

ELLOS GROUP

FNG Nordic AB (publ) Group

THREE-MONTH REPORT 1 JANUARY - 31 MARCH 2020

THE FIRST QUARTER

- Net sales totalled SEK 604.5 million.
- The gross margin amounted to 49.1%.
- The operating loss* amounted to SEK -24.7 million. The operating margin* was -3.9%.
- Adjusted EBITA* amounted to SEK 0.9 million. The adjusted EBITA margin* stood at 0.1%.
- Adjusted EBITDA* amounted to SEK 23.4 million. The adjusted EBITDA margin* stood at 3.6%.
- Cash flow from operating activities amounted to SEK -50.6 million. Operating cash flow*, that is, cash flow from operating activities and cash flow from investing activities, totalled SEK -60.3 million. Cash and cash equivalents amounted to SEK 240.3 million.

FINANCIAL KPI'S, AMOUNT IN MSEK	1 Jan - 31 March 2020
Net sales	640.5
Gross margin, %	49.1
Operating profit	-24.7
Operating margin, %	-3.9
Adjusted EBITA	0.9
Adjusted EBITA- margin, %	0.1
Adjusted EBITDA	23.4
Adjusted EBITDA- margin, %	3.6
Result for the period	-48.1
Cash-flow from operations	-50.6
Operating cash-flow	-60.3

* Not defined according to IFRS. See page 13.

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. The adjusted EBITDA margin stood at SEK 44.1 million in April compared to SEK 0.9 million for the whole first quarter and the Adjusted EBITDA totalled SEK 51.7 million compared to SEK 23.4 million above. 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.

Ellos Group has a positive view on the future despite the extraordinary and uncertain times from the impact of covid-19. Management and all the employees are now working hard to ensure that customers feel safe and secure to shop online. As the leading e-commerce group in the Nordic region, the Group has a large and wide range of products with attractive offers online in the fashion and home segments with a strong range of own products and external brands. 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. The Group is cooperating closely with its diversified network of suppliers with a balanced geographic exposure which combined with relevant stock levels has contributed to a stable availability of goods.

Concerning the integration with the rest of FNG, the work is ongoing and the project on joint product purchases is underway. The business conditions are set and agreed, the technical aspects of the project are underway and the first request for quotation to suppliers has been made. This project will in the long term mean lower purchasing costs and agent commissions.

Ellos Group has a solid financial position with access to liquidity both in terms of cash at hand and credit facilities with bank.

Emmanuel Bracke, CEO for FNG Nordic AB (publ).

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FIRST QUARTER 2020

SALES

Net sales for the period amounted to SEK 640.5 million. 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 areas of business represent more than 50 percent of total net sales.

RESULTS

Gross profit for the period amounted to SEK 314.3 million and the gross margin was 49.1%. The gross margin was negatively affected by a weaker merchandise margin during period.

The operating loss totalled SEK -24.7 million. Selling expenses amounted to SEK 246.3 million while administrative expenses amounted to SEK 90.0 million.

Adjusted EBITA amounted to SEK 0.9 million, which includes the effect of reversal of acquisition-related amortisation of SEK 23.9 million and non-recurring items amounting to SEK 1.7 million.

CASH FLOW

Cash flow from operating activities amounted to SEK -50.6 million and was impacted negatively by the change in working capital of SEK -27.6 million. The change in working capital includes a prepayment of goods within the framework of purchases within FNG of EUR 10.0 million.

Cash flow from investments totalled SEK -9.7 million, where the biggest part of it was related to investments in Group's IT system. Investments have also been made in the new outlet store and in the logistic area.

Operating cash-flow amounted to SEK -60.3 million.

Cash flow from financing activities amounted to SEK 19.2 million, which comprised change in the Group's short-term credit facility at bank.

Net debt amounted to SEK 1,236.1 million.

Cash flow for the period totalled SEK -41.1 million.

FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents amounted to SEK 240.3 million. The Group has a solid financial position with access to liquidity both in terms of cash at hand and significant head room in the revolving credit facility with bank. Credit facility amounts to SEK 350.0 million and was used on the balance sheet date with SEK 30.5 million and SEK 53.5 million for guarantees provided by the bank.



SIGNIFICANT EVENTS

As a result of the Coronavirus (covid-19) that is spreading across the world, the Company is facing an extraordinary and uncertain situation for the future. The FNG Nordic Group is in a stable position with relatively limited disturbances, currently without any critical direct impact on the business operations. To date, the current situation has had a limited impact on the customer facing business and sales are functioning satisfactorily with a shift from clothing and fashion to home interior.

The Group has developed a new function for Financial Services, Elpy, which is a digital, mobile and and scalable FS platform that facilitates the purchase and payments of goods. Elpy was initially launched for Homeroom during the first quarter of 2020. Stayhard started using Elpy in April 2020. This allows these brands to generate revenues from financial services. The other brands in the Group will launch Elpy in the future.

A new warehouse has been completed on behalf of Ellos Group in Viared, Borås. The move is now done and a new warehouse for furniture and large home interiors products has been inaugurated in January 2020. The new warehouse will provide opportunities for continued growth, more efficient working methods, facilitating consolidation of warehouse space and a better service offering to customers. In February 2020, the Group opened its new outlet store in the same premises.

EVENTS AFTER CLOSING DATE

Emmanuel Bracke has taken over as FNG Nordic AB's Managing Director on May 5, 2020 and, as a result, he resigned as a chairman of the board. He has succeeded Dieter Penninckx who is retiring as Managing Director but remains as a member of the Board of Directors of the company. Anja Maes, former member of the Board, has taken over as Chairman of the Board.

A new website was launched for the Jotex brand in April 2020. This site offers customers a trendy inspiring shopping experience in home interior.

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.

In April 2020, the Ellos brand launched a new platform in all markets in Nordic countries that gives

the customer a faster user experience designed for the mobile phone.

APRIL - MAY 2020

During April home interior sales accelerated further while increasing merchandise margins together with the efficiency in marketing costs because of measures taken during the first quarter. This has resulted in a sharp improvement of profitability. May has also developed positively and the liquidity is good with an undrawn RCF.

FINANCIAL RATIOS AMOUNT IN MSEK	APRIL 2020	1 JAN-30 APRIL 2020
Net sales	271.8	912.3
Gross margin, %	53.9	50.5
Operating profit**	35.9	11.2
Operating margin**, %	13.2	1.2
Adjusted EBITA**	44.1	45.0
Adjusted EBITA- margin**, %	16.2	4.9
Adjusted EBITDA**	51.7	75.1
Adjusted EBITDA- margin**, %	19.0	8.2
Result for the period	24.2	-25.7

** Not defined according to IFRS. See page 13.

NUMBER OF EMPLOYEES

As at 31 March 2019, the Group had 530 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.

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 the Group companies.

PARENT COMPANY

The Parent Company's operating profit amounted to SEK 0.1 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 -26.4 million and primarily comprised interest on issued bonds

KEY FINANCIAL INDICATORS AMOUNT IN MSEK UNLESS OTHERWISE STATED	1 JAN - 31 MARCH 2020
Gross margin, %	49.1
Adjusted EBITA	0.9
Adjusted EBITA-margin, %	0.1
EBITDA	21.7
Adjusted EBITDA	23.4
Inventories. at the end of the period	539.9
Net debt at the end of the period	1 236.1

DISTRIBUTION OF NET SALES, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Revenue from agreements with customers	563.6
Additional purchase price Resurs bank	76.9
Total	640.5

NET SALES PER COUNTRY WHERE THE CUSTOMER IS LOCATED, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Sweden	366.0
Norway	103.7
Finland	118.0
Denmark	51.7
Other	1.1
Net sales	640.5

OTHER INCOME, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Rental income	1.1
Royalties	2.0
Other	1.4
Other income	4.5



ADJUSTED EBITA, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Operating profit/loss	-24.7
Amortisation of acquisition-related intangible assets	23.9
Non-recurring items	
Acquisition-related costs	0.8
Unused storage areas during moving – double rents	0.9
Adjusted EBITA	0.9

ADJUSTED EBITDA, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Operating profit/loss	-24.7
Amortisation, depreciation and impairment	46.4
EBITDA	21.7
Non-recurring items	
Acquisition-related costs	0.8
Unused storage areas during moving – double rents	0.9
Adjusted EBITDA	23.4

NET DEBT, AMOUNT IN MSEK	31 MARCH 2020
Interest-bearing liabilities, long-term, excluding pension liabilities and lease liabilities	1 445.8
Interest-bearing liabilities, short-term	30.5
Cash and cash equivalents	-240.3
Net debt	1 236.1



CONSOLIDATED INCOME STATEMENT, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Net sales	640.5
Cost of goods sold	-326.2
Gross profit	314.3
Selling expenses	-246.3
Administrative expenses	-90.0
Credit losses on financial assets and contract assets	-0.1
Other income	4.5
Other costs	-7.1
Operating profit/loss	-24.7
Financial income	1.9
Financial costs	-38.5
Financial items	-36.6
Profit/loss before tax	-61.3
Income tax	11.4
Profit/loss for the period	-49.9
Attributable to:	
Parent company's shareholders	-49.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Profit/loss for the period	-49.9
Items that can later be reversed to the income statement	
Translation differences for the period	26.5
Cash-flow hedges change in value	47.7
Cash-flow hedges returned to the income statement	-11.2
Tax effect	-7.8
Items that can later be reversed to the income statement	55.2
Comprehensive income	5.3
Attributable to:	
Parent company's shareholders	5.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, AMOUNT IN MSEK	2020-03-31	2019-12-31
ASSETS		
Fixed assets		
Intangible assets	1 850.1	1 872.5
Tangible fixed assets	701.4	708.6
Long-term receivables	3.1	3.1
Deferred tax receivables	46.2	31.7
Total fixed assets	2 600.8	2 615.9
Current asset		
Inventories	539.9	529.4
Contract assets	29.4	36.0
Account receivables	50.3	59.5
Current receivables from group companies	12.7	7.7
Other current assets	263.2	65.5
Cash & cash equivalents	240.3	272.0
Total current assets	1 135.8	970.1
TOTAL ASSETS	3 736.6	3 586.0
EQUITY AND LIABILITIES		
Equity attributable to parent company shareholders	558.1	552.9
Total Equity	558.1	552.9
Long-term liabilities		
Bond	1 445.8	1 443.5
Long-term lease liabilities	517.6	525.6
Other long-term liabilities	19.6	10.8
Deferred tax liabilities	231.1	228.9
Provision for pensions	170.4	170.0
Total Long-term liabilities	2 384.5	2 378.8
Current liabilities		
Interest-bearing liabilities	30.5	0.0
Current lease liabilities	67.9	65.3
Accounts payable	343.1	222.5
Other current liabilities	352.5	366.5
Total Current liabilities	794.0	654.3
TOTAL EQUITY AND LIABILITIES	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					-49.9	-49.9
Other comprehensive income						
Cash flow hedges						
This year's change in real value				47.7		47.7
Dissolved against the income statement				-11.2		-11.2
Translation differences			26.5			26.5
Tax attributable to items in other comprehensive income				-7.8		-7.8
Other comprehensive income, after tax	0.0	0.0	26.5	28.7	0,0	55.2
Comprehensive income	0.0	0.0	26.5	28.7	-49.9	5.3
Transactions with shareholders						
Dividend						0.0
Transactions with shareholders	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT MARCH 31, 2020	0.5	664.3	25.8	13,1	-145.6	558.1



CONSOLIDATED CASH FLOW STATEMENT, AMOUNT IN MSEK	1 JAN - 31 MARCH 2020
Cash-flow from operations before changes in working capital	-23.0
Cash-flow from changes in working capital	-27.6
Cash-flow from operations	-50.6
Investments	
Acquisition of intangible fixed assets	-6.2
Acquisition of tangible fixed assets	-3.5
Cash-flow from investments	-9.7
Operating cash-flow	-60.3
Financing activities	
Change in long-term liabilities	2.3
Payment of fees for liabilities	-0.5
Amortisation of lease liabilities	-13.2
Change of revolving credit	30.6
Cash-flow from financing activities	19.2
Cash-flow for the period	-41.1
Cash and cash equivalents at beginning of period	272.0
Exchange rate difference in liquid assets	9.4
Cash and cash equivalents at end of period	240.3



PARENT COMPANY INCOME STATEMENT, AMOUNTS IN MSEK	1 JAN - 31 MARCH 2020
Net sales	4.1
Gross profit	4.1
Administrative expenses	-4.0
Operating profit	0.1
Financial items	
Interest income	3.0
Interest costs	-29.4
Financial items	-26.4
Profit/loss after financial costs	-26.3
Appropriations	0.0
Profit/loss before tax	-26.3
Income tax	5.6
Profit/loss for the period	-20.7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, AMOUNTS IN MSEK	1 JAN - 31 MARCH 2020
Profit/loss for the period	-20.7
Other comprehensive income	-20.7



PARENT COMPANY'S BALANCE SHEET, AMOUNTS IN MSEK	2020-03-31	2019-12-31
ASSETS		
Fixed assets		
Participations in Group companies	1 679.4	1 679.4
Deferred tax assets	5.6	0.0
Total Fixed assets	1 685.0	1 679.4
Current assets		
Contract assets	2.1	1.5
Receivables from Group companies	432.2	456.2
Tax assets	0.2	0.0
Other current assets	0.2	0.0
Prepayments and accrued income	0.1	0.1
Cash and bank	107.4	0.8
Total Current assets	542.2	458.6
TOTAL ASSETS	2 227.3	2 138.0
EQUITY AND LIABILITIES		
Restricted equity	0.5	0.5
Non-restricted equity	591.5	612.2
Total Equity	592.0	612.7
Long-term liabilities		
Bond	1 445.8	1 443.5
Long-term liabilities	16.6	0.0
Total Long-term liabilities	1 462.4	1 443.5
Current liabilities		
Liabilities to group companies	125.6	0.0
Other current liabilities	0.5	0.1
Accrued expenses and prepaid income	47.0	81.7
Total Current liabilities	172.8	81.8
TOTAL EQUITY AND LIABILITIES	2 227.3	2 138.0

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.

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 to the first quarter of the 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 recognised assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgements.

Company's executive management has not made any changes in estimates and assessments compared to the latest annual report for FNG Nordic AB.

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 31 Mars 2020 comprise currency derivatives. Derivatives contracts with positive values amounted to SEK 66.8 million and derivative contracts with negative values amounted to SEK 13.0 million. Derivatives transactions are accounted for at gross value.

Financial assets and financial liabilities valued at fair value in the balance sheet (derivatives) are categorised according to the three-level fair value hierarchy in IFRS 13 (Level 1, 2 or 3). Measurement of all currency derivatives is categorised in Level 2. Currency futures are valued on the basis of 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, FNG Nordic AB (publ) acquired all the shares in Ellos Group Holding AB for SEK 1 615 million. A total of SEK 951 million was paid in cash and SEK 664 million received in the form of shareholders' contribution in FNG Nordic AB. The calculation of allocation of acquisition price that has been made is preliminary and may change later. The items that are preliminary mainly relate to the valuation of customer relationships, brands and goodwill.



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 before depreciation/amortisation and impairment.

Financial items: Financial items is the net amount of financial income and financial expense.

Adjusted EBITA: Operating profit before amortisation of acquisition-related intangible assets and non-recurring items.

Adjusted EBITA margin: Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA: Operating profit before amortisation/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. Operating profit: Result before net financial items and tax.

Non-recurring items: Items that are not accure yearly and are separated from usual business.

Operating profit/loss: Profit/loss before net financial income/expense and tax.

Operating margin: Operating profit 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

RATIONALE FOR USE OF ALTERNATIVE PERFORMANCE MEASURES

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. Management believes that these financial performance measures facilitate analysis of this report and 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.

Adjusted EBITA and Adjusted EBITDA

Some items in this report make comparison harder using the information reported according to IFRS. Management therefore considers it appropriate to also report results adjusted for items that hamper comparison. This is done by reporting adjusted EBITA and adjusted EBITDA.

Net debt

Management uses the measurements net debt and leverage ratio to analyse whether the Group is meeting its targets for debt. These measurements also provide guidance on the extent to which the Company is willing to incur debt.



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, 29 May 2020

Emmanuel Bracke
CEO

FUTURE REPORTING AND EVENTS

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

31 August 2020
30 December 2020
26 February 2021

The interim report will be published and available at Ellos Groups website, www.ellogroup.com. 29th of May 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 29th of May 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. Since 2019 the Ellos Group has been part of listed fashion group FNG NV, with operations throughout Europe.

www.ellogroup.com

