within the framework of purchases within FNG of EUR 10.0 million and a payment of a start-up cost of EUR 5.0 million. In the report for the second quarter, we flagged that a write-down may be relevant as a consequence of the bankruptcies within the rest of FNG Group. For precautionary reasons, Q3 therefore contains a reserve for the entire amount. This reserve has a negative effect on operating profit/loss of SEK 158.6 million and is the reason for the quarter's negative reported operating profit/loss.

Operating cash flow in the quarter is positive by SEK 75.1 million, which gives a net debt amounting to SEK 1,187.9 million in September, compared with SEK 1,245.6 million in June and SEK 1,171.5 million at the beginning of the year. As the business generates a positive cash flow, thus the net debt decreases somewhat during the first 9 months of the year despite the previously mentioned payments. The operating credit with a bank is still unutilized and instead there is cash and cash equivalents amounting to SEK 263.4 million.

FNG Nordic AB is 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 as the company that made the acquisition of Ellos Group. The matter includes among other things the value of the payment for Ellos Group. This is an ongoing proceeding which primarily is handled by FNG NV in Belgium. FNG Nordic disputes all the claims brought forward by the previous owners.

We expect that the structural shift, albeit accelerated during the pandemic, will be of a lasting nature. This, together with a strong position in the market for our brands and significant new customer growth, provides Ellos Group with a strong starting point for a continued positive development.

In conclusion, Ellos Group stands strong, and we are hopeful for the end of the year.

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

## COVID-19

It is obvious that covid-19 has negatively affected Ellos Group's sales of fashion, while home interior and certain other categories connected to the customers spending more time in their homes such as Home interior, Electronics, Leisure, Sportswear and Beauty, have got an increased demand. In connection with the tightened general guidelines for covid-19, that have been rolled out in many regions at the turn of October to November, the initial indications are that this pattern is further strengthened.

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 general supply of containers in Asia is right now a risk area we are monitoring which could affect the merchandise supply in the beginning of 2021. The Ellos Group top of mind awareness is to protect both flow of goods as well as the people involved in production.

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. The risk level has also increased further with the recent negative development of the pandemic. Despite this, Ellos Group has a positive view on the business operations at the end of 2020.



## THIRD QUARTER 2020

### SALES

Net sales for the period amounted to SEK 778.0 million, which means a continued increase. The product groups in the home and sport categories are the ones with the most significant increases.

### RESULTS

Gross profit for the period amounted to SEK 252.5 million and the gross margin was 32.5 percent. Gross profit has been negatively affected by the reserve made by the intended collaboration regarding purchases within the FNG NV Group. (See also Significant events during the third quarter, page 6). Adjusted for this non-recurring item, reserve of SEK 158.6 million, the gross profit amounts to SEK 411.1 million and the gross margin to 52.8 percent.

The operating profit/loss for the third quarter was also affected by the above-mentioned write-down and amounted to SEK -98.5 million. Selling expenses for the third quarter amounted to SEK 280.8 million including marketing costs to which Ellos Group decided to allocate extra resources during the period. Administrative expenses amounted to SEK 82.4 million.

Adjusted EBITA amounted to SEK 85.0 million and adjusted EBITDA amounted to SEK 108.3 million.

### CASH FLOW

Cash flow from operating activities amounted to SEK 79.1 million. The cashflow includes bond loan interest expenses amounting to SEK 26.3 million.

Inventories were SEK 556.5 million at the end of September and increased by SEK 69.8 million during the quarter, which had a negative effect on cash flow.

Accounts payable were at the end of September SEK 38.8 million higher than they were at the end of June which had a positive effect on cash flow during the quarter.

Cash flow from investments totalled SEK -4.0 million, where the biggest part of it was related to investments in IT structure for development projects.

Operating cash-flow amounted to SEK 75.1 million.

Cash flow from financing activities amounted to SEK -13.7 million, which comprised change in the group's lease liability.

Cash flow for the period totalled SEK 61.4 million.



## THE FIRST NINE MONTHS 2020

### SALES

Net sales for the period amounted to SEK 2,181.6 million. Sales of furniture and home interior developed well during the first nine months of 2020 in all brands that sell these categories, i.e. Ellos, Jotex and Homeroom. Fashion (clothing and footwear) has had weaker sales where the accumulated figures are still burdened by Q1. It is worth mentioning that other product categories connected to the customers spending more time in and around their homes, such as electronics, sportswear and leisure developed strongly.

### RESULTS

Gross profit for the period amounted to SEK 984.5 million and the gross margin was 45.1%. Gross profit has been negatively affected by the reserve made of the intended collaboration regarding purchases within the FNG NV Group. (See also Significant events during the third quarter, page 6). Adjusted for this non-recurring item, reserve of SEK 158.6 million, the gross profit amounted to SEK 1,143.1 million and the gross margin to 52.4 percent. The gross margin adjusted for the above-named reserve has strengthened during the second and third quarters compared with the first quarter.

The operating profit/loss that also affected by the above-mentioned reserve amounted to SEK -17.5 million. Selling expenses amounted to SEK 777.7 million while administrative expenses amounted to SEK 246.3 million.

Adjusted EBITA amounted to SEK 190.7 million and adjusted EBITDA amounted to SEK 259.7 million.

### CASH FLOW

Cash flow from operating activities amounted to SEK 42.1 million and was impacted positive by the change in working capital of SEK 65.0 million and a negative impact of SEK -22.9 million that pertained from operating activities. Cash flow from operating activities includes interest expenses of SEK 79.7 million relating to the group's bond loan.

Cash flow from investments totalled SEK -19.1 million, where the biggest part of it was related to investments in the IT structure for development projects.

Operating cash-flow amounted to SEK 23.0 million.

Cash flow from financing activities amounted to SEK -34.4 million, which comprised change in the group's lease liability.

Cash flow for the period totalled SEK -11.4 million.

Net debt\* amounted to SEK 1,187.9 million.

### FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents amounted to SEK 263.4 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 million and was on the balance sheet date only used for guarantees provided by the bank amounting to SEK 107.6 million.

\*See definitions on page 19.



## SIGNIFICANT EVENTS DURING THE THIRD QUARTER

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

FNG Nordic AB (publ) is part of the Belgian FNG Group and, a number of the Belgian and Dutch companies within the FNG Group filed for bankruptcy. FNG Nordic AB (publ) with its subsidiaries within Ellos Group and FNG N.V. are not affected by these procedures. As a result of the bankruptcies of FNG NV's Belgian companies, the cooperation agreed by the FNG Nordic Group, through a framework agreement regarding a purchasing collaboration, will not be able to be implemented. For the FNG Nordic Group, this means that the fee and the prepayment for goods that have been paid need to be reported as an expense. Due to this, the Group has been charged with a reserve of SEK 158.6 million. This amount is equal to the amounts on prepayment and start-up costs that we have previously communicated.

FNG Nordic AB is 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 which is the company that made the acquisition of Ellos Group. The matter concerns the value of the payment which partly was made up of shares in FNG NV but also demand for prepayments of the part made up of certain loan instruments to the sellers of Ellos Group. The claims are material and if the decision would go against FNG NV and FNG Nordic AB the effects would be significant. However, the company have made the assessment that no reservation is necessary.

During the first half of 2020, Ellos and Jotex brands launched new upgraded e-commerce sites, and during the third quarter it was Homeroom's turn to get a new trading platform with improved functions. Homeroom will also, as a complement to external brands, implement the internally developed products.

## EVENTS AFTER CLOSING DATE

During the first quarter of 2020, Ellos Group introduced a function for financial services, Elpy, which facilitates the purchase and payment of goods. In November, an app was introduced for Elpy that makes the use of it even smoother. Elpy is currently used for Homeroom and Stayhard in all the group's markets and for Ellos and Jotex in Denmark. Elpy will in future be introduced to Ellos Group's other markets.

## NUMBER OF EMPLOYEES

As at 30 September 2020, the group had 522 employees.

## RISKS AND UNCERTAINTIES

The group is exposed to a number of risks that can impact 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. No changed risks have been identified. The group currently assesses minor manageable disruptions in deliveries from certain locations. In addition, the supply of containers in Asia is an area that the group monitors and which could affect deliveries of goods at the beginning of 2021. 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.

## 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 411 million and corporate mortgages in some of the group's companies, SEK 8,922 million and mortgages on major intra-group loans.

## PARENT COMPANY

The Parent Company's operating profit/loss amounted to SEK 2.4 million for the third quarter while the operating profit/loss for the first nine month 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 -34.4 million for the third quarter and to -94.8 million for the first nine month and primarily comprised interest on issued bonds.



DISTRUBUTION OF NET SALES AMOUNT IN MSEK	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Revenue from agreements with customers	702,7	1 953,0
Additional purchase price Resurs Bank	75,3	228,6
<b>Total</b>	<b>778,0</b>	<b>2 181,6</b>

NET SALES PER COUNTRY WHERE THE CUSTOMER IS LOCATED, AMOUNT IN MSEK	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Sweden	436,7	1 218,4
Norway	143,3	382,5
Finland	134,7	390,3
Denmark	57,2	173,4
Other	6,1	17,0
<b>Net sales</b>	<b>778,0</b>	<b>2 181,6</b>

OTHER INCOME, AMOUNT IN MSEK	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Rental income	1,7	4,0
Royalties	2,7	7,8
Other	7,3	14,3
<b>Other income</b>	<b>11,7</b>	<b>26,1</b>



CONSOLIDATED INCOME STATEMENT, AMOUNT IN MSEK	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
Net sales	778,0	2 181,6
Cost of goods sold	-525,5	-1 197,1
<b>Gross profit</b>	<b>252,5</b>	<b>984,5</b>
Selling expenses	-280,8	-777,7
Administrative expenses	-82,4	-246,3
Other income	11,7	26,1
Other costs	0,5	-4,1
<b>Operating profit/loss</b>	<b>-98,5</b>	<b>-17,5</b>
Financial income	2,1	6,2
Financial costs	-44,0	-125,2
<b>Financial items</b>	<b>-41,9</b>	<b>-119,0</b>
Profit/loss before tax	-140,4	-136,5
Income tax	-10,3	-23,1
<b>Profit/loss for the period</b>	<b>-150,7</b>	<b>-159,6</b>
Attributable to: Parent company's shareholders	-150,7	-159,6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, AMOUNT IN MSEK	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
<b>Profit/loss for the period</b>	<b>-150,7</b>	<b>-159,6</b>
<b>Items that can later be reversed to the income statement</b>		
Translation differences for the period	2,5	18,7
Cash-flow hedges change in value	-21,9	12,0
Cash-flow hedges returned to the income statement	17,8	0,4
Tax effect	0,8	-2,7
<b>Items that can later be reversed to the income statement</b>	<b>-0,8</b>	<b>28,4</b>
<b>Comprehensive income</b>	<b>-151,5</b>	<b>-131,2</b>
Attributable to: Parent company's shareholders	-151,5	-131,2





CONSOLIDATED STATEMENT OF FINANCIAL POSITION, AMOUNT IN MSEK	2020-09-30	2020-06-30	2019-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	1 815,5	1 840,8	1 872,5
Tangible fixed assets	665,4	683,5	708,6
Long-term receivables	3,8	45,5	3,1
Deferred tax receivables	40,8	38,9	31,7
<b>Total fixed assets</b>	<b>2 525,5</b>	<b>2 608,7</b>	<b>2 615,9</b>
<b>Current asset</b>			
Inventories	556,5	486,6	529,4
Contract assets	28,2	28,4	36,0
Account receivables	45,5	40,4	59,5
Current receivables from group companies	12,8	12,8	7,7
Other current assets	173,3	265,5	65,5
Cash & cash equivalents	263,4	202,7	272,0
<b>Total current assets</b>	<b>1 079,7</b>	<b>1 036,4</b>	<b>970,1</b>
<b>TOTAL ASSETS</b>	<b>3 605,2</b>	<b>3 645,1</b>	<b>3 586,0</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to parent company shareholders	437,3	588,8	552,9
<b>Total Equity</b>	<b>437,3</b>	<b>588,8</b>	<b>552,9</b>
<b>Long-term liabilities</b>			
Bond	1 451,3	1 448,3	1 443,5
Long-term lease liabilities	490,6	504,2	525,6
Other long-term liabilities	34,9	26,9	10,8
Deferred tax liabilities	215,6	222,0	228,9
Provision for pensions	170,8	171,4	170,0
<b>Total Long-term liabilities</b>	<b>2 363,2</b>	<b>2 372,8</b>	<b>2 378,8</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	0,0	0,0	0,0
Current lease liabilities	67,9	67,9	65,3
Accounts payable	246,9	208,1	222,5
Other current liabilities	489,9	407,5	366,5
<b>Total Current liabilities</b>	<b>804,7</b>	<b>683,5</b>	<b>654,3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 605,2</b>	<b>3 645,1</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	<b>Total Equity</b>
<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					-159,6	-159,6
<b>Other comprehensive income</b>						
Cash flow hedges						
Change in fair value for the year				12,0		12,0
Transferred to the income statement				0,4		0,4
Translation differences			18,7			18,7
Tax attributable to items in other comprehensive income				-2,7		-2,7
<b>Other comprehensive income, after tax</b>	<b>0,0</b>	<b>0,0</b>	<b>18,7</b>	<b>9,7</b>	<b>0,0</b>	<b>28,4</b>
<b>Comprehensive income</b>	<b>0,0</b>	<b>0,0</b>	<b>18,7</b>	<b>9,7</b>	<b>-159,6</b>	<b>-131,2</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 SEPTEMBER 30, 2020</b>	<b>0,5</b>	<b>679,9</b>	<b>18,0</b>	<b>-5,9</b>	<b>-255,3</b>	<b>437,3</b>



CONSOLIDATED CASH FLOW	3 MONTHS	9 MONTHS
STATEMENT, AMOUNT IN MSEK	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Cash-flow from operations before changes in working capital	-90,4	-22,9
Cash-flow from changes in working capital	169,5	65,0
<b>Cash-flow from operations</b>	<b>79,1</b>	<b>42,1</b>
Investments		
Acquisition of intangible fixed assets	-3,5	-13,9
Acquisition of tangible fixed assets	-0,3	-4,4
Acquisition of financial fixed assets	-0,2	-0,8
<b>Cash-flow from investments</b>	<b>-4,0</b>	<b>-19,1</b>
<b>Operating cash-flow</b>	<b>75,1</b>	<b>23,0</b>
Financing activities		
Payment of fees for liabilities	-0,2	-1,9
Payment of lease liabilities	-13,5	-32,5
<b>Cash-flow from financing activities</b>	<b>-13,7</b>	<b>-34,4</b>
<b>Cash-flow for the period</b>	<b>61,4</b>	<b>-11,4</b>
Cash and cash equivalents at beginning of period	202,7	272,0
Exchange rate difference in liquid assets	-0,7	2,8
<b>Cash and cash equivalents at end of period</b>	<b>263,4</b>	<b>263,4</b>



PARENT COMPANY INCOME STATEMENT, AMOUNT IN MSEK	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
Net sales	7,7	16,5
<b>Gross profit</b>	<b>7,7</b>	<b>16,5</b>
Administrative expenses	-5,3	-15,9
<b>Operating profit</b>	<b>2,4</b>	<b>0,6</b>
<b>Financial items</b>		
Interest income	2,8	8,7
Interest costs	-37,2	-103,6
<b>Financial items</b>	<b>-34,4</b>	<b>-94,8</b>
<b>Profit/loss after financial costs</b>	<b>-32,0</b>	<b>-94,3</b>
Appropriations		
<b>Profit/loss before tax</b>	<b>-32,0</b>	<b>-94,3</b>
Income tax	1,2	3,2
<b>Profit/loss for the period</b>	<b>-30,8</b>	<b>-91,1</b>

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, AMOUNT IN MSEK	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
Profit/loss for the period	-30,8	-91,1
<b>Comprehensive income</b>	<b>-30,8</b>	<b>-91,1</b>



PARENT COMPANY'S BALANCE SHEET, AMOUNT IN MSEK	2020-09-30	2020-06-30	2019-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Shares in subsidiaries	1 669,3	1 669,3	1 679,4
Deferred tax assets	3,2	2,0	0,0
Long-term receivables	1,8	1,5	0,0
<b>Total Fixed assets</b>	<b>1 674,3</b>	<b>1 672,8</b>	<b>1 679,4</b>
<b>Current assets</b>			
Contract assets	2,2	1,8	1,5
Receivables from group companies	369,5	388,7	456,2
Tax assets	0,3	0,3	0,0
Other current assets	0,2	0,1	0,0
Prepayments and accrued income	48,9	0,1	0,1
Cash and bank	3,6	2,2	0,8
<b>Total Current assets</b>	<b>424,7</b>	<b>393,1</b>	<b>458,6</b>
<b>Total assets</b>	<b>2 099,0</b>	<b>2 065,9</b>	<b>2 138,0</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	0,5	0,5	0,5
Non-restricted equity	536,7	567,5	612,2
<b>Total Equity</b>	<b>537,2</b>	<b>568,0</b>	<b>612,7</b>
<b>Long-term liabilities</b>			
Bond issue	1 500,0	1 448,3	1 443,5
Long-term liabilities	32,5	24,4	0,0
<b>Total Long-term liabilities</b>	<b>1 532,5</b>	<b>1 472,7</b>	<b>1 443,5</b>
<b>Current liabilities</b>			
Liabilities to group companies	5,1	0,1	0,0
Other current liabilities	0,2	0,3	0,1
Accrued expenses and prepaid income	24,0	24,8	81,7
<b>Total Current liabilities</b>	<b>29,3</b>	<b>25,2</b>	<b>81,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 099,0</b>	<b>2 065,9</b>	<b>2 138,0</b>



FINANCIALS KPI'S,	3 MONTHS	3 MONTHS	3 MONTHS
AMOUNT IN MSEK,	JULY – SEPTEMBER 2020	APRIL – JUNE 2020	JANUARY – MARCH 2020
Net sales	778,0	763,1	640,5
Gross profit	252,5	417,7	314,3
Gross margin. %	32,5	54,7	49,1
Adjusted gross profit	411,1	417,7	314,3
Adjusted gross margin. %	52,8	54,7	49,1
Operating profit/loss	-98,5	105,7	-24,7
Operating margin. %	-12,7	13,9	-3,9
EBITA	-74,6	129,6	-0,8
Adjusted EBITA	85,0	104,8	0,9
Adjusted EBITA-margin. %	10,9	13,7	0,1
EBITDA	-51,3	152,8	21,7
Adjusted EBITDA	108,3	128,0	23,4
Adjusted EBITDA-marginal. %	13,9	16,8	3,6
Financial items	-41,9	-40,5	-36,6
Profit/loss before tax	-140,4	65,2	-61,3
Profit/loss for the period	-150,7	41,0	-49,9
Cash-flow from operations	79,1	13,6	-50,6
Operating cash-flow	75,1	8,2	-60,3
Cash-flow for the period	61,4	-31,6	-41,1
Balance sheet total at the end of the period	3 605,2	3 645,1	3 736,6
Cash and cash equivalents at end of period	263,4	202,7	240,3
Inventories at the end of the period	556,5	486,6	539,9
Equity at the end of the period	437,3	588,8	558,1
Net debt	1 187,9	1 245,6	1 236,1
Number of employees at the end of the period	522	521	530



## 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 parent company FNG Nordic AB acquired the shares in Ellos Group Holding AB on 26 November 2019. Thus, this financial report does not contain any comparative figures previous years.

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.

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 from the annual report for 2019. Management has not made any changes in estimates and assessments compared with the most recent annual report. 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 30 June 2020 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 35.0 million and derivative contracts with negative values amounted to SEK 15.9 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.

### 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.

GROSS PROFIT, AMOUNT IN MSEK	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Net sales	778,0	2 181,6
Cost of goods sold	-525,5	-1 197,1
<b>Gross profit</b>	<b>252,5</b>	<b>984,5</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.

GROSS MARGIN %	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Gross profit, in MSEK	252,5	984,5
Net sales, in MSEK	778,0	2 181,6
<b>Gross margin</b>	<b>32,5</b>	<b>45,1</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.

ADJUSTED GROSS PROFIT, AMOUNT IN MSEK	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Net sales	778,0	2 181,6
Cost of goods sold	-525,5	-1 197,1
<b>Gross profit</b>	<b>252,5</b>	<b>984,5</b>
<b>Non-recurring items</b>		
Reserve of cooperation regarding purchasing platform	158,6	158,6
<b>Adjusted gross profit</b>	<b>411,1</b>	<b>1 143,1</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.

ADJUSTED GROSS MARGIN %	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Gross profit, in MSEK	411,1	1 143,1
Net sales, in MSEK	778,0	2 181,6
<b>Adjusted gross margin</b>	<b>52,8</b>	<b>52,4</b>

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

OPERATING PROFIT/LOSS, AMOUNT IN MSEK	3 MONTHS	9 MONTHS
	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Profit/loss before tax, in MSEK	-140,4	-136,5
Financial items, in MSEK	-41,9	-119,0
<b>Operating profit/loss</b>	<b>-98,5</b>	<b>-17,5</b>

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

	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
<b>OPERATING MARGIN %</b>		
Operating profit/loss, in MSEK	-98,5	-17,5
Net sales, in MSEK	778,0	2 181,6
<b>Operating margin</b>	<b>-12,7</b>	<b>-0,8</b>

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

	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
<b>EBITA, AMOUNT IN MSEK</b>		
Operating profit/loss	-98,5	-17,5
Amortization of acquisition-related intangible assets	23,9	71,7
<b>EBITA</b>	<b>-74,6</b>	<b>54,2</b>

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

	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
<b>EBITDA, AMOUNT IN MSEK</b>		
Operating profit/loss	-98,5	-17,5
Amortization, depreciation and impairment	47,2	140,6
<b>EBITDA</b>	<b>-51,3</b>	<b>123,1</b>

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

	3 MONTHS JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
<b>ADJUSTED EBITA, AMOUNT IN MSEK</b>		
Operating profit/loss	-98,5	-17,5
Amortization of acquisition-related intangible assets	23,9	71,7
<b>Non-recurring items</b>		
Acquisition-related costs	1,0	-23,1
Reserve of cooperation regarding purchasing platform	158,6	158,6
Unused storage areas	0,0	1,1
<b>Adjusted EBITA</b>	<b>85,0</b>	<b>190,7</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 JULY – SEPTEMBER 2020	9 MONTHS JANUARY – SEPTEMBER 2020
<b>ADJUSTED EBITDA, AMOUNT IN MSEK</b>		
Operating profit/loss	-98,5	-17,5
Amortization, depreciation and impairment	47,2	140,6
<b>EBITDA</b>	<b>-51,3</b>	<b>123,1</b>
<b>Non-recurring items</b>		
Acquisition-related costs	1,0	-23,1
Reserve of cooperation regarding purchasing platform	158,6	158,6
Unused storage areas	0,0	1,1
<b>Adjusted EBITDA</b>	<b>108,3</b>	<b>259,7</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	9 MONTHS
ADJUSTED EBITA MARGIN, %	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Net sales	778,0	2 181,6
Adjusted EBITA	85,0	190,7
<b>Adjusted EBITA- margin</b>	<b>10,9</b>	<b>8,7</b>

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

	3 MONTHS	9 MONTHS
ADJUSTED EBITDA MARGIN, %	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Net sales	778,0	2 181,6
Adjusted EBITDA	108,3	259,7
<b>Adjusted EBITDA- margin</b>	<b>13,9</b>	<b>11,9</b>

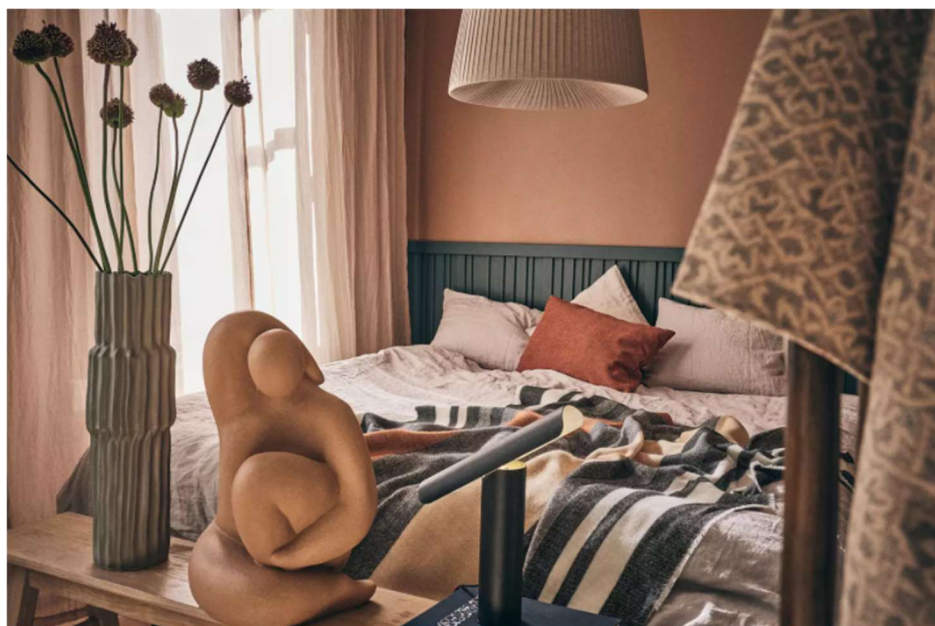
Adjusted EBITDA-margin shows the relationship between adjusted EBITDA and net sales.

NET DEBT, AMOUNT IN MSEK	2020-09-30	2020-06-30
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 451,3	1 448,3
Interest-bearing liabilities, short-term	0,0	0,0
Cash and cash equivalents	-263,4	-202,7
<b>Net debt</b>	<b>1 187,9</b>	<b>1 245,6</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 indebted its business.

	3 MONTHS	9 MONTHS
OPERATING CASH FLOW, AMOUNT IN MSEK	JULY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2020
Cash flow from operating activities	79,1	42,1
Cash flow from investments	-4,0	-19,1
<b>Operating cash flow</b>	<b>75,1</b>	<b>23,0</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, 30 Novemberst 2020

Paul Lembrechts  
CEO

## FUTURE REPORTING AND EVENTS

Interim report October - December 2020  
Annual report 2020

26 February 2021  
30 April 2021

The interim report will be published and available at Ellos Groups website, [www.ellosgroup.com](http://www.ellosgroup.com). 30<sup>th</sup> of November 2020.

## 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)

