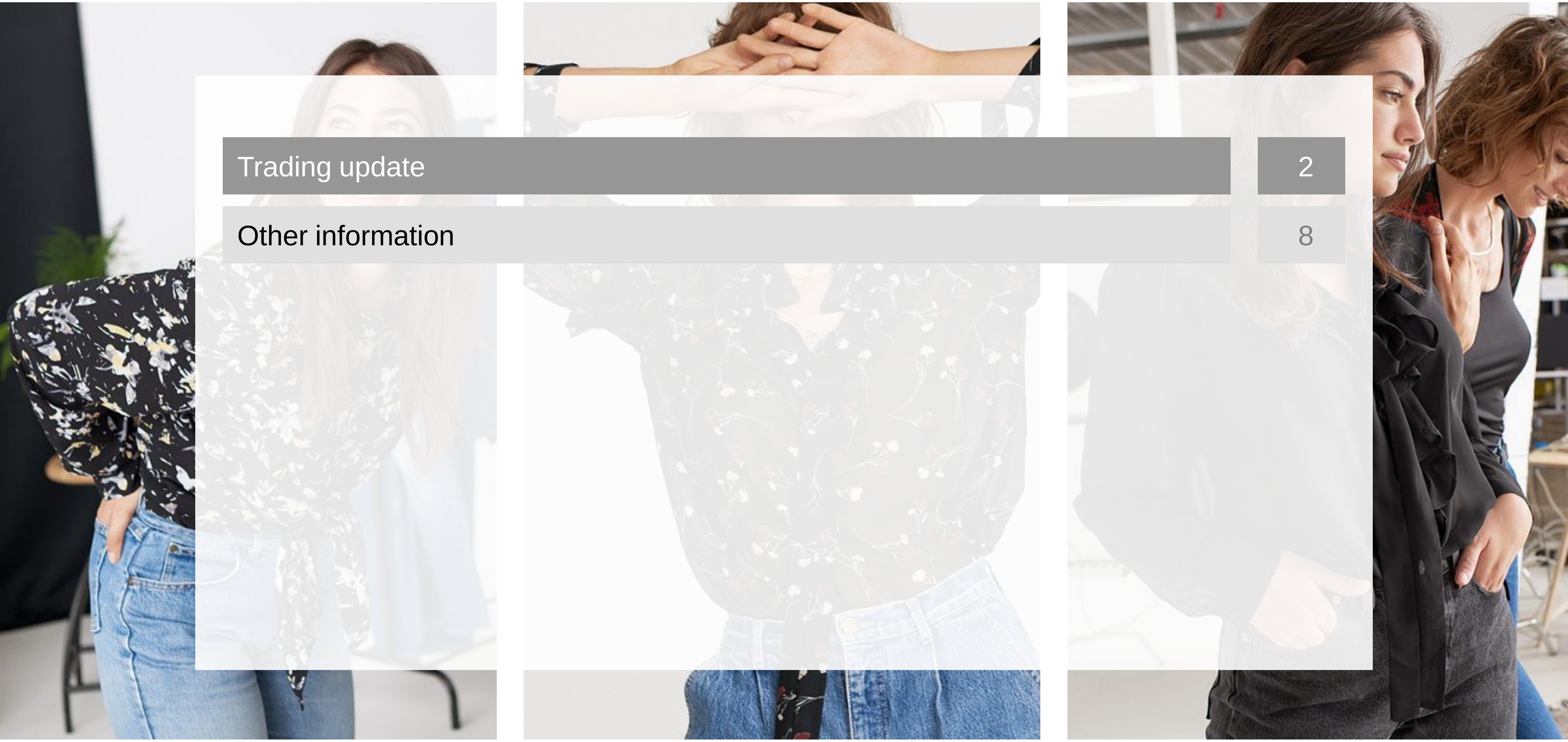
ELLOS GROUP

ellos Jotex STAYHARD

Q1(incl. April) trading update to credit investors

May 2020

Table of contents



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

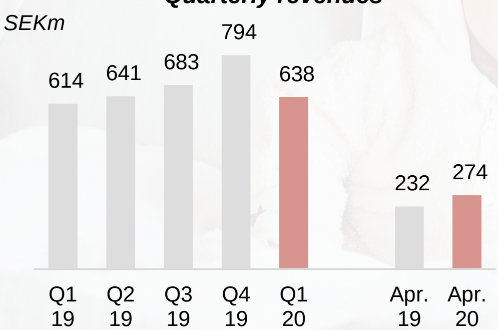
- Ellos Group has a positive view on the future despite the extraordinary and uncertain times from the impact of covid-19.
- Consumption and purchasing patterns have been affected in the retail sector as a whole during the corona crisis, which applies to FNG Nordic Group as well, but e-commerce is strong 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

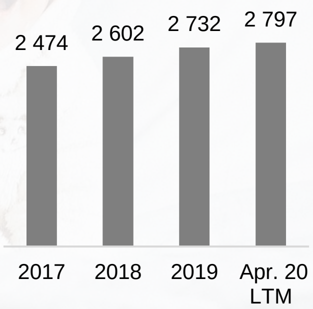
- Both Ellos and Jotex launched new websites in April. The sites offers customers a trendy inspiring shopping experience in fashion and home interior with a faster user experience primarily designed for the mobile phone
- In order to enable lower purchasing costs and agent commissions, a framework agreement 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

Quarterly revenues

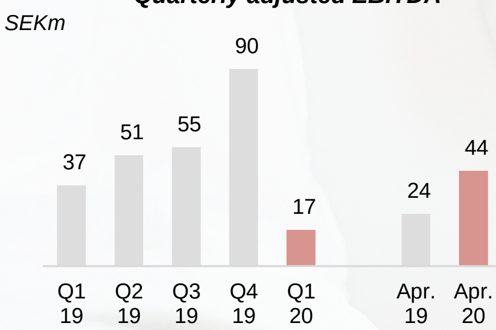


Annual revenues

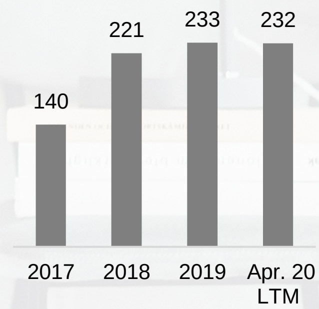


EBITDA development[1]

Quarterly adjusted EBITDA



Annual adjusted EBITDA



Source: Management accounts

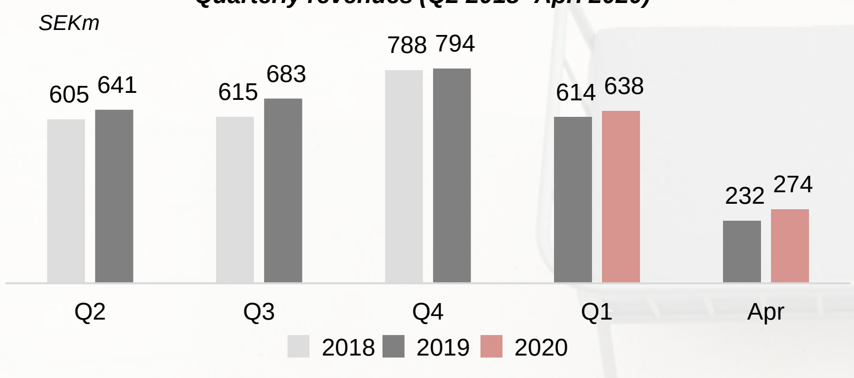
1) Please see page 10 for further details on EBITDA

Sales development

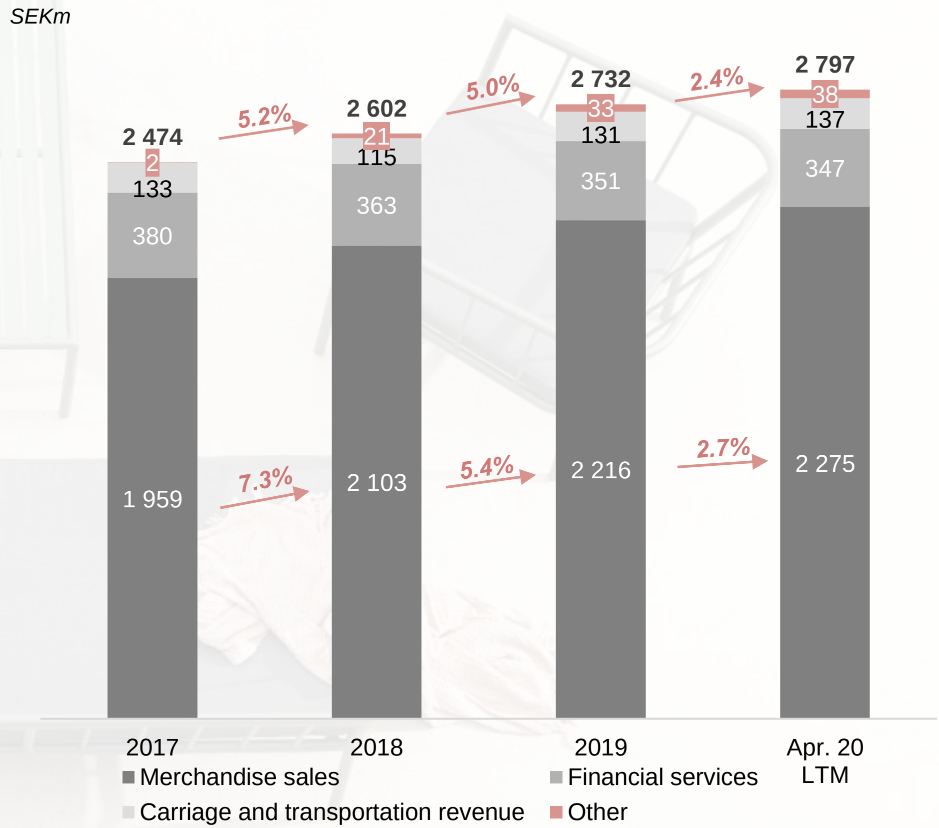
Comments

- 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 due to decreasing income from Private Loans where the product offer isn't fully up to date. We are planning to launch a new big-ticket loan with attractive interest rates. 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)



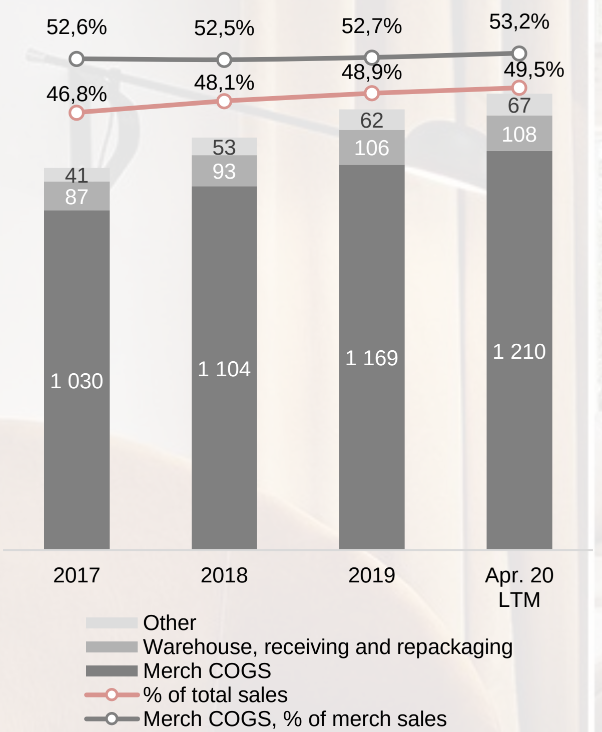
Sales development and breakdown



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

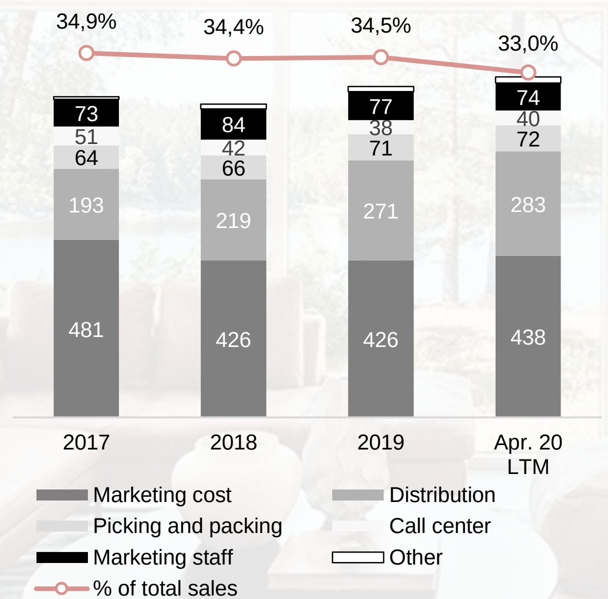
COGS

SEKm
Share of sales (%)



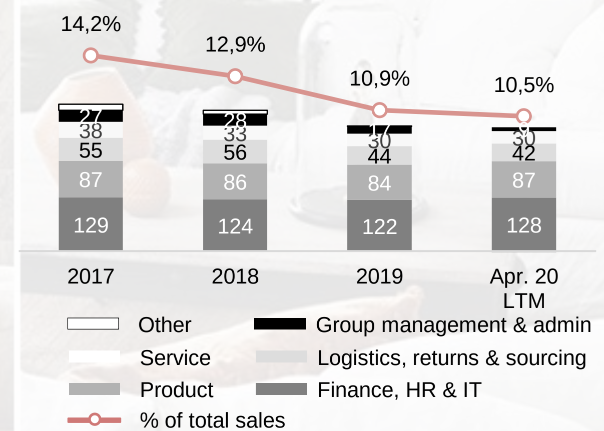
Selling expenses

SEKm
Share of sales (%)



Administration expenses

SEKm
Share of sales (%)



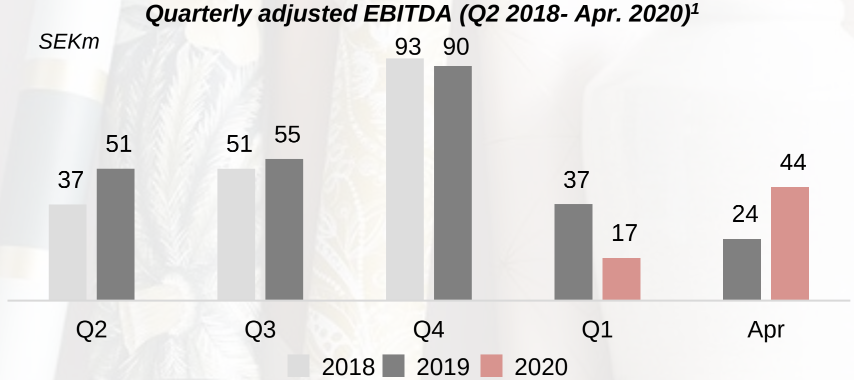
Source: Management accounts

EBITDA development

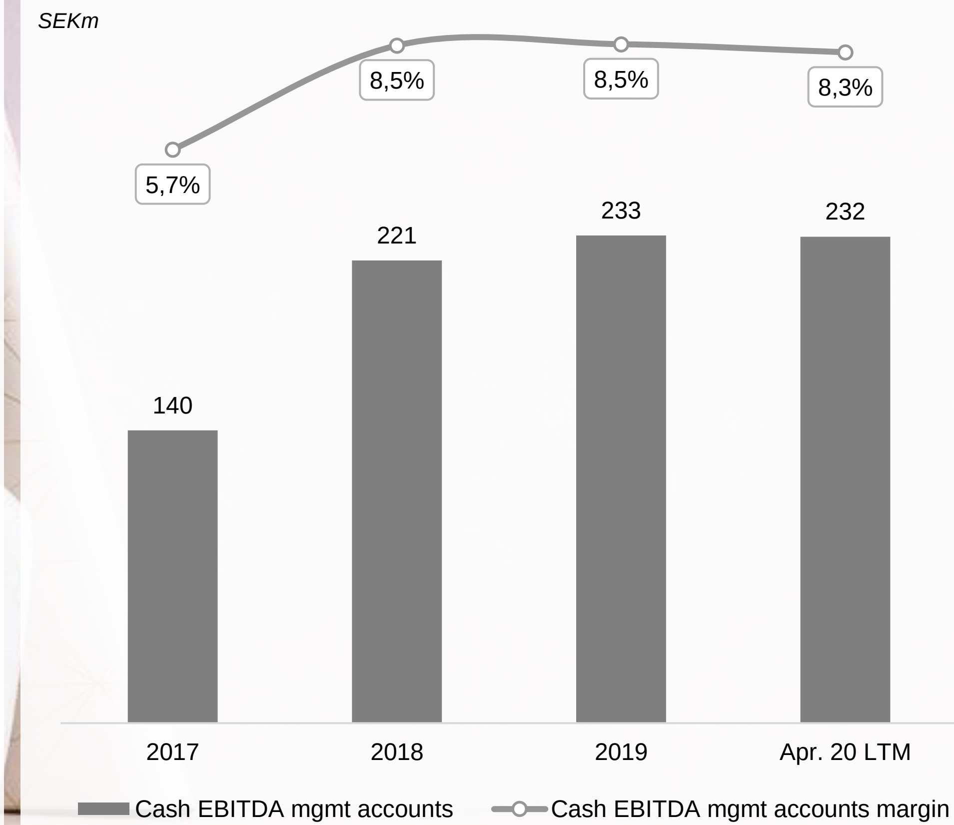
Comments

- 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]



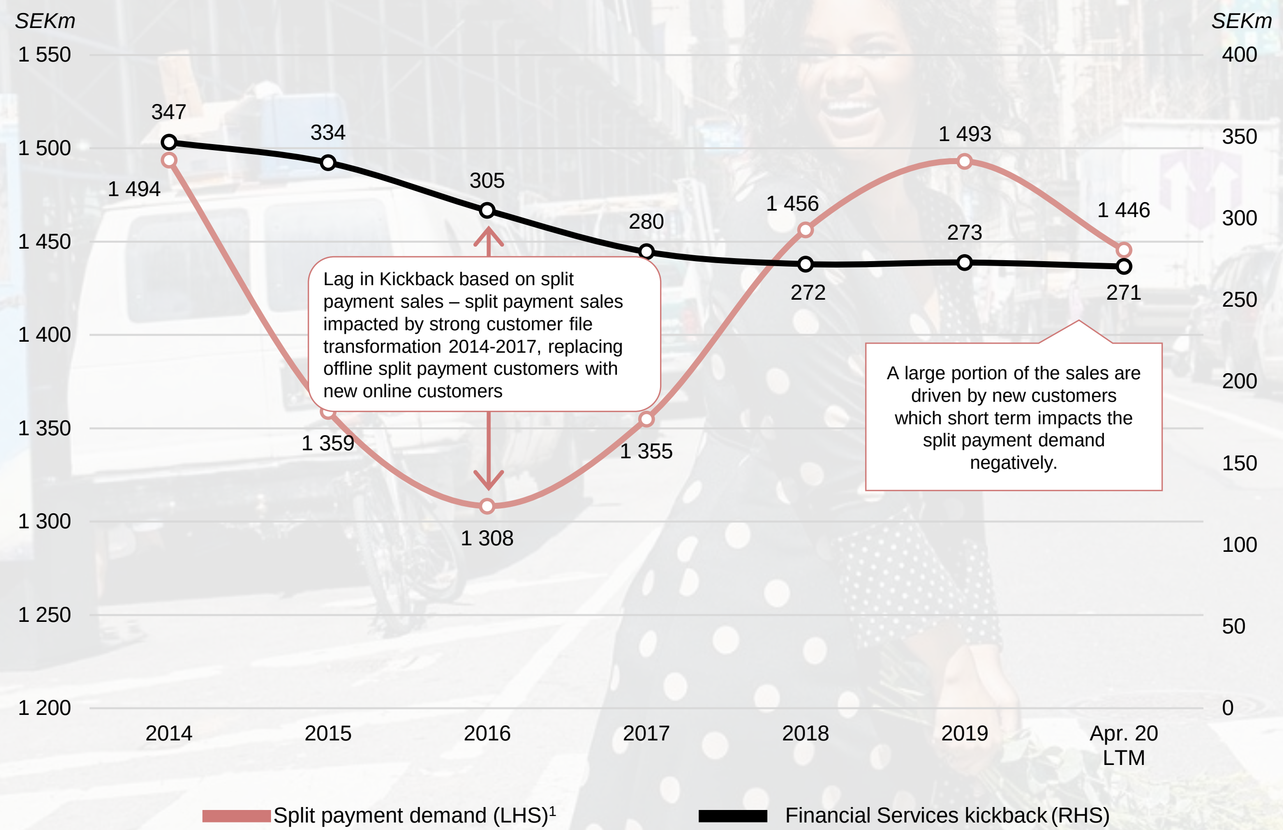
EBITDA development[1]



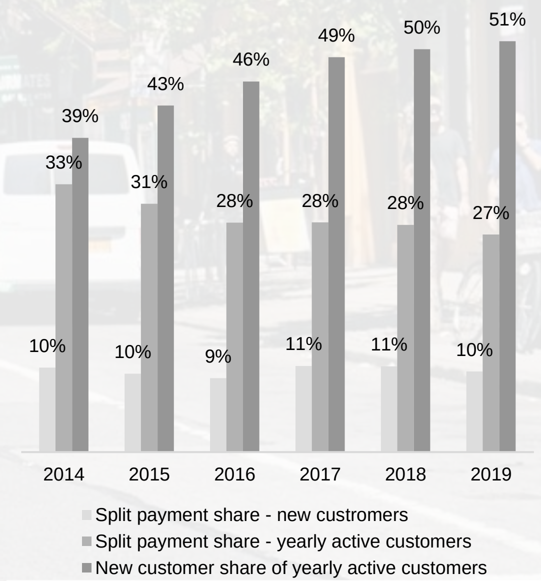
Source: Management accounts
1) See page 10 for further details on the EBITDA

Financial Services update

Financial Services provide sticky revenues



Split payment usage[2]

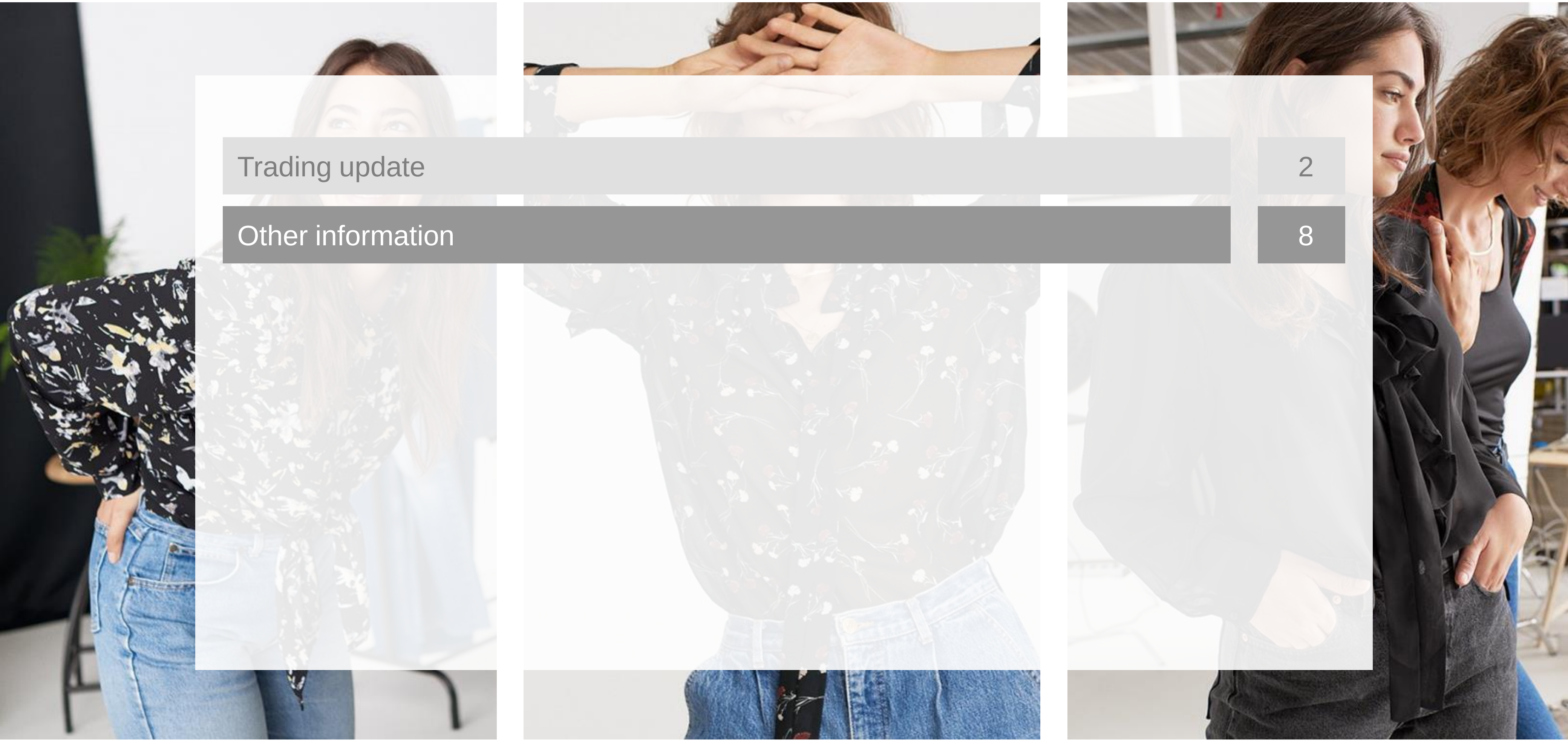


No change payment behaviour for new customers – supports uptake in Financial Services conversion in customer base

Source: Management accounts

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

Table of contents



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	-15
Adjusted EBITDA[1]	**140**	**221**	**233**	**234**

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	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.


ELLOS GROUP
ellos Jotex STAYHARD
A leading Nordic
e-commerce group