

ELLOS GROUP

ellos Jotex STAYHARD

FNG Nordic AB (publ)

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STATUS UPDATE COVID-19

Due to the extraordinary and uncertain times from the impact of COVID-19, FNG Nordic AB (the Ellos Group) provides the following update:

Health and safety

It is important to emphasize that the health and safety of employees and customers is the highest priority. In line with the recommendations from The Swedish Public Health Agency and other authorities, the Ellos Group has implemented extensive measures at all locations to ensure a safe work environment whilst staying operational. Among other things, the Ellos Group has introduced a work from home policy for employees who have the opportunity, and strongly encouraged employees to stay home when sick. The Ellos Group is maintaining an ongoing dialogue with all employees to continuously inform them about the situation.

The governments in the Nordic regions have imposed a range of measures to limit the spread, and to mitigate the economic impact. These include restrictions on social interactions, crisis packages for jobs and transitions and the encouragement to work from home. The Ellos Group monitors the development closely and is prepared to act based on new restrictions and different scenarios.

Impact on customer behavior

Consumption and purchasing patterns have been affected in the retail sector as a whole, which applies to the Ellos Group as well. E-commerce is slightly less negatively impacted with diverse effects to the different categories. The slowdown in demand has mainly occurred in the fashion segment whilst certain segments, such as the home category, has seen growth. As the economy is facing major challenges with increasing unemployment rates and uncertainty, it is likely that consumption and purchasing patterns of the Ellos Group customers will be further affected.

Impact on supply chain

The Ellos Group is in a stable position with relatively limited disturbances, currently without any critical direct impact on the business operations. The Ellos Group is cooperating closely with its diversified network of suppliers in order to maintain a continuous supply. The global sourcing platform has a balanced geographic exposure which combined with relevant stock levels has contributed to a stable availability of goods. China, being the main source for supply, is recovering and most suppliers' factories are at between 80-100 percent of normal capacity. For Pakistan/Bangladesh/India, the situation is currently challenging, but representing a limited part of the supply chain. Based on the information currently available, the Ellos Group is experiencing a limited overall effect from the situation in this area. In Europe, the impact varies across the various countries, however, with less than 15 percent of total product flow and with logistics still running in most European countries, the impact has been limited.

Facing various challenges in the supply chain throughout the world, the Ellos Group is monitoring the situation closely and is continuously acting to prevent risk of supply of goods as the situation develops. 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.

Impact on current business

The Ellos Group has a positive view on the future. Management and all of 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 Ellos Group has a large and wide range of products with attractive offers online in the fashion and home segments. To date, the current situation has had a limited impact on the customer facing business and all sales channels are operational with a functioning customer service. There is no change in customer deliveries, with the exception of certain changes regarding delivering products into the customer's homes.

In line with the whole retail sector, the Ellos Group has experienced a large slowdown in demand on apparel and shoes, which was noticeable already before the COVID-19 pandemic due to a warm winter and effects from black week on the end of season sales period in January. In addition, COVID-19 has affected the results from apparel and shoes from the end of February to early April and management expects the demand to continue to be slow in these categories.

However, the Ellos Group has had a positive growth in products connected to customers spending more time at home. Thus, the Ellos Group has seen growth in home interior, electronics, leisure, sportswear and beauty segments, representing more than 50 percent of the total sales.

Financial position

The Ellos 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 Swedbank. Management expect this to be sufficient to sustain the business in the global market turmoil the economy is experiencing at the moment.

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About the Ellos Group

The Ellos Group – with online stores Ellos, Jotex, Stayhard and Homeroom - is the Nordic region's leading e-commerce group. Working closely with its millions of customers, the Ellos Group constantly strives to develop and offer attractive fashion and home furnishings for the entire family. The Ellos Group focus is always on the customer. The Ellos Group, headquartered in Borås and with operations in all Nordic countries, has around 550 employees and annual sales of approximately SEK 2.6 billion (EUR 247 million). Since 2019 the Ellos Group has been part of the listed fashion group FNG NV, with operations throughout Europe. www.ellogroup.com