

A modern outdoor lounge area featuring a white-framed sofa with grey cushions and several decorative pillows in shades of brown, tan, and dark grey. A brown textured blanket is draped over the sofa. In the foreground, a white coffee table holds a glass of water and a small plate with fruit. To the right, a yellow side table holds a glass of water with a lemon slice. The background shows a light-colored wall with shadows of palm trees and a large, textured, light-brown rug.

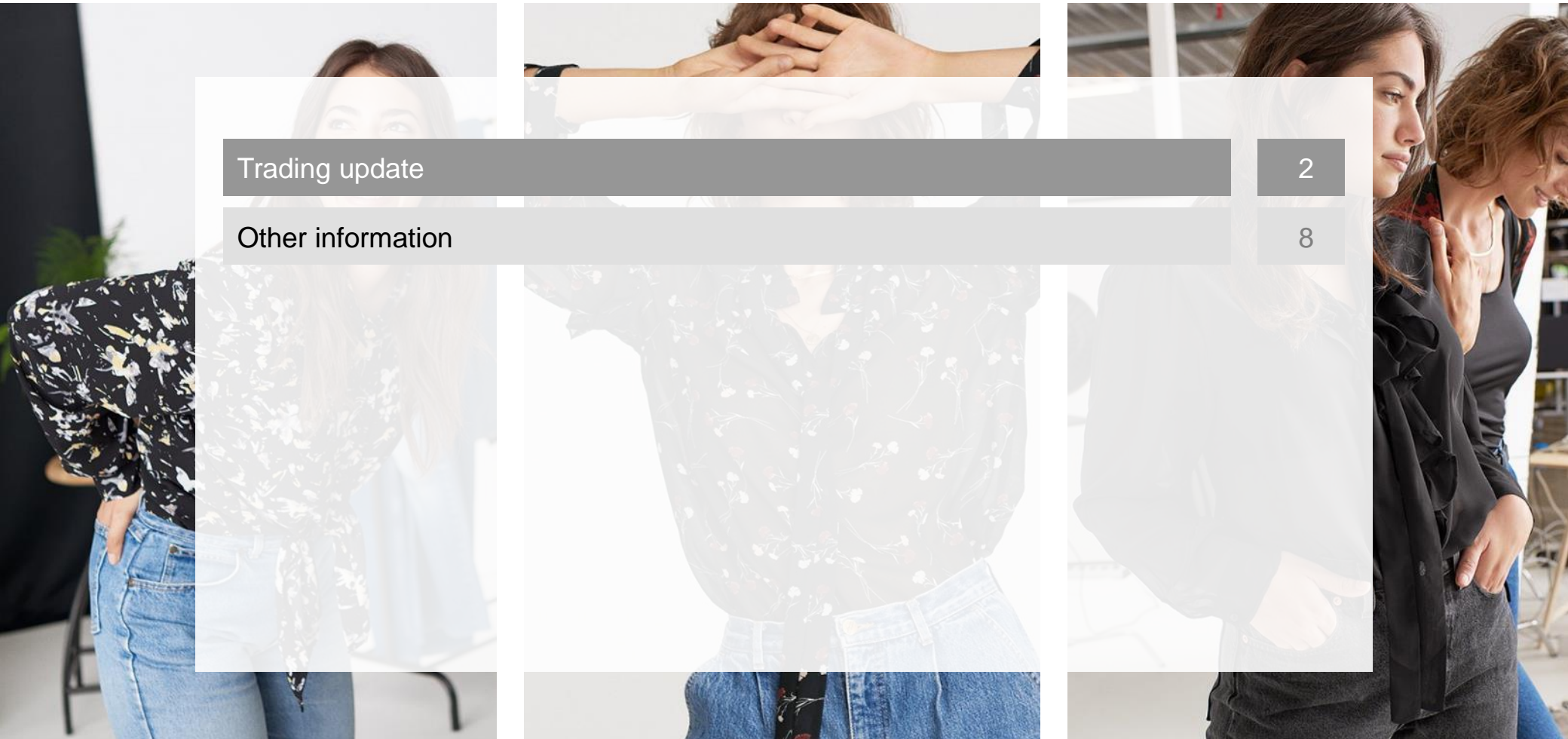
ELLOS GROUP

ellos **Jotex** STAYHARD

Q2 trading update
to credit investors

August 2020

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Q2 Highlights

Financial development

- Q2 became a strong quarter for Ellos Group, both in terms of sales and profitability. Revenues grew with 20% to 769 MSEK and adjusted EBITDA grew with 118% to 111 MSEK. Adjusted EBITDA Margin increased with 6,5 percentage points to 14,5% for the quarter.
- The sales growth is primarily coming from the Home categories, while Fashion is growing more moderately.
- A significant improvement in merchandise margin and marketing cost efficiency is driving additional profitability.

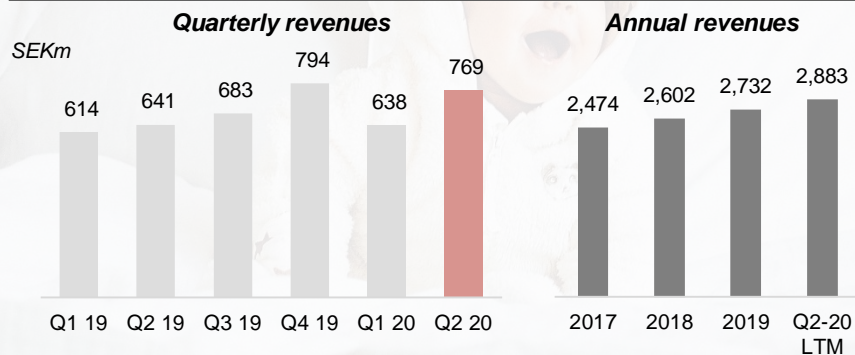
Covid-19

- After the initial negative sales impact from covid-19 we have seen a substantial increase in customer demand on categories like Home interior, Electronics, Leisure, Sportswear and Beauty, while Fashion slowly got its traction back during the quarter.
- The global sourcing platform has a balanced geographic exposure which combined with relevant stock levels has contributed to a stable availability of goods. The focus now is on India, Pakistan and Bangladesh, where the situation is more unstable. So far, however, the disturbances on our supply chain has been limited.

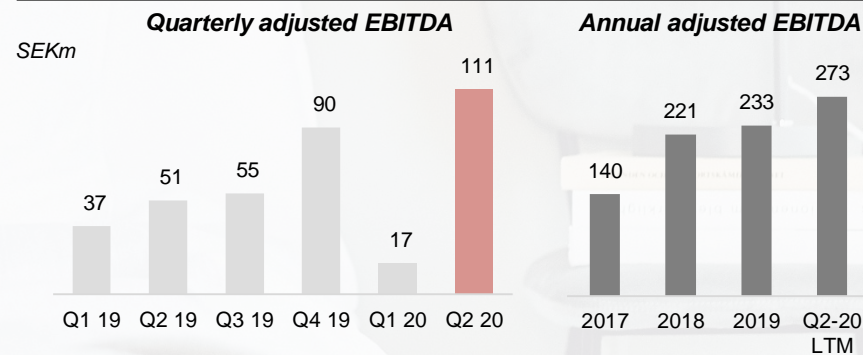
Other

- On Thursday 30 July 2020, several companies within the FNG Group filed for bankruptcy. FNG Nordic/Ellos Group are currently not affected by any of these proceedings. Ellos Group are neither operationally nor financially dependent on support from other companies within the FNG Group. Except for a planned sourcing cooperation, the Ellos Group is an entirely self-sufficient business.
- On July 2, Ellos Group announced that it will expand its business into Europe. This is a continuation of the recent year's success with the home furnishing offer.

Revenue development



EBITDA development¹



Source: Management accounts

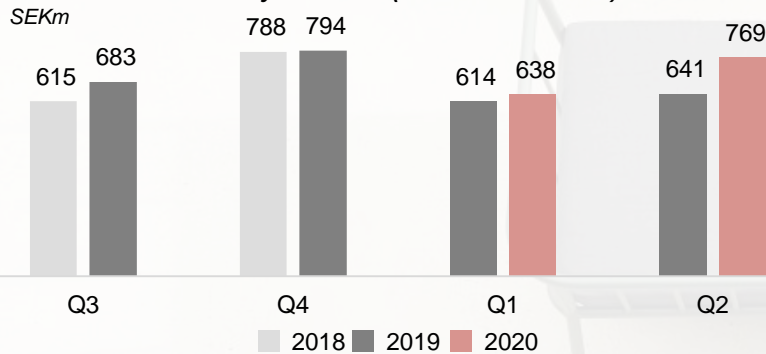
1) Please see page 10 for further details on EBITDA

Sales development

Comments

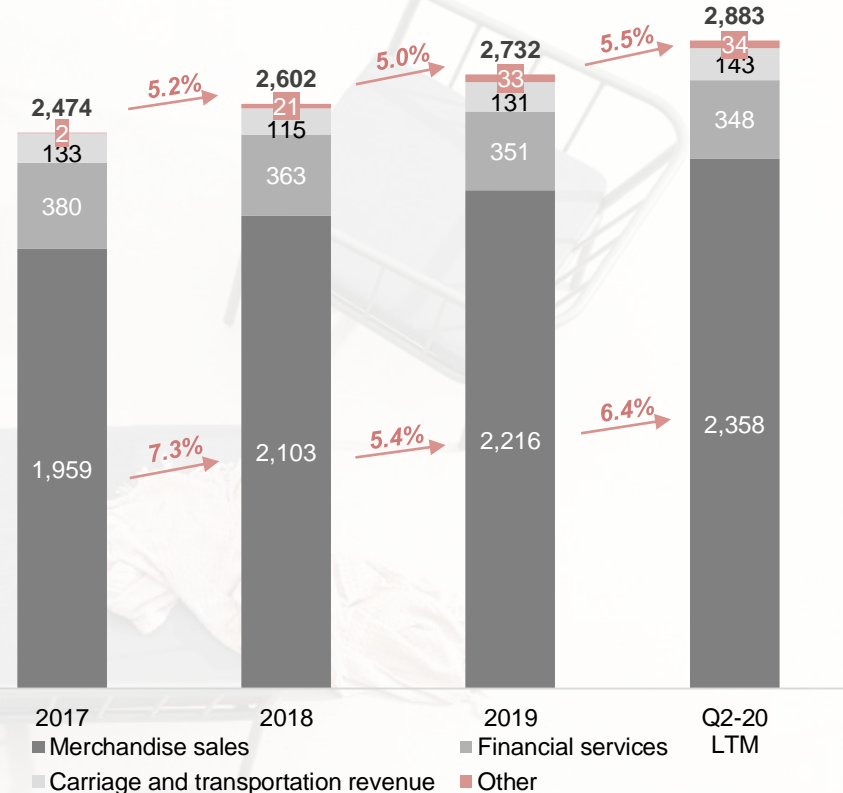
- Merchandise sales and total revenues grew with 24% and 20% respectively.
- There are several factors behind this positive development. More than 280.000 new customers have found our brands during Q2, which is an increase with 40% vs. the same period last year. Sales in Home Interior together with other products categories linked to people spending more time at home has performed well during the quarter with significant growth rates. Sales of Shoes and Apparel have gradually improved over the quarter.
- Revenues from the payment solutions are increasing in Q2. Total Financial Services are flat vs. last year for the quarter including the decrease in Private loans.

Quarterly revenues (Q2 2018 – Q2 2020)

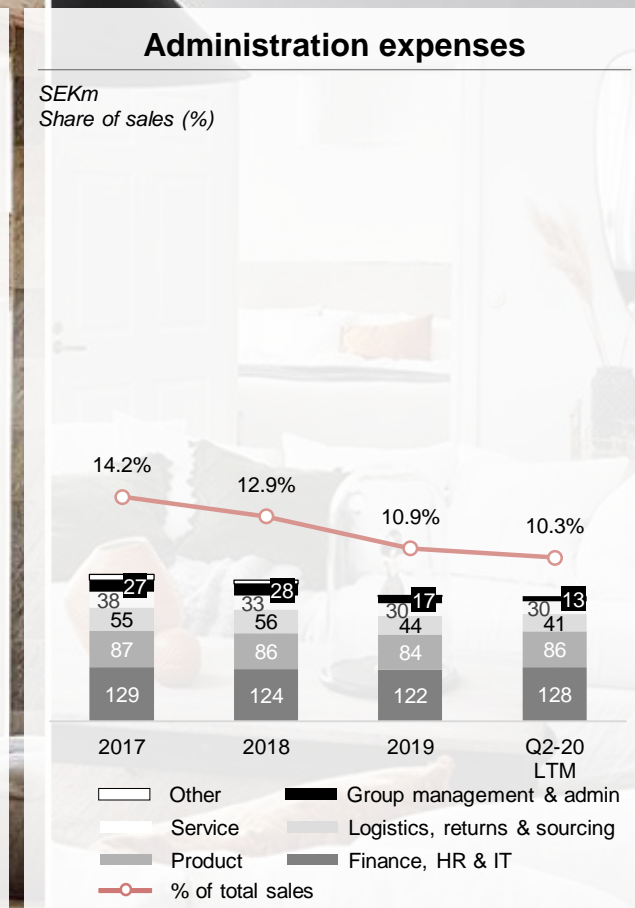
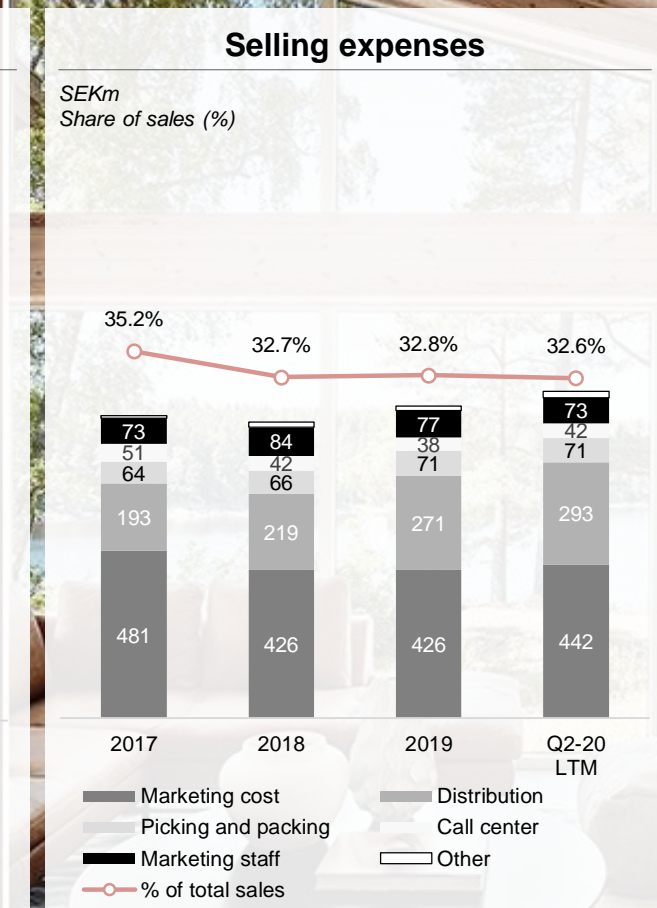
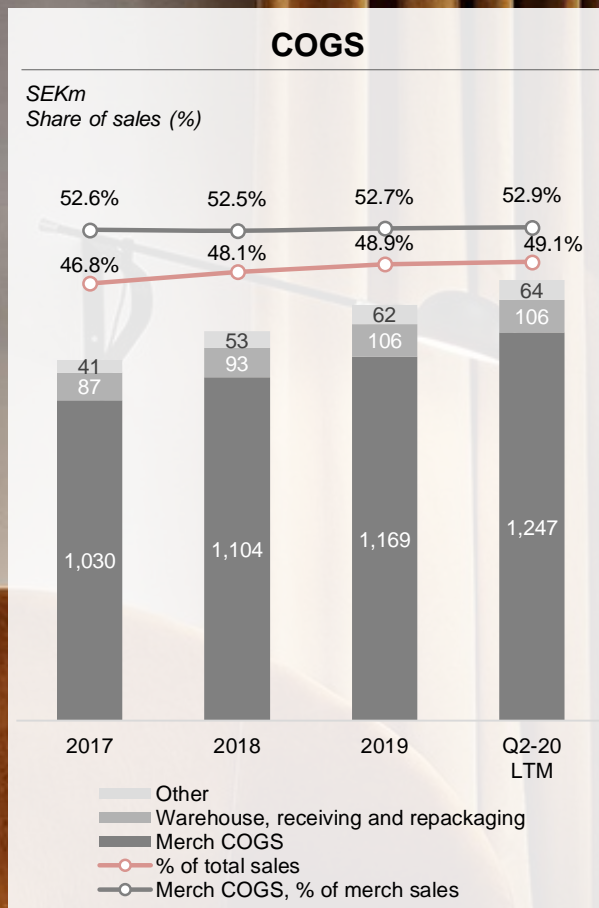


Sales development and breakdown

SEKm



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

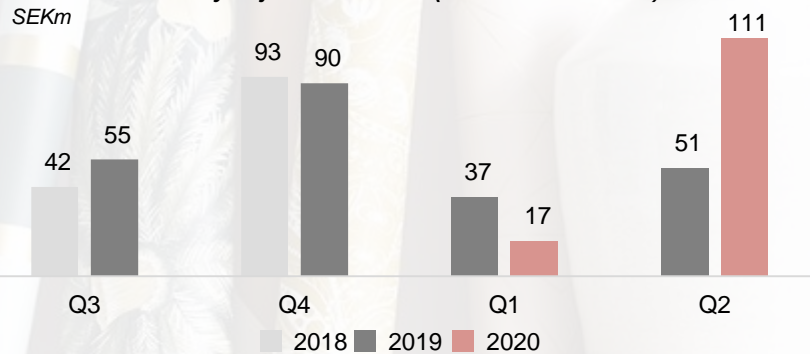


EBITDA development

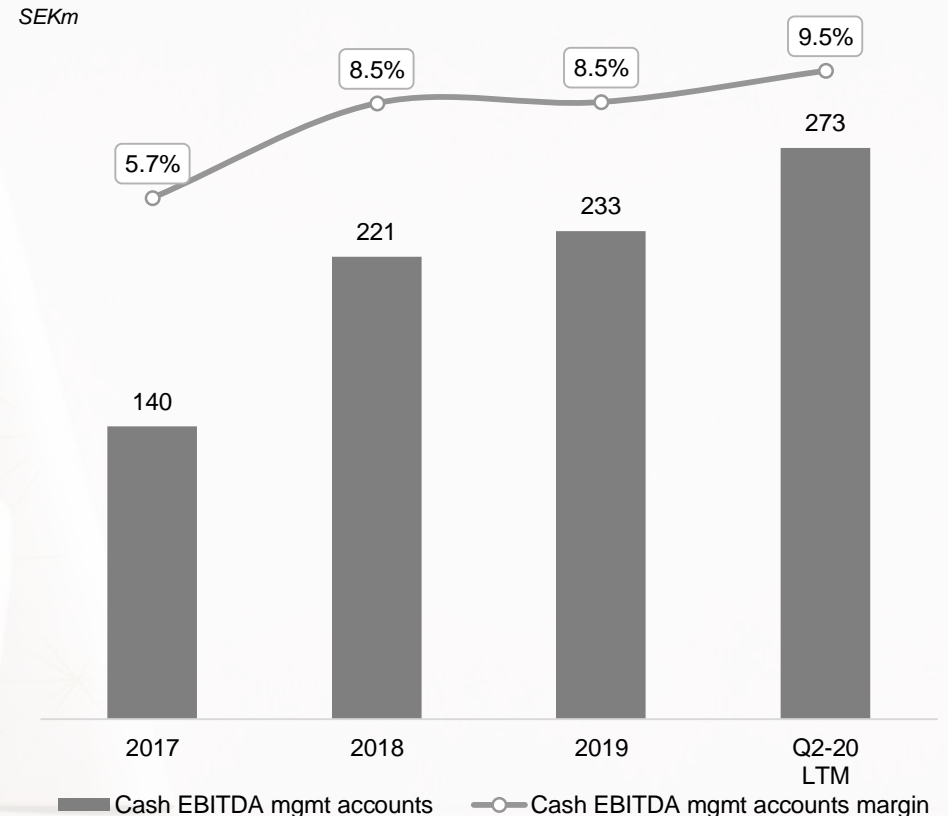
Comments

- The actions regarding price reductions and marketing cost efficiency launched in Q1, where we saw positive effects already in April, have continued over the quarter. Admin cost and other fixed cost in combination with the positive sales development also adds to the profit margin
- The Net Debt at the end of the quarter was 1,246 MSEK, meaning that the liquidity position remains solid with the Revolving Credit Facility still undrawn and 203 MSEK in Cash on hand.

Quarterly adjusted EBITDA (Q2 2018 – Q2 2020)¹



EBITDA development¹

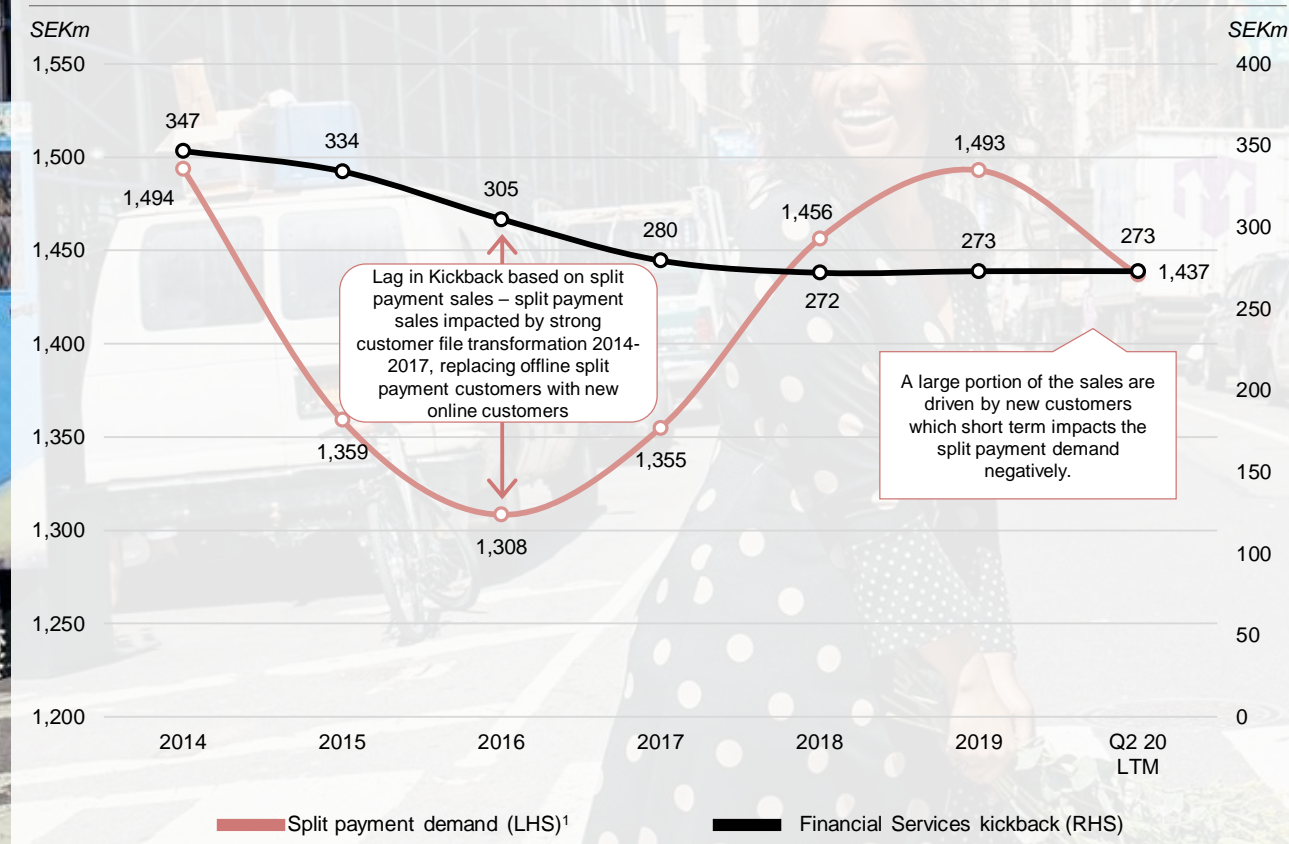


Source: Management accounts

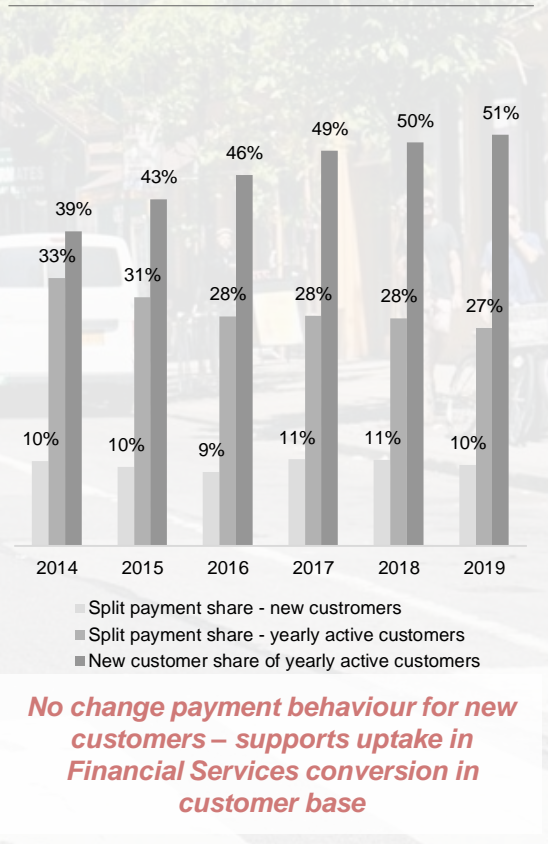
1) See page 10 for further details on the EBITDA

Financial Services update

Financial Services provide sticky revenues



Split payment usage²



Source: Management accounts

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

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Income statement overview

| Income statement | | | | |
|---|---------------|---------------|---------------|---------------|
| SEKm | FY17 | FY18 | FY19 | Q2 20 LTM |
| Merchandise sales | 1,959 | 2,103 | 2,216 | 2,358 |
| Carriage and transportation revenue | 133 | 115 | 131 | 143 |
| Other | 2 | 21 | 33 | 34 |
| Financial services | 380 | 363 | 351 | 348 |
| Sales | 2,474 | 2,602 | 2,732 | 2,883 |
| Merchandise COGS | -1,030 | -1,104 | -1,169 | -1,247 |
| Warehouse, receiving and repackaging | -87 | -94 | -106 | -106 |
| Other | -41 | -53 | -62 | -64 |
| COGS | -1,159 | -1,251 | -1,336 | -1,416 |
| Marketing cost | -481 | -426 | -426 | -442 |
| Distribution | -193 | -219 | -271 | -293 |
| Picking and packing | -64 | -66 | -71 | -71 |
| Call center | -51 | -42 | -38 | -42 |
| Marketing staff | -73 | -84 | -77 | -73 |
| Other | -8 | -13 | -13 | -18 |
| Selling expenses | -870 | -850 | -897 | -939 |
| Finance, HR & IT | -129 | -124 | -122 | -128 |
| Product | -87 | -86 | -84 | -86 |
| Logistics, returns & sourcing | -55 | -56 | -44 | -41 |
| Service | -38 | -33 | -30 | -30 |
| Group management & admin | -27 | -28 | -17 | -13 |
| Other | -14 | -9 | 0 | 1 |
| Administration expenses | -351 | -336 | -298 | -298 |
| Recoveries from NPL portfolio | 40 | 44 | 40 | 38 |
| Royalties | 12 | 16 | 14 | 12 |
| Other | 2 | 1 | 2 | 2 |
| Other income | 54 | 60 | 57 | 51 |
| Cash EBITDA management accounts | 149 | 225 | 257 | 281 |
| Adjustments in accordance with FDD ¹ | -9 | -4 | -24 | -8 |
| Adjusted EBITDA¹ | 140 | 221 | 233 | 273 |

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 | Q2 YTD |
|---|--------------|--------------|--------------|
| Operating Profit | -24.7 | 105.7 | 81.0 |
| Amortisation of acquisition-related intangible assets | 23.9 | 23.9 | 47.8 |
| Acquisition-related costs | 0.8 | -25.0 | -24.2 |
| Unused storage areas during moving – double rents | 0.9 | 0.2 | 1.1 |
| Adjusted EBITA | 0.9 | 104.8 | 105.7 |
| Depreciation | 22.5 | 23.1 | 45.6 |
| Adjusted EBITDA | 23.4 | 128.0 | 151.4 |
| IFRS 16 Effect on EBITDA | -16.6 | -17.2 | -33.8 |
| Adjusted EBITDA excl. IFRS 16 | 6.9 | 110.8 | 117.6 |
| Interest on NPL-portfolio | 1.7 | 1.8 | 3.6 |
| Group Consolidation Valuation Entries | 6.7 | -4.9 | 1.9 |
| Other / Currency | 1.3 | 3.5 | 4.8 |
| Cash EBITDA Management Accounts | 16.6 | 111.2 | 127.8 |

As presented in the FNG Nordic AB Quarterly 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 long blonde hair, wearing a teal dress, striped leggings, and yellow shoes, is sitting on a green velvet sofa. She is holding a large glass vase filled with green and brown dried flowers. The background features a white paneled door and a light-colored wall. The floor is light wood, and there is a white shag rug and a patterned rug in the foreground.

ELLOS GROUP

ellos **Jotex** STAYHARD

A leading Nordic
e-commerce group