

ELLOS GROUP

FNG Nordic AB (publ) group**

INTERIM REPORT JANUARY - JUNE 2020

THE SECOND QUARTER

- Net sales totalled SEK 763.1 million.
- The gross margin amounted to 54.7 %.
- The operating profit/loss* amounted to SEK 105.7 million. The operating margin* was 13.9%.
- Adjusted EBITA* amounted to SEK 104.8 million. The adjusted EBITA margin* stood at 13.7%.
- Adjusted EBITDA* amounted to SEK 128.0 million. The adjusted EBITDA margin* stood at 16.8%.
- Cash flow from operating activities amounted to SEK 13.6 million.
- Operating cash flow*, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK 8.2 million.
- Cash and cash equivalents amounted to SEK 202.7 million.

SIX MONTHS 2020

- Net sales totalled SEK 1,403.6 million.
- The gross margin amounted to 52.1%.
- The operating profit/loss* amounted to SEK 81.0 million. The operating margin* was 5.8%.
- Adjusted EBITA* amounted to SEK 105.7 million. The adjusted EBITA margin* stood at 7.5%.
- Adjusted EBITDA* amounted to SEK 151.4 million. The adjusted EBITDA margin* stood at 10.8%.
- Cash flow from operating activities amounted to SEK -37.0 million.
- Operating cash flow*, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK -52.0 million.
- Cash and cash equivalents amounted to SEK 202.7 million.

FINANCIAL KPI'S, AMOUNT IN MSEK	3 MONTHS	6 MONTHS
	APRIL - JUNE 2020	JANUARY - JUNE 2020
Net sales	763.1	1 403.6
Gross margin, %	54.7	52.1
Operating profit/loss	105.7	81.0
Operating margin, %	13.9	5.8
Adjusted EBITA	104.8	105.7
Adjusted EBITA- margin, %	13.7	7.5
Adjusted EBITDA	128.0	151.4
Adjusted EBITDA- margin, %	16.8	10.8
Profit/loss for the period	41.0	-8.9
Cash-flow from operations	13.6	-37.0
Operating cash-flow	8.2	-52.0

* 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

EUROPEAN EXPANSION ANNOUNCED!

Q2 became a strong quarter for Ellos Group as indicated in the Q1 report. Net sales landed at 763.1 MSEK with an adjusted EBITDA of 128.0 MSEK, representing an EBITDA-margin of 16.8%. As a reference, adjusted EBITDA for Q1 was 23.4 MSEK.

There are several factors behind this positive development. More than 280.000 new customers 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 performed well during the quarter with significant growth rates. Sales of Shoes and Apparel gradually improved over the quarter. Actions regarding price reductions and marketing cost efficiency launched in Q1, where we saw positive effects already in April, continued over the quarter.

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.

The extended Sustainability report for 2019 was published on 8 June. We are proud to report progress in many areas; 87% sustainable cotton, 43% female managers and 98% coverage of supplier inspection protocols. At Ellos Group, sustainability is a natural and value-creating part of the daily business. A sustainable business approach with a long-term perspective challenges us to be innovative, curious and transparent, and creates value for our customers, employees, business partners, and owners, as well as for the communities in which we operate. We want to contribute to a better world for future generations and aspire to building a business that can be part of the solution.

On 2 July, Ellos Group announced its intention to expand its business into Europe. At year end Jotex will launch in Germany, Holland and Belgium followed by Poland in early 2021. This is a continuation of recent year's success within home furnishing offer.

Launching our own brands outside the Nordic region is an important step in Ellos Group's strategy. With a scalable model, common commercial plan, shops online and unique product range, we can expand relatively simply into additional markets and add more brands in Europe.

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



COVID-19

When covid-19 hit our region during first quarter we saw an immediate and significant slowdown in customer demand on fashion items, 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, sustained the business a lot better. We have seen a substantial increase in customer demand on those categories, while Fashion slowly got its traction back during the second quarter.

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. 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 summer period we have seen delays in deliveries to our warehouse but without any material impact on sales. The supply chain from China, which is very important for us, was impacted in the early phase of the pandemic but quickly recovered.

For India, Pakistan and Bangladesh, the situation is more unstable, but so far, the disturbances on our supply chain has been limited. The same is through for Europe where we have seen disturbances but with minor impacts on us. As of now we are closely monitoring the entire supply situation but with specific attention to India, Pakistan and Bangladesh where we do see a risk. 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 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 impact from covid-19 and the business is developing very positively, it is impossible to predict how the pandemic will develop and how the world will cope with it. The situation overall and for Ellos Group could rapidly change for the worse, despite all risk mitigation actions we are taking.



SECOND QUARTER 2020

SALES

Net sales for the period amounted to SEK 763.1 million, which is an increase of 19.1% compared with sales for the first quarter. The product groups in the home area account for the largest increase in sales, but there has also been some improvement in sales of clothing and footwear compared to the first quarter.

RESULTS

Gross profit for the period amounted to SEK 417.7 million and the gross margin was 54.7%. Compared to the first quarter, the gross margin has strengthened and increased by 5.7 percentage points.

The operating profit/loss totalled SEK 105.7 million, which is an increase with SEK 130.4 million compared to operating profit/loss for the first quarter which totalled SEK -24.7 million. The operating profit/loss was positively impacted with SEK 25.7 million due to a received credit note regarding acquisition-related costs. The costs had earlier affected the result for 2019. Selling expenses for the second quarter amounted to SEK 250.9 million while administrative expenses amounted to SEK 73.0 million.

Adjusted EBITA amounted to SEK 104.8 million, which is an increase of SEK 103.9 million compared to the first quarter.

CASH FLOW

Cash flow from operating activities amounted to SEK 13.6 million and was impacted negatively by the change in working capital of SEK -76.9 million. The cashflow includes bond loan interest expenses amounting to SEK 27.2 million.

Accounts payable were at the end of June SEK 135.0 million lower than they were at the end of March. In addition, EUR 5,0 million was paid during the quarter regarding a purchasing collaboration within the FNG Group. This payment is reported as a prepaid cost. Inventories decreased from SEK 539.9 million at the end of March to SEK 486.6 million at the end of June, which had a positive effect on cash flow with SEK 53.3 million.

Cash flow from investments totalled SEK -5.4 million, where the biggest part of it was related to investments in IT structure for development projects.

Operating cash-flow amounted to SEK 8.2 million, which is an increase of SEK 68.5 million compared with the first quarter, which had an operating cash-flow of SEK -60.3 million.

Cash flow from financing activities amounted to SEK -39.8 million, which comprised change in the group's short-term credit facility.

Cash flow for the period totalled SEK -31.6 million, which is an improvement of SEK 10.5 million compared to the first quarters' cash flow.



SIX MONTHS 2020

SALES

Net sales for the period amounted to SEK 1,403.6 million. Sales of furniture and home interior developed well during the first half of 2020, with an increasing growth rate during the first quarter, which continued and strengthened further during the second quarter. The product range in home products now accounts for more than 50% of net sales. 2020 began with a decline in sales of clothing and footwear during the first quarter when the covid-19 pandemic spread. Thereafter, some recovery has taken place during the second quarter.

RESULTS

Gross profit for the period amounted to SEK 732.0 million and the gross margin was 52.1%. The gross margin strengthened during the latter part of the half-year from a low level during the first quarter to a significantly stronger margin during the second quarter.

The operating profit/loss totalled SEK 81.0 million. Selling expenses amounted to SEK 497.1 million while administrative expenses amounted to SEK 163.0 million. The operating profit/loss was positively impacted with SEK 25.7 million due to a received credit note regarding acquisition-related costs. The costs had earlier affected the result for 2019.

Adjusted EBITA amounted to SEK 105.7 million.

CASH FLOW

Cash flow from operating activities amounted to SEK -37.0 million and was impacted negatively by the change in working capital of SEK -104.5 million. The change in working capital includes a prepayment of 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 for the group-wide purchases. The development of this collaboration is affected by the bankruptcies within the rest of the FNG Group (see Events after closing date) and a possible write-down may be relevant. Cash flow from operating activities includes interest expenses of SEK 53.4 million relating to the group's bond loan.

Cash flow from investments totalled SEK -15.0 million, where the biggest part of it was related to investments in the IT structure for development projects.

Operating cash-flow amounted to SEK -52.0 million.

Cash flow from financing activities amounted to SEK -20.6 million, which comprised change in the group's lease liability.

Net debt amounted to SEK 1,245.6 million.

Cash flow for the period totalled SEK -72.6 million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents amounted to SEK 202.7 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 53.5 million.

*See definitions on page 19.



SIGNIFICANT EVENTS

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

A framework agreement with FNG Group NV regarding purchasing was signed in May 2020. This agreement enables the group to obtain lower purchasing costs and agent commissions. The agreement regulates the terms for purchases of goods through FNG Group NV's buying offices. The group has paid a fee of EUR 5,0 million to be allowed to use this purchasing platform. The fee will be accrued during the term of the contract, which is five years. The agreement also stipulates that the group shall pay advances to the buying offices corresponding to a share of the order value for orders placed with suppliers. The group has paid EUR 10,0 million in advance for supply of goods. After the bankruptcy filings for several Belgian and Dutch companies within FNG Group there could be a possible write-down of above fees (see events after closing date).

During the second quarter, the group launched new upgraded e-commerce sites for Ellos and Jotex brands. The sites maintain a high technical standard and are among the fastest on the market with a response time of less than two seconds. Customers are offered increased user-friendliness and personalization that improves the relevance for the customer. The sites are designed for mobile.

During the second quarter, the group issued its Sustainability Report for 2019. This report is somewhat more comprehensive than the Sustainability Report published in the annual report for 2019. The Sustainability Report is available on the group's website.

EVENTS AFTER CLOSING DATE

Ellos Group has decided to offer home interior to consumers in Europe through Jotex. A project has been started to implement this and the launch in the first countries is expected to be around the turn of the year 2020/21.

As of 28 August 2020, Paul Lembrechts is new CEO of FNG Nordic AB (publ). Paul Lembrechts is currently CEO and board member at FNG NV and has previously been CEO of VRT and BKCP Bank.

At an extraordinary general meeting held on 28 August 2020, it was resolved to newly elect Richard Turk as new chairman of the board of directors and Paul Lembrechts as member of the board of directors at FNG Nordic AB (publ). Anja Maes and Dieter Penninckx has resigned from the board. Richard Turk is currently CEO of FNG Group Netherlands and board member at FNG NV.

FNG Nordic AB (publ) is part of the Belgian FNG Group and on Thursday, 30 July 2020, a number of the Belgian companies within the FNG Group filed for bankruptcy and a number of the Dutch companies within the FNG Group submitted application to suspend their payments. FNG Nordic AB (publ) with its subsidiaries within Ellos Group and FNG N.V. are currently not affected by these procedures.

NUMBER OF EMPLOYEES

As at 30 June 2020, the group had 521 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 only minor disruptions in deliveries and the group investigates possible replacement deliveries from other countries. Inventories are current, at a satisfactory level and the proportion of older obsolete inventories is low. No increased credit losses or credit risks have been noticed.

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 412 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 -1.9 million for the second quarter while the operating profit/loss for the half year was SEK -1.8 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 -34.1 million for the second quarter and to -60.4 million for the half year and primarily comprised interest on issued bonds.

DISTRIBUTION OF NET SALES, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Revenue from agreements with customers	686.7	1 250.3
Additional purchase price Resurs Bank	76.4	153.3
Total	763.1	1 403.6

NET SALES PER COUNTRY WHERE THE CUSTOMER IS LOCATED, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Sweden	415.7	781.7
Norway	135.5	239.2
Finland	137.6	255.6
Denmark	64.5	116.1
Other	9.8	11.0
Net sales	763.1	1 403.6

OTHER INCOME, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Rental income	1.2	2.4
Royalties	3.1	5.1
Other	5.7	6.9
Other income	10.0	14.4



CONSOLIDATED INCOME STATEMENT, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Net sales	763.1	1 403.6
Cost of goods sold	-345.4	-671.6
Gross profit	417.7	732.0
Selling expenses	-250.9	-497.1
Administrative expenses	-73.0	-163.0
Credit losses on financial assets and contract assets	-0.6	-0.7
Other income	10.0	14.4
Other costs	2.5	-4.6
Operating profit/loss	105.7	81.0
Financial income	2.2	4.1
Financial costs	-42.7	-81.2
Financial items	-40.5	-77.1
Profit/loss before tax	65.2	3.9
Income tax	-24.2	-12.8
Profit/loss for the period	41.0	-8.9
Attributable to:		
Parent company's shareholders	41.0	-8.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Profit/loss for the period	41.0	-8.9
Items that can later be reversed to the income statement		
Translation differences for the period	-10.3	16.2
Cash-flow hedges change in value	-13.8	34.0
Cash-flow hedges returned to the income statement	-6.1	-17.3
Tax effect	4.3	-3.6
Items that can later be reversed to the income statement	-26.0	29.2
Comprehensive income	15.1	20.3
Attributable to:		
Parent company's shareholders	15.1	20.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, AMOUNT IN MSEK	2020-06-30	2020-03-31	2019-12-31
ASSETS			
Fixed assets			
Intangible assets	1 840.8	1 850.1	1 872.5
Tangible fixed assets	683.5	701.4	708.6
Long-term receivables	45.5	3.1	3.1
Deferred tax receivables	38.9	46.2	31.7
Total fixed assets	2 608.7	2 600.8	2 615.9
Current asset			
Inventories	486.6	539.9	529.4
Contract assets	28.4	29.4	36.0
Account receivables	40.4	50.3	59.5
Current receivables from group companies	12.8	12.7	7.7
Other current assets	265.5	263.2	65.5
Cash & cash equivalents	202.7	240.3	272.0
Total current assets	1 036.4	1 135.8	970.1
TOTAL ASSETS	3 645.1	3 736.6	3 586.0
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	588.8	558.1	552.9
Total Equity	588.8	558.1	552.9
Long-term liabilities			
Bond	1 448.3	1 445.8	1 443.5
Long-term lease liabilities	504.2	517.6	525.6
Other long-term liabilities	26.9	19.6	10.8
Deferred tax liabilities	222.0	231.1	228.9
Provision for pensions	171.4	170.4	170.0
Total Long-term liabilities	2 372.8	2 384.5	2 378.8
Current liabilities			
Interest-bearing liabilities	0.0	30.5	0.0
Current lease liabilities	67.9	67.9	65.3
Accounts payable	208.1	343.1	222.5
Other current liabilities	407.5	352.5	366.5
Total Current liabilities	683.5	794.0	654.3
TOTAL EQUITY AND LIABILITIES	3 645.1	3 736.6	3 586.0

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	Total Equity
OPENING BALANCE AT JANUARY 1, 2020	0.5	664.3	-0.7	-15.6	-95.7	552.9
Comprehensive income						
Profit/loss for the period					-8.9	-8.9
Other comprehensive income						
Cash flow hedges						
Change in fair value for the year				34.0		34.0
Transferred to the income statement				-17.3		-17.3
Translation differences			16.2			16.2
Tax attributable to items in other comprehensive income				-3.6		-3.6
Other comprehensive income, after tax	0.0	0.0	16.2	13.1	0.0	29.2
Comprehensive income	0.0	0.0	16.2	13.1	-8.9	20.3
Transactions with shareholders						
Contribution received in connection with acquisition of subsidiary		15.6				15.6
Dividends					0.0	0.0
Transactions with shareholders	0.0	15.6	0.0	0.0	0.0	15.6
BALANCE AT JUNE 30, 2020	0.5	679.9	15.4	-2.5	-104.6	588.8

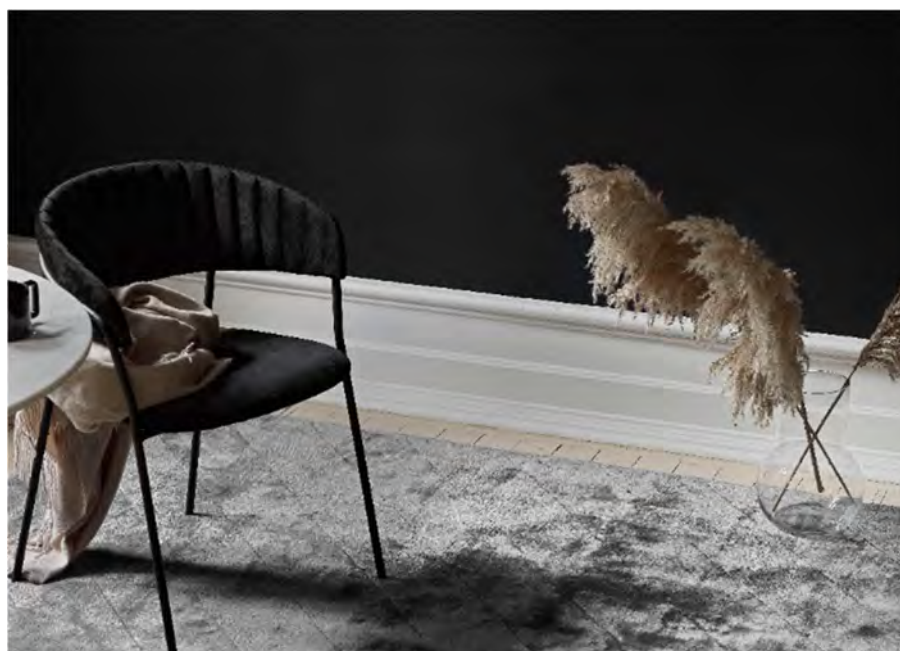


CONSOLIDATED CASH FLOW STATEMENT, AMOUNT IN MSEK	3 MONTHS APRIL – JUNE 2020	6 MONTHS JANUARY – JUNE 2020
Cash-flow from operations before changes in working capital	90.5	67.5
Cash-flow from changes in working capital	-76.9	-104.5
Cash-flow from operations	13.6	-37.0
Investments		
Acquisition of intangible fixed assets	-4.2	-10.4
Acquisition of tangible fixed assets	-0.6	-4.1
Acquisition of financial fixed assets	-0.6	-0.5
Cash-flow from investments	-5.4	-15.0
Operating cash-flow	8.2	-52.0
Financing activities		
Change in long-term liabilities	-2.3	0.0
Payment of fees for liabilities	-1.2	-1.7
Payment of lease liabilities	-5.8	-18.9
Change of revolving credit	-30.5	0.0
Cash-flow from financing activities	-39.8	-20.6
Cash-flow for the period	-31.6	-72.6
Cash and cash equivalents at beginning of period	240.3	272.0
Exchange rate difference in liquid assets	-6.0	3.3
Cash and cash equivalents at end of period	202.7	202.7



PARENT COMPANY INCOME STATEMENT, AMOUNTS IN MSEK	3 MONTHS		6 MONTHS	
	APRIL – JUNE 2020		JANUARY – JUNE 2020	
Net sales	4.7		8.8	
Gross profit	4.7		8.8	
Administrative expenses	-6.6		-10.6	
Operating profit	-1.9		-1.8	
Financial items				
Interest income	2.9		5.9	
Interest costs	-36.9		-66.3	
Financial items	-34.1		-60.4	
Profit/loss after financial costs	-35.9		-62.2	
Appropriations				
Profit/loss before tax	-35.9		-62.2	
Income tax	-3.7		2.0	
Profit/loss for the period	-39.6		-60.3	

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, AMOUNTS IN MSEK	3 MONTHS		6 MONTHS	
	APRIL – JUNE 2020		JANUARY – JUNE 2020	
Profit/loss for the period	-39.6		-60.3	
Comprehensive income	-39.6		-60.3	



PARENT COMPANY'S BALANCE SHEET, AMOUNTS IN MSEK	2020-06-30	2020-03-31	2019-12-31
ASSETS			
Fixed assets			
Shares in subsidiaries	1 669.3	1 679.4	1 679.4
Deferred tax assets	2.0	5.6	0.0
Long-term receivables	1.5	0.0	0.0
Total Fixed assets	1 672.8	1 685.0	1 679.4
Current assets			
Contract assets	1.8	2.1	1.5
Receivables from group companies	388.7	432.2	456.2
Tax assets	0.3	0.2	0.0
Other current assets	0.1	0.2	0.0
Prepayments and accrued income	0.1	0.1	0.1
Cash and bank	2.2	107.4	0.8
Total Current assets	393.1	542.2	458.6
TOTAL ASSETS	2 065.9	2 227.3	2 138.0
EQUITY AND LIABILITIES			
Restricted equity	0.5	0.5	0.5
Non-restricted equity	567.5	591.5	612.2
Total Equity	568.0	592.0	612.7
Long-term liabilities			
Bond issue	1 448.3	1 445.8	1 443.5
Long-term liabilities	24.4	16.6	0.0
Total Long-term liabilities	1 472.7	1 462.4	1 443.5
Current liabilities			
Liabilities to group companies	0.1	125.6	0.0
Other current liabilities	0.3	0.5	0.1
Accrued expenses and prepaid income	24.8	47.0	81.7
Total Current liabilities	25.2	172.8	81.8
TOTAL EQUITY AND LIABILITIES	2 065.9	2 227.3	2 138.0

FINANSIELLA NYCKELTAL MSEK, OM EJ ANNAT ANGES	APRIL – JUNE 2020	JANUARY - MARCH 2020
Net sales	763.1	640.5
Gross profit	417.7	314.3
Gross margin. %	54.7	49.1
Operating profit/loss	105.7	-24.7
Operating margin. %	13.9	-3.9
EBITA	129.6	-0.8
Adjusted EBITA	104.8	0.9
Adjusted EBITA-margin. %	13.7	0.1
EBITDA	152.8	21.7
Adjusted EBITDA	128.0	23.4
Adjusted EBITDA-marginal. %	16.8	3.6
Financial items	-40.5	-36.6
Profit/loss before tax	65.2	-61.3
Profit/loss for the period	41.0	-49.9
Cash-flow from operations	13.6	-50.6
Operating cash-flow	8.2	-60.3
Cash-flow for the period	-31.6	-41.1
Balance sheet total at the end of the period	3 645.1	3 736.6
Cash and cash equivalents at end of period	202.7	240.3
Inventories at the end of the period	486.6	539.9
Equity at the end of the period	588.8	558.1
Net debt	1 245.6	1 236.1
Number of employees at the end of the period	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 31.9 million and derivative contracts with negative values amounted to SEK 9.8 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	6 MONTHS
	APRIL – JUNE 2020	JANUARY - JUNE 2020
Net sales	763.1	1 403.6
Cost of goods sold	-345.4	-671.6
Gross profit	417.7	732.0

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	6 MONTHS
	APRIL – JUNE 2020	JANUARY - JUNE 2020
Gross profit, in MSEK	417.7	732.0
Net sales, in MSEK	763.1	1 403.6
Gross margin	54.7	52.1

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

OPERATING PROFIT/LOSS, AMOUNT IN MSEK	3 MONTHS	6 MONTHS
	APRIL – JUNE 2020	JANUARY - JUNE 2020
Profit/loss before tax, in MSEK	65.3	3.9
Financial items, in MSEK	-40.5	-77.1
Operating profit/loss	105.7	81.0

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

OPERATING MARGIN, %	3 MONTHS	6 MONTHS
	APRIL – JUNE 2020	JANUARY - JUNE 2020
Operating profit/loss, in MSEK	105.7	81.0
Net sales, in MSEK	763.1	1 403.6
Operating margin	13.9	5.8

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

EBITA, AMOUNT IN MSEK	3 MONTHS	6 MONTHS
	APRIL – JUNE 2020	JANUARY - JUNE 2020
Operating profit/loss	105.7	81.0
Amortization of acquisition-related intangible assets	23.9	47.8
EBITA	129.6	128.8

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

EBITDA, AMOUNT IN MSEK	3 MONTHS APRIL – JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Operating profit/loss	105.7	81.0
Amortization, depreciation and impairment	47.1	93.5
EBITDA	152.8	174.5

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

ADJUSTED EBITA, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Operating profit/loss	105.7	81.0
Amortization of acquisition-related intangible assets	23.9	47.8
Non-recurring items		
Acquisition-related costs	-25.0	-24.2
Unused storage areas during moving – double rents	0.2	1.1
Adjusted EBITA	104.8	105.7

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.

ADJUSTED EBITDA, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Operating profit/loss	105.7	81.0
Amortization, depreciation and impairment	47.1	93.5
EBITDA	152,8	174,5
Non-recurring items		
Acquisition-related costs	-25.0	-24.2
Unused storage areas during moving – double rents	0.2	1.1
Adjusted EBITDA	128.0	151.4

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.

ADJUSTED EBITA MARGIN, %	3 MÅNADER APRIL – JUNI 2020	6 MÅNADER JANUARI – JUNI 2020
Net sales	763.1	1 403.6
Adjusted EBITA	104.8	105.7
Adjusted EBITA- margin	13.7	7.5

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

ADJUSTED EBITDA MARGIN, %	3 MÅNADER APRIL – JUNI 2020	6 MÅNADER JANUARI – JUNI 2020
Net sales	763.1	1 403.6
Adjusted EBITDA	128.0	151.4
Adjusted EBITDA- margin	16.8	10.8

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

NET DEBT, AMOUNT IN MSEK	2020-06-30	2020-03-31
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 448.3	1 445.8
Interest-bearing liabilities, short-term	0.0	30.5
Cash and cash equivalents	-202.7	-240.3
Net debt	1 245.6	1 236.1

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 indebt its business.

OPERATING CASH FLOW, AMOUNT IN MSEK	3 MONTHS APRIL - JUNE 2020	6 MONTHS JANUARY - JUNE 2020
Cash flow from operating activities	13.6	-37.0
Cash flow from investments	-5.4	-15.0
Operating cash flow	8.2	-52.0

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 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.

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, 31 August 2020

Paul Lembrechts
CEO

FUTURE REPORTING AND EVENTS

Interim report July - September 2020
Year-and report October - December 2020

30 November 2020
26 February 2021

The interim report will be published and available at Ellos Groups website, www.ellogroup.com. 31st of August 2020.

FOR FURTHER INFORMATION

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FOR TRANSLATION PURPOSES ONLY

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 31st of August 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

