



ELLOS GROUP

ellos **Jotex** STAYHARD

Q4 trading update
to credit investors

February 2021

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Q4 Highlights

Financial development

- During the fourth quarter, Ellos Group continues the progress seen during the year, with significant increases in both sales and result. Sales increased with 28% for the quarter and 18% for the full year. Adjusted EBITDA reached 111 MSEK for the quarter and 332 for the full year and an EBITDA margin of 11,0% and 10,3% respectively.
- 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. The leverage ratio reaches 3,4x which is substantially lower than when the year started at 5,0x.

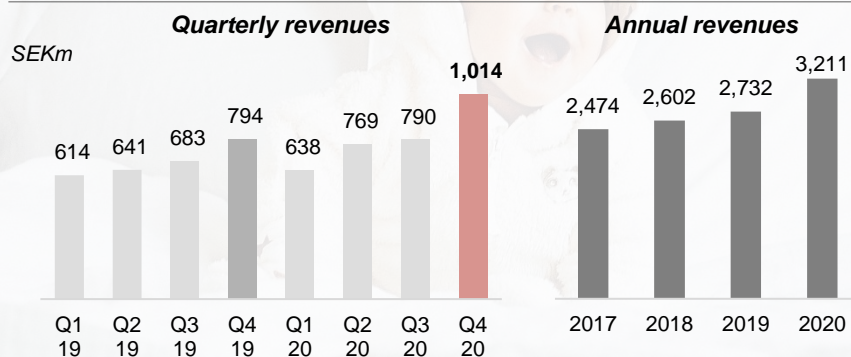
Covid-19

- 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

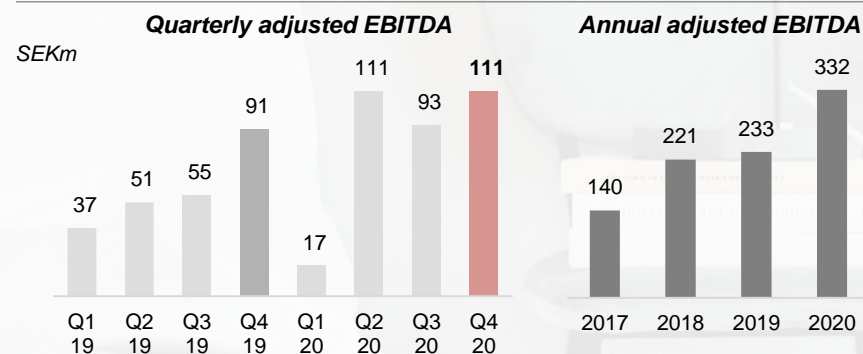
Other

- At the end of last year there was a shortage in freight capacity from Asia, primarily driven by a lack of containers. 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.
- Ellos Group has started a launch in Europe with the Jotex brand. On the first of Dec, Jotex opened in Germany followed by Poland on Dec 15, the Netherlands Jan 19 and Austria on Feb 2.

Revenue development



EBITDA development¹



Source: Management accounts

1) Please see page 10 for further details on EBITDA

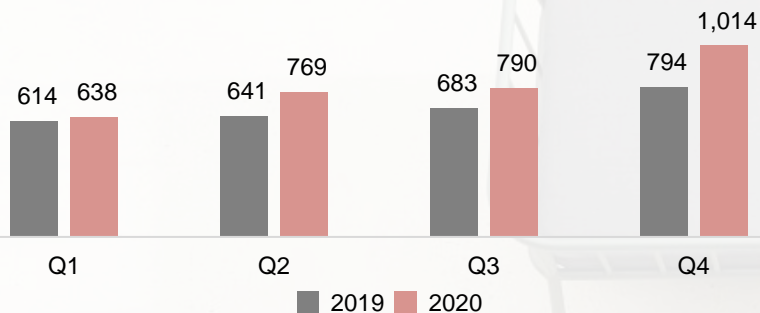
Sales development

Comments

- 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.

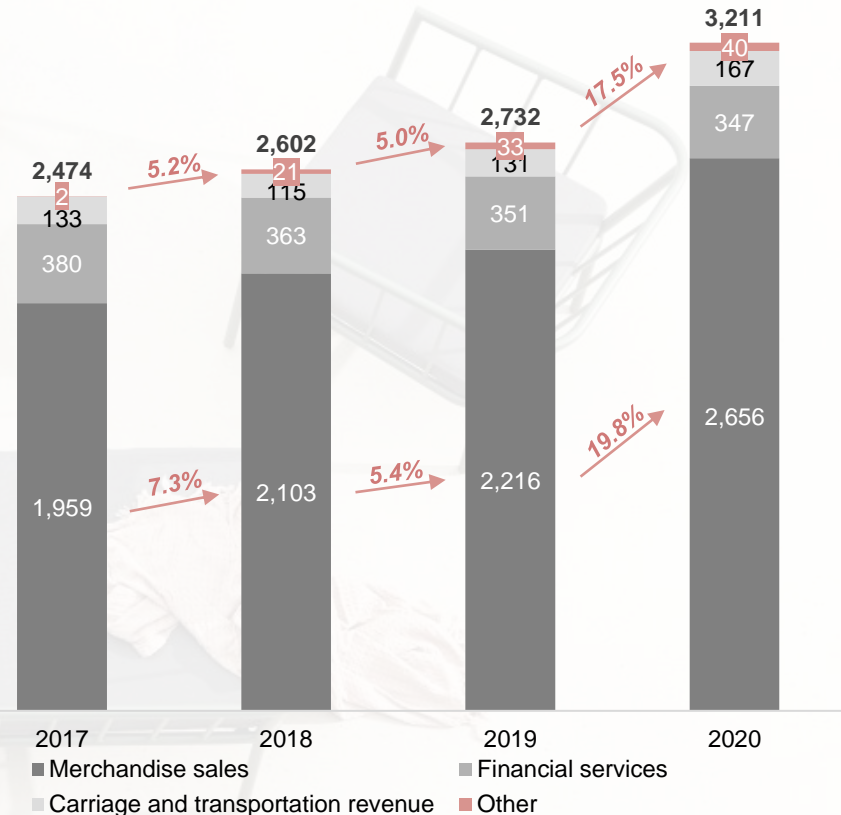
Quarterly revenues (Q4 2019 – Q4 2020)

SEKm

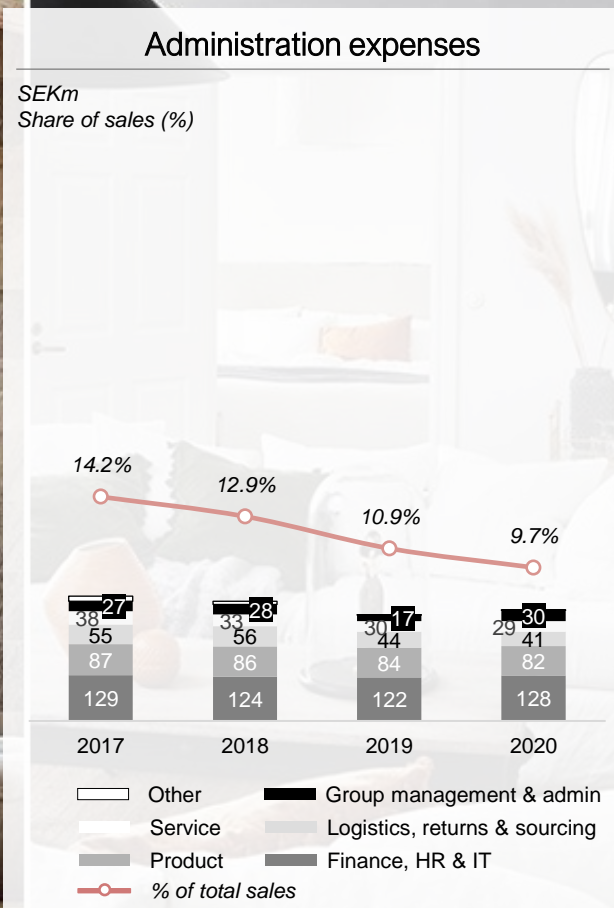
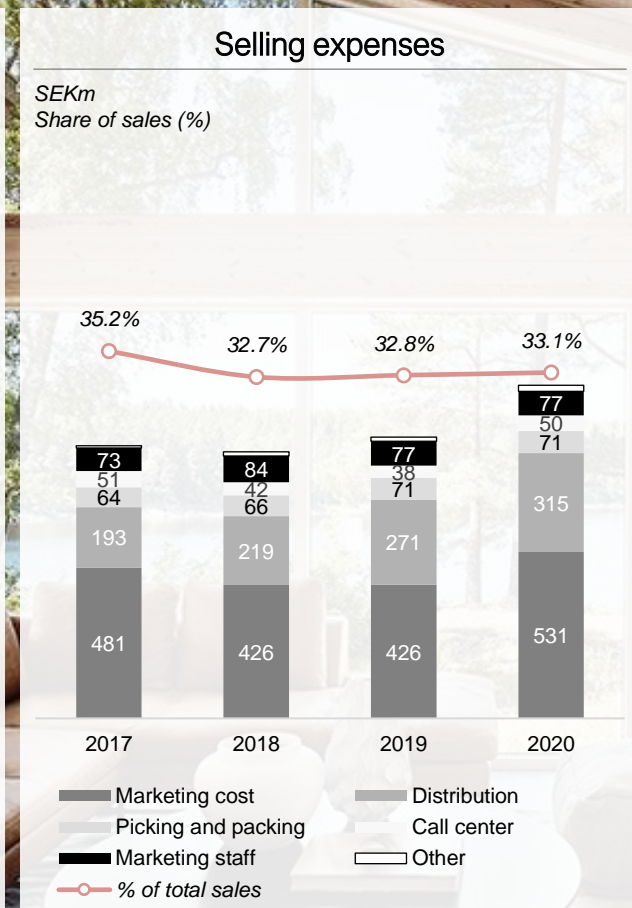
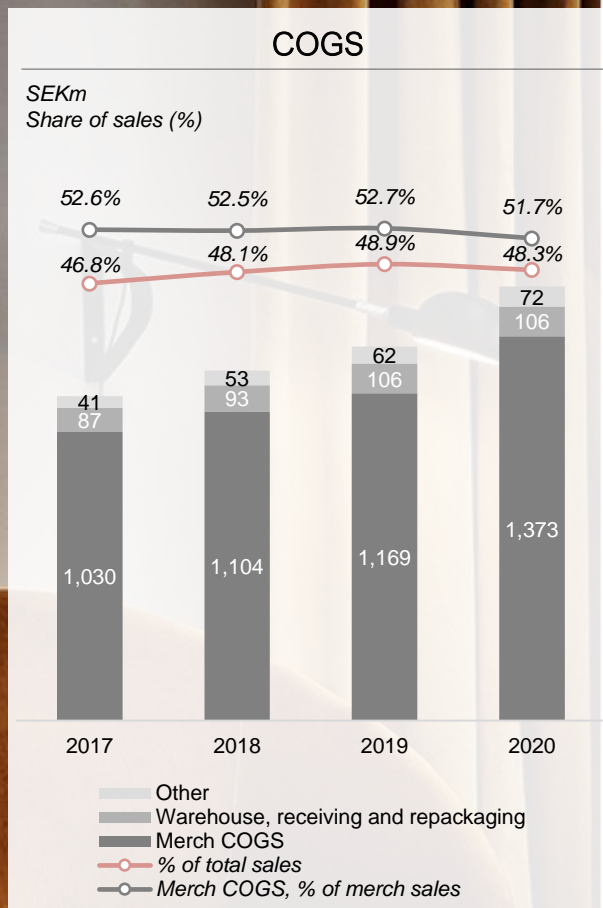


Sales development and breakdown

SEKm



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

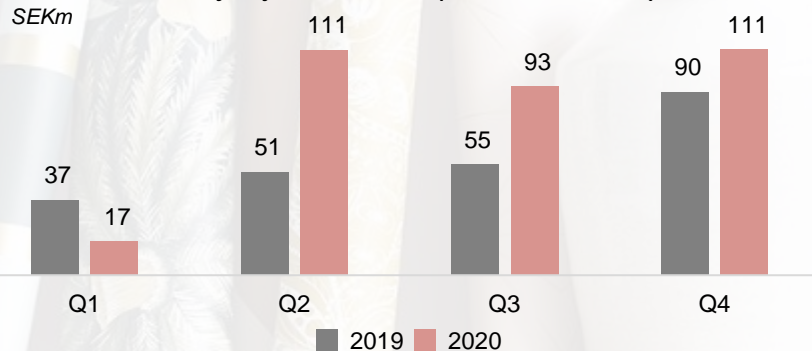


EBITDA development

Comments

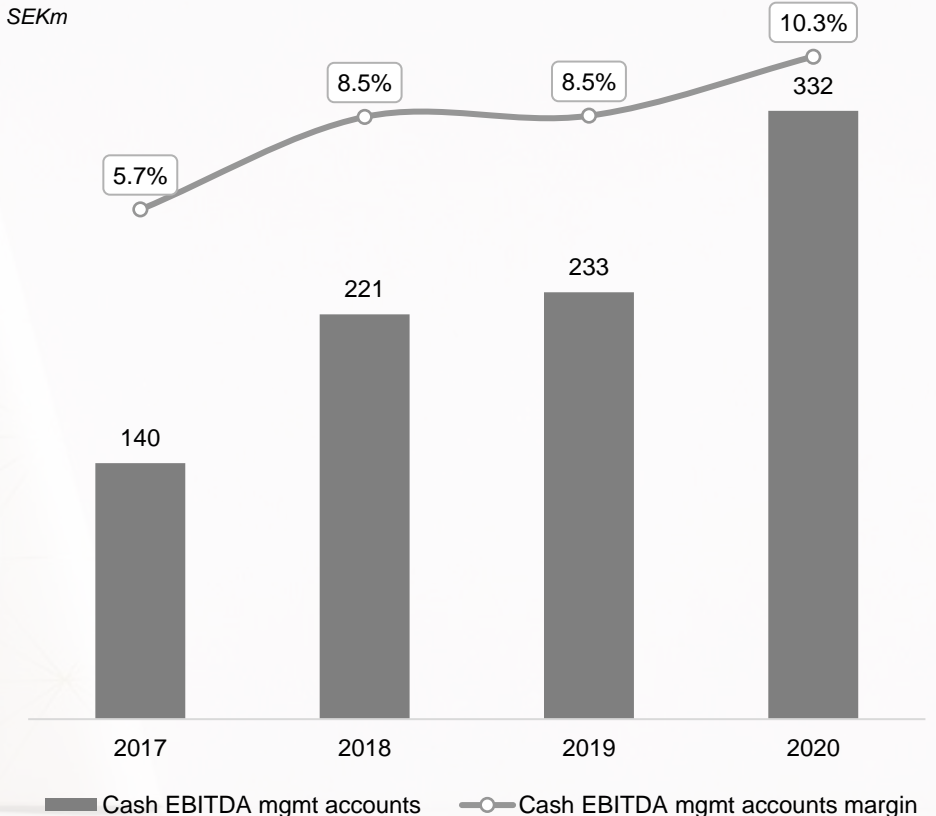
- During the fourth quarter, Ellos Group continues the progress seen during the year, with significant increases in both sales and result. This development comprises the whole quarter with its peak during Black Week when sales increased by almost 50% despite lower discount levels than last year. During the year, we have welcomed many new customers and during Black Week alone, more than 100.000 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.
- For the full year Cash EBITDA increase with 99 MSEK (+43%). This positive development is primarily attributable to the increased sales volume, the improved merchandise margin and the lower net distribution cost.

Quarterly adjusted EBITDA (Q4 2019– Q4 2020)¹

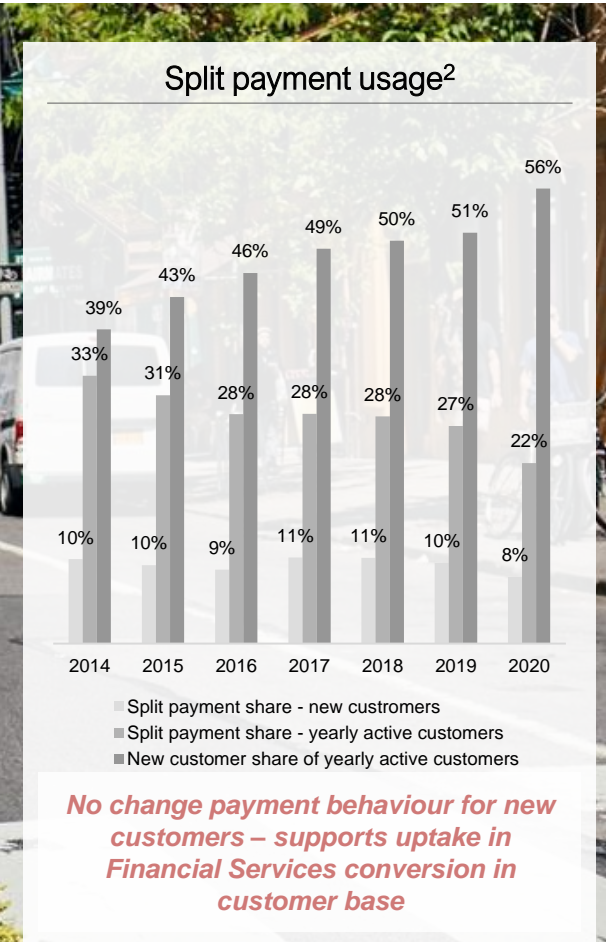
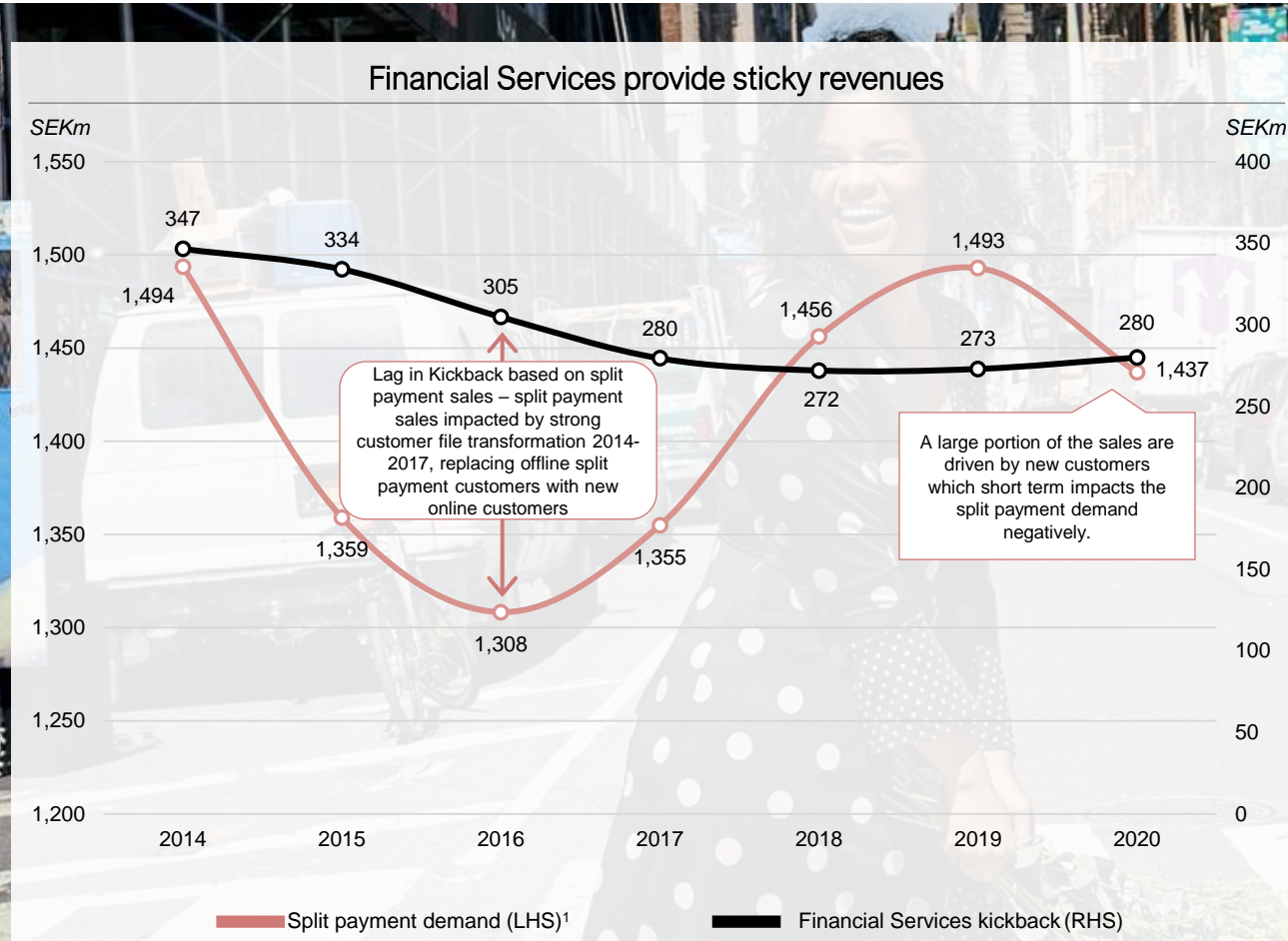


EBITDA development¹

SEKm



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	FY20
Merchandise sales	1,959	2,103	2,216	2,656
Carriage and transportation revenue	133	115	131	167
Other	2	21	33	40
Financial services	380	363	351	347
Sales	2,474	2,602	2,732	3,211
Merchandise COGS	-1,030	-1,104	-1,169	-1,373
Warehouse, receiving and repackaging	-87	-94	-106	-106
Other	-41	-53	-62	-72
COGS	-1,159	-1,251	-1,336	-1,551
Marketing cost	-481	-426	-426	-531
Distribution	-193	-219	-271	-315
Picking and packing	-64	-66	-71	-71
Call center	-51	-42	-38	-50
Marketing staff	-73	-84	-77	-77
Other	-8	-13	-13	-19
Selling expenses	-870	-850	-897	-1,063
Finance, HR & IT	-129	-124	-122	-128
Product	-87	-86	-84	-82
Logistics, returns & sourcing	-55	-56	-44	-41
Service	-38	-33	-30	-29
Group management & admin	-27	-28	-17	-30
Other	-14	-9	0	-1
Administration expenses	-351	-336	-298	-311
Recoveries from NPL portfolio	40	44	40	33
Royalties	12	16	14	12
Other	2	1	2	1
Other income	54	60	57	46
Cash EBITDA management accounts	149	225	257	332
Adjustments in accordance with FDD ¹	-9	-4	-24	-
Adjusted EBITDA¹	140	221	233	332

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

Source: Management accounts

1) 2019 is management accounts in accordance with FDD adjustments, see page 10 for further EBITDA details

EBITDA bridge

Reported to consolidated EBITDA explanation

SEKm	Q1	Q2	Q3	Q4	FY2020
Operating Profit	-24.7	105.7	-98.5	75.5	58.0
Amortisation of acquisition-related intangible assets	23.9	23.9	23.9	23.9	95.6
Acquisition-related costs	0.8	-25.0	1.0	0.1	-23.1
Unused storage areas during moving – double rents	0.9	0.2	-	-	1.1
Reservation of FNG Buying Platform cooperation	-	-	158.6	-	158.6
Adjusted EBITA	0.9	104.8	85.0	99.4	290.2
Depreciation	22.5	23.1	23.3	22.4	91.3
Adjusted EBITDA	23.4	128.0	108.3	121.8	381.5
IFRS 16 Effect on EBITDA	-16.6	-17.2	-17.2	-16.1	-67.1
Adjusted EBITDA excl. IFRS 16	6.9	110.8	91.1	105.8	314.4
Interest on NPL-portfolio	1.7	1.8	3.1	1.7	8.4
Group Consolidation Valuation Entries	6.7	-4.9	-3.5	2.0	0.4
Other / Currency	1.3	3.5	2.3	1.9	8.9
Cash EBITDA Management Accounts	16.6	111.2	93.0	111.4	332.2

As presented in the FNG Nordic AB Quarterly Report / Consolidated Accounts

Reported in Financial Income in the Consolidated Accounts
FX-valuations not done in the mgmt 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.



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e-commerce group