



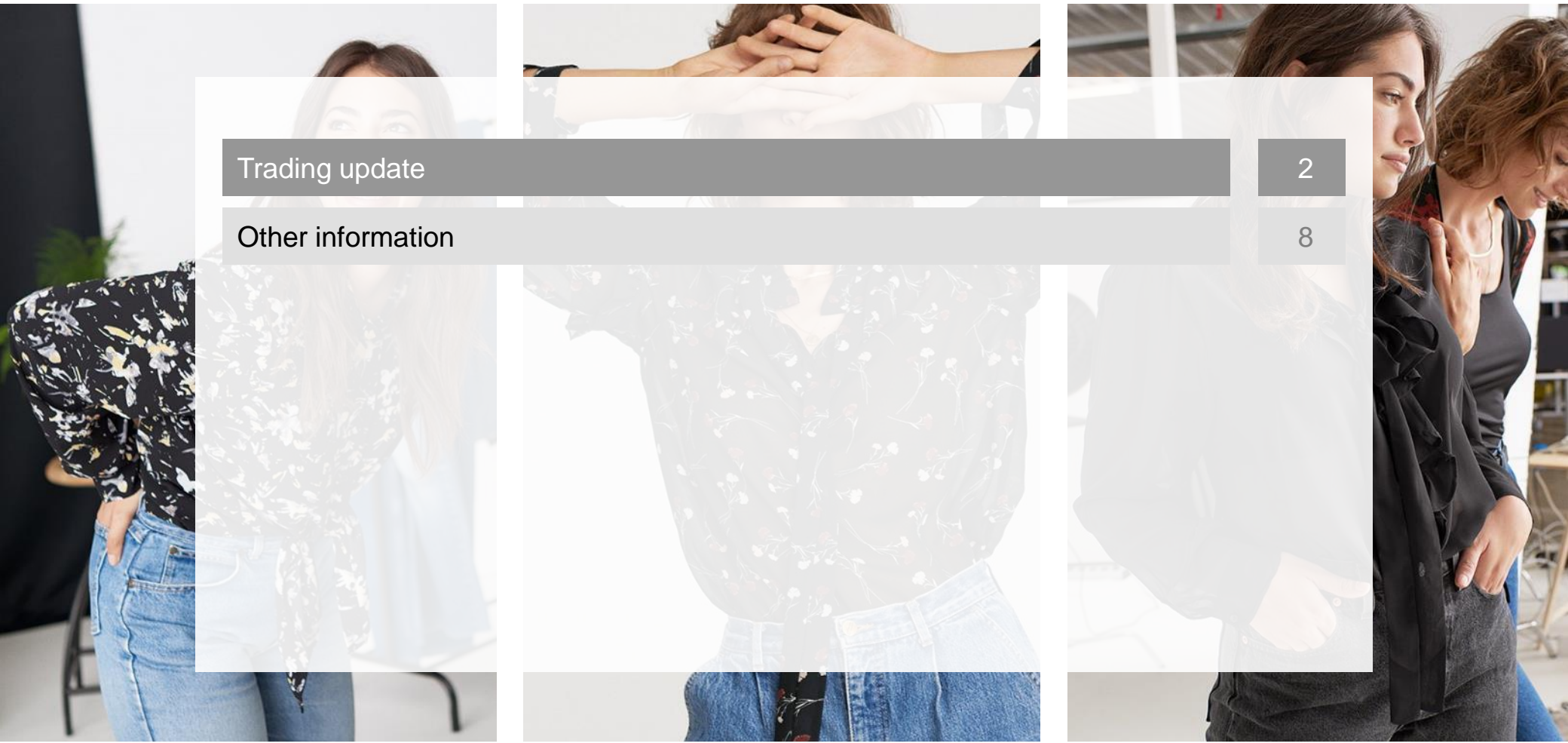
ELLOS GROUP

ellos **Jotex** STAYHARD

Q1 (incl. April) trading update
to credit investors

May 2020

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Q1 Highlights

Financial development

- The first quarter 2020 became challenging in terms of profitability with a slowdown in demand for clothing and footwear which were noticeable even before covid-19 pandemic due to a warm winter and negative effects of Black Week on seasonal sale in January. This, together with covid-19 had a negative effect on sales, merchandise margin and marketing efficiency during the first quarter.
- After the end of the first quarter, financial performance has improved significantly in terms of both sales and result.

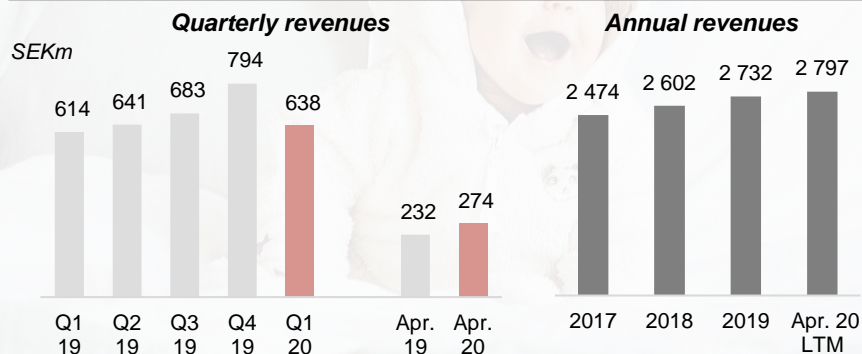
Covid-19

- Ellos Group has a positive view on the future despite the extraordinary and uncertain times from the impact of covid-19.
- Consumption and purchasing patterns have been affected in the retail sector as a whole during the corona crisis, which applies to FNG Nordic Group as well, but e-commerce is strong and the shift from physical commerce to online has accelerated.
- The Group has relatively limited disturbances, currently without any critical direct impact on the business operations.

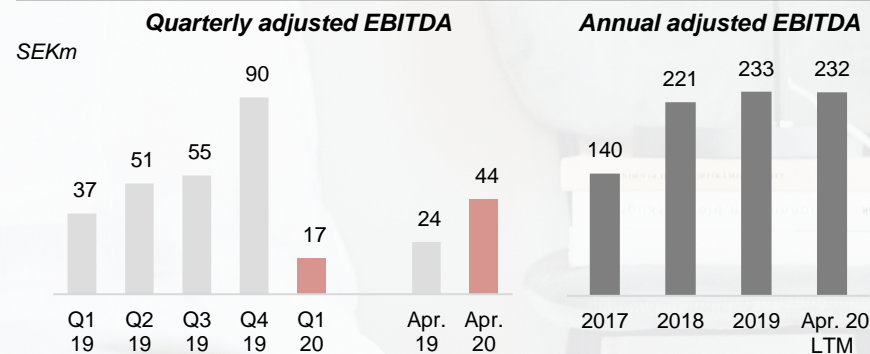
Other

- Both Ellos and Jotex launched new websites in April. The sites offers customers a trendy inspiring shopping experience in fashion and home interior with a faster user experience primarily designed for the mobile phone
- In order to enable lower purchasing costs and agent commissions, a framework agreement was signed in May for goods purchases with FNG Group NV. This agreement regulates the conditions for merchandise purchase through the FNG buying offices.

Revenue development



EBITDA development¹



Source: Management accounts

1) Please see page 10 for further details on EBITDA

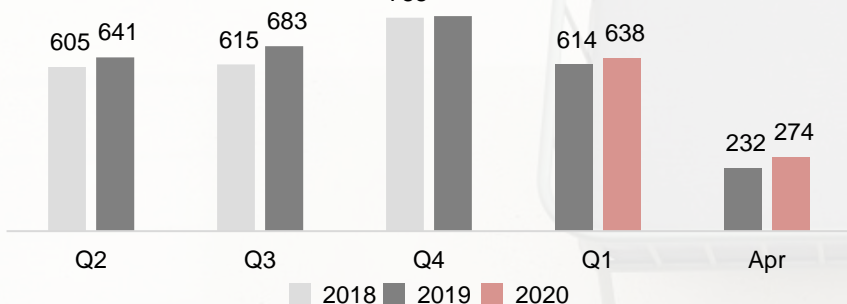
Sales development

Comments

- As the rest of retail sector the Group has experienced a large decline in sales of clothing and footwear during the latter part of the quarter. Product areas such as home interior, electronics, sportswear, leisure and beauty have had a positive growth and these categories represent more than 50 percent of total sales. Sales for Q1 grew with 4%.
- During April, home interior sales accelerated further, resulting in an overall sales increase of 18%. Also May is developing positively.
- Financial Services is decreasing on an LTM basis partly due to decreasing income from Private Loans where new products now are being introduced. Also the revenues from the payment solutions are declining due to that a large portion of the sales are driven by new customers which short term has a negative impact.

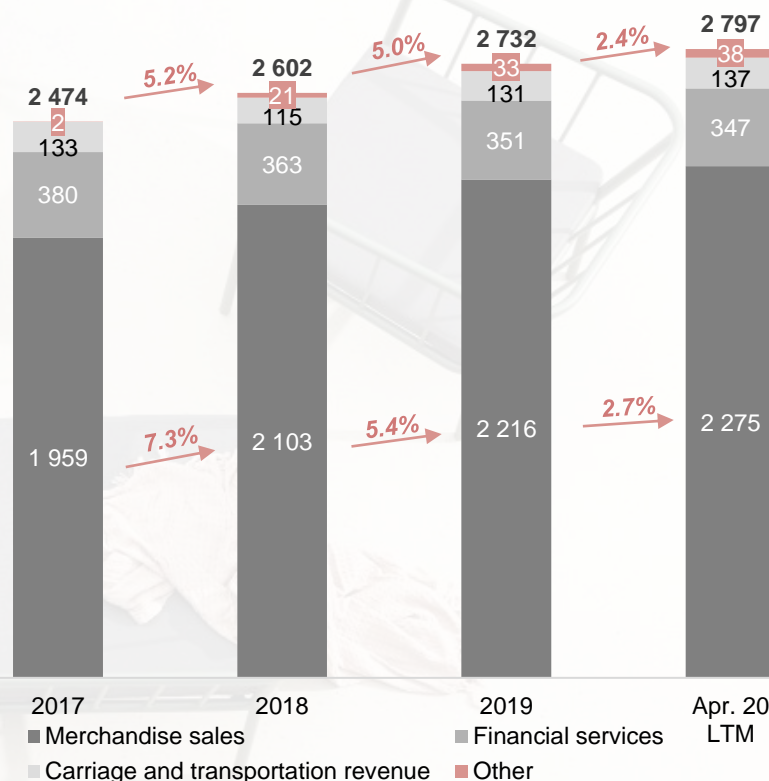
Quarterly revenues (Q2 2018- Apr. 2020)

SEKm

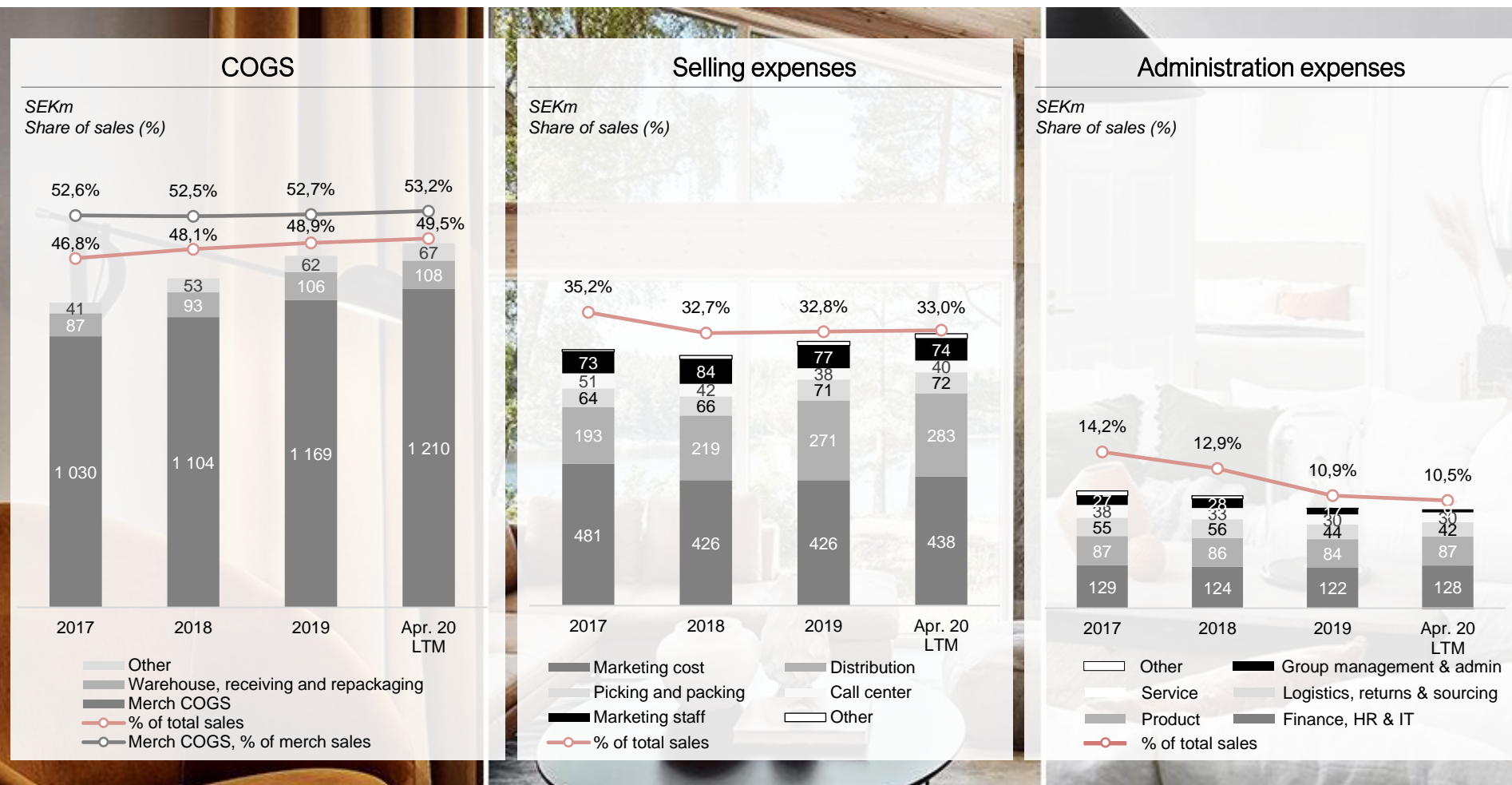


Sales development and breakdown

SEKm



Significant operational efficiencies realised in recent years across selling and admin expenses

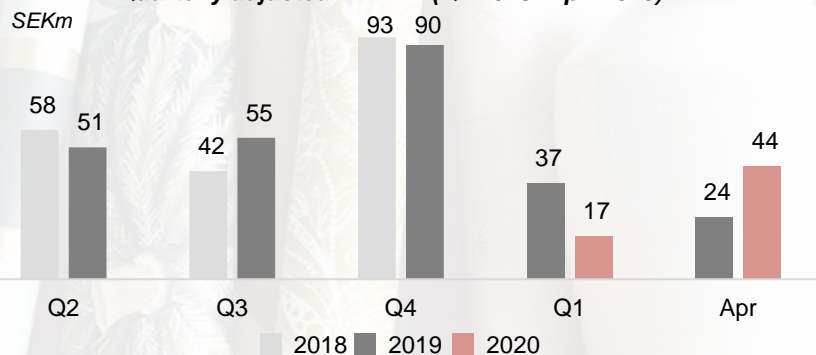


EBITDA development

Comments

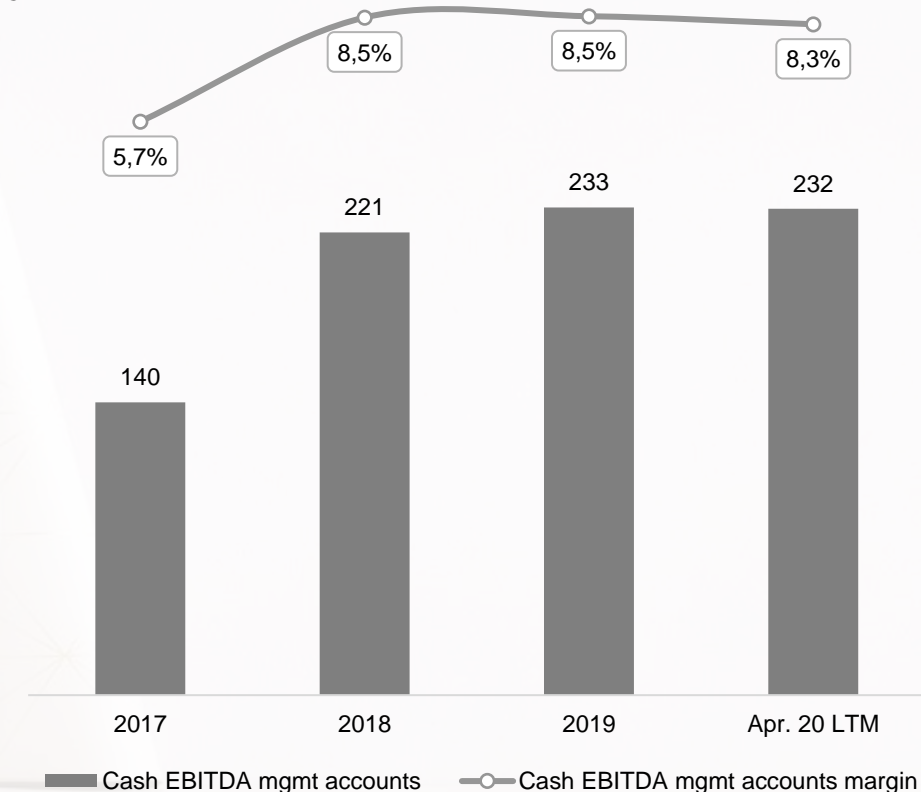
- The first quarter 2020 became challenging in terms of profitability with a slowdown in demand for clothing and footwear which were noticeable even before covid-19 pandemic due to a warm winter and negative effects of the Black Week on seasonal sale in January. This, together with covid-19 had a negative effect on sales, merchandise margin and marketing efficiency during the first quarter.
- After the end of the first quarter, financial performance has improved significantly in terms of both sales and result. These improvements are partly due to the further acceleration of sales in home interior as well as launched plans from the beginning of the year regarding price reductions and marketing. While there is great uncertainty about the future development in relation to covid-19, we can point out that May is also developing positively.

Quarterly adjusted EBITDA (Q2 2018- Apr. 2020)¹



EBITDA development¹

SEKm



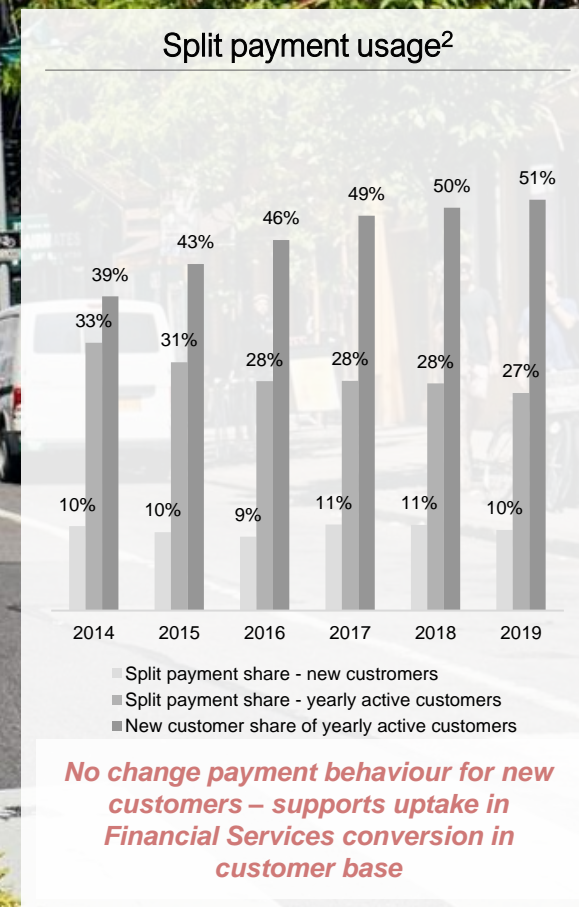
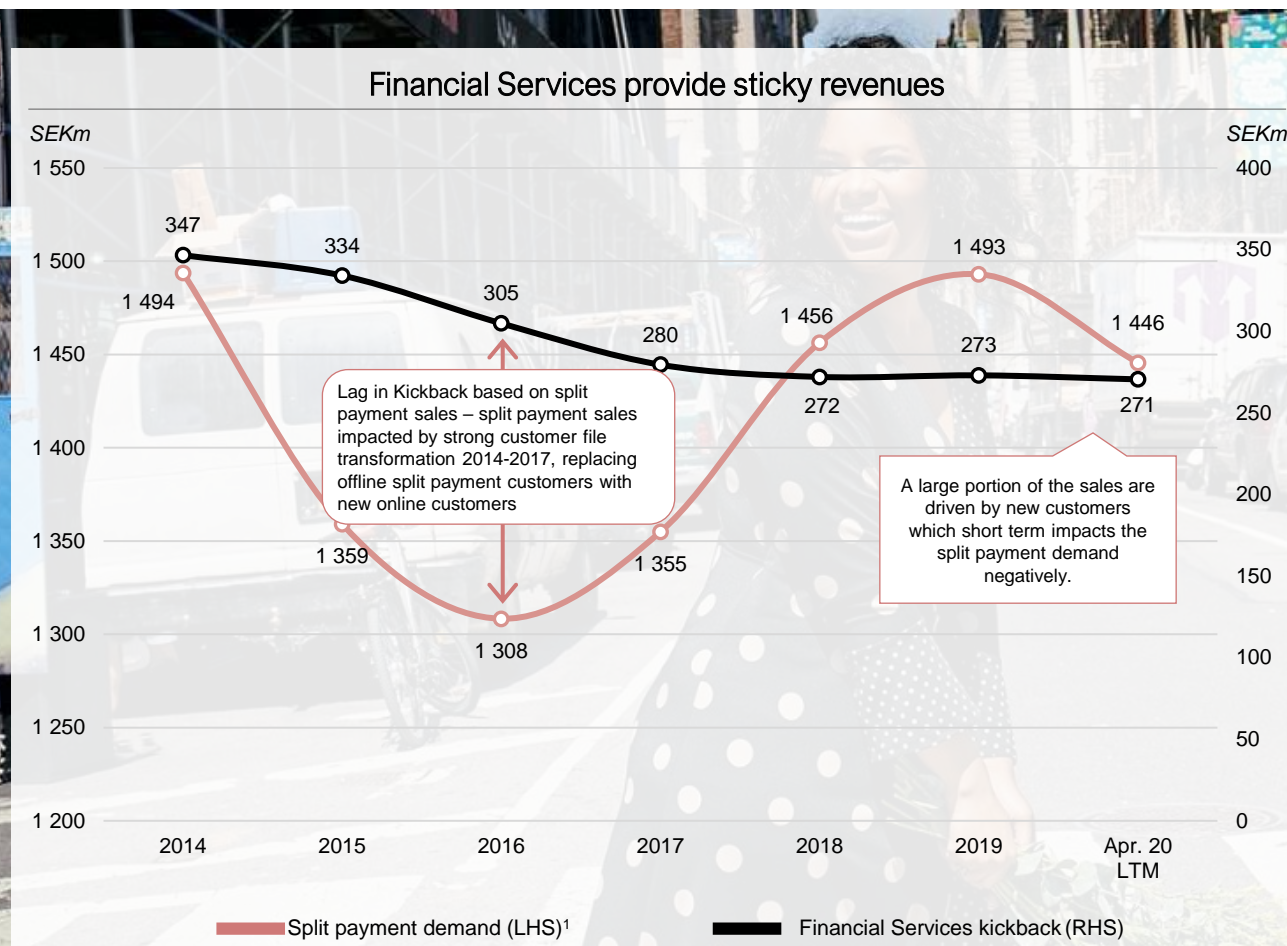
Source: Management accounts

1) See page 10 for further details on the EBITDA

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Financial Services update



Source: Management accounts

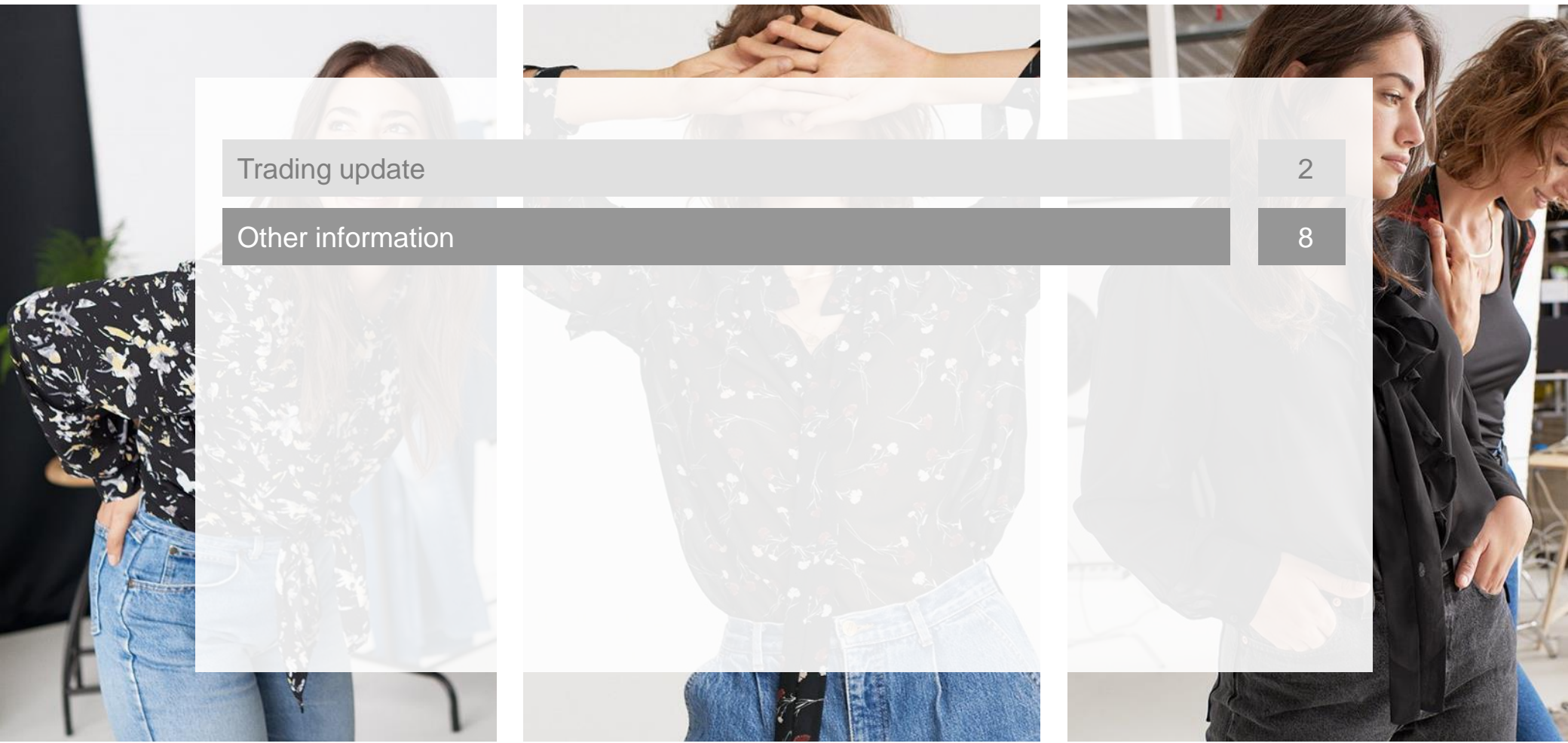
1) Value of all incoming orders after rebates, but before VAT, returns and disposed merchandise

2) Historical years recalculated

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Income statement overview

Income statement

SEKm	FY17	FY18	FY19	Apr. 20 LTM
Merchandise sales	1,959	2,103	2,216	2,275
Carriage and transportation revenue	133	115	131	137
Other	2	21	33	38
Financial services	380	363	351	347
Sales	2,474	2,602	2,732	2,797
Merchandise COGS	-1,030	-1,104	-1,169	-1,210
Warehouse, receiving and repackaging	-87	-94	-106	-108
Other	-41	-53	-62	-67
COGS	-1,159	-1,251	-1,336	-1,385
Marketing cost	-481	-426	-426	-438
Distribution	-193	-219	-271	-283
Picking and packing	-64	-66	-71	-72
Call center	-51	-42	-38	-40
Marketing staff	-73	-84	-77	-74
Other	-8	-13	-13	-16
Selling expenses	-870	-850	-897	-923
Finance, HR & IT	-129	-124	-122	-128
Product	-87	-86	-84	-87
Logistics, returns & sourcing	-55	-56	-44	-42
Service	-38	-33	-30	-30
Group management & admin	-27	-28	-17	-9
Other	-14	-9	0	1
Administration expenses	-351	-336	-298	-295
Recoveries from NPL portfolio	40	44	40	39
Royalties	12	16	14	13
Other	2	1	2	2
Other income	54	60	57	54
Cash EBITDA management accounts	149	225	257	248
Adjustments in accordance with FDD ¹	-9	-4	-24	-16
Adjusted EBITDA¹	140	221	233	232

Comments

Sales

Includes Fashion and Home sales (net of discount and returns), delivery fees, other revenue related to store-based sales and income from Financial Services

COGS

Merchandise COGS include purchase cost, inbound freight and customs fees. Warehouse costs include staff managing inbound / outbound and repackaging. Other relates primarily to store COGS, product samples, supplier discounts etc.

Selling expenses

Includes marketing cost, distribution, picking and packing, call centre, marketing staff and other costs, e.g. store related costs

Administration expenses

Includes OH (Finance / HR / IT), white collar logistics staff, returns and sourcing, office rental costs, Group management and other costs

Other income

Mainly relates to licensing and collection sharing fee from the US-partner managing Ellos.com in North America and recoveries from a non-performing loan book

EBITDA

Please see EBITDA bridge (Page 10) for explanations on management accounts and reported figures

EBITDA bridge

Reported to consolidated EBITDA explanation

SEKm	Q1	April	April YTD
Operating Profit	-24.7	35.9	11.2
Amortisation of acquisition-related intangible assets	23.9	8.0	31.9
Acquisition-related costs	0.8	0.0	0.8
Unused storage areas during moving – double rents	0.9	0.2	1.1
Adjusted EBITA	0.9	44.1	45.0
Depreciation	22.5	7.6	30.1
Adjusted EBITDA	23.4	51.7	75.1
IFRS 16 Effect on EBITDA	-16.6	-5.7	-22.3
Adjusted EBITDA excl. IFRS 16	6.9	46.0	52.8
Interest on NPL-portfolio	1.7	0.7	2.4
Group Consolidation Valuation Entries	6.7	-3.1	3.6
Other / Currency	1.3	0.2	1.5
Cash EBITDA Management Accounts	16.6	43.7	60.3

As presented in the FNG Nordic AB Three-Month Report / Consolidated Accounts

1) Cash EBITDA 2020 as reported internally without QoE-adjustments.
 2) Group Consolidation Valuation entries, Other/Currency and Hedging cost are treated differently in Cash EBITDA Management Accounts and Adjusted EBITDA from last year's trading update. Total impact on 2019 was 4,9 MSEK.

3) 2020 in Cash EBITDA Management Accounts is consolidated in 2020 FX-rates while 2019 figures are consolidated on 2019 FX.

A woman with blonde hair, wearing a green long-sleeved top, striped leggings, and orange sneakers, is sitting on a plush green velvet sofa. She is holding a large glass vase filled with dried green and brown flowers. The sofa is positioned in front of a white paneled door. A patterned rug is on the floor in front of the sofa.

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A leading Nordic
e-commerce group