



FIRST QUARTER INTERIM REPORT

1 JANUARY TO 31 MARCH 2021

NELLY

Relaunch of Nelly Progresses Well

Nelly Group Q1 2021

Q1 2021 Financial Highlights

- Net revenue of SEK 311.8 (302.6) million, corresponding to a net revenue growth of 3.0% (0.8%)
- Gross profit of SEK 136.3 (123.6) million, corresponding a gross margin of 43.7% (40.9%)
- Operating profit of SEK -15.1 (-42.5) million, corresponding to an operating margin of -4.8% (-14.1%)
- Net income from continuing operations of SEK -17.5 (-46.8) million, corresponding to earnings per share of SEK -0.97 (-3.12)

Q1 2021 Nelly Group Highlights

- Net revenue growth
- Significantly improved operating result, inventory turnover and return rate
- Warehouse relocation and automation project progressing well
- Relocation of Stockholm based administration on track
- Management team strengthened with seasoned Chief Operations Officer

Q1 2021 KPI Highlights

Return rate	30.4%	(37.2%)
Inventory share of sales LTM	14.6%	(19.5%)
Conversion rate Nordics	2.3%	(2.3%)
Own brand share of sales	35.9%	(44.2%)



"Signs of success from the ongoing relaunch of Nelly: significant cost improvements throughout our operations and net revenue growth resulting in a SEK 27 million operating result increase."

Kristina Lukes, CEO

CEO Comments on the Quarter

Shaping the Future Nelly Group

The first quarter on our own provided positive signs from the relaunch of Nelly. The operating result improved SEK 27 million compared to last year. The improved profit is one of the effects from our key strategic initiatives, including the start of the relaunch of the Nelly brand, our organisation and efficiency improvement programs. The new journey has just begun.

The Nelly Brand

Our Nelly brand relaunch, clearly focusing on our core 15-25 year old target group in the Nordics, with the offering of feeling "fab" every day with a head to toe look, creates a higher relevance for more occasions and in more categories than Nelly previously did. Categories such as everyday, beauty and underwear grew strongly during the quarter. Party dresses, our largest pre-pandemic category, significantly decreased its share of sales as a consequence of lockdowns and cancelled events and parties. We further developed our community during the quarter, with the renewed Bianca Ingrosso partnership being its highlight. Step by step, through improvements in our data driven sales and marketing platform, we are building a stronger customer community.

Steps Towards Sustainable Profitability

Our efficiency programs running along the entire value chain yielded results in the quarter, both through an improved gross margin, as well as SEK 12 million admin and other operating cost improvement. Fulfilment and distribution costs were SEK 9 million lower. Net, operating costs were SEK 15 million lower, due to a SEK 6 million increase in marketing spend. In addition to the improved cost base, the opportunity to work faster, more data driven, and customer focused arises from basing the entire team in Borås – the e-commerce and fashion heart of Sweden.

A key highlight from the quarter was our increased focus on assortment management. Stock levels were down 28 percent and we had a high inventory turnover. With a fresh stock, we can look ahead rather than focusing on managing old inventory. I am also happy to see growth in near-shore supplier volumes. Our inventory management focus also contains initiatives around returns, which have decreased by 7 percentage points, mainly as a consequence of changed assortment mix and country mix, as well as process improvements and blocking of

customers with unsustainable product return behaviour.

The Relaunch Continues

During Q2 we are finally gathering all operations in our new facilities in Borås. We are welcoming many new team members in data driven sales and marketing, as well as a full logistics team to our new automated warehouse. We are gladly welcoming some 30 current Falkenberg employees to Borås. The building of a new operational platform based on our new high-capacity automated warehouse progresses according to plan, and by the end of Q2 we expect to press the start button. Over time, we expect to realize decreased fulfilment and distribution costs, shorter delivery times and an improved environmental footprint. We are on a relaunch journey, where initiatives and a true passion for the young woman lead our way forward. It is not about the party; it is a matter of realizing that life is a party and making the best of it. Always celebrate the fab you!



Kristina Lukes, CEO Nelly Group AB



Key Performance Indicators*

	Q1 20	Q1 21	FY 19	FY 20
Net revenue growth	0.8%	3.0%	4.9%	-4.0%
Gross margin	40.9%	43.7%	47.1%	43.9%
Operating margin	-14.1%	-4.8%	-4.3%	-3.3%
Return rate	37.2%	30.4%	38.4%	34.4%
Inventory share of sales LTM	19.5%	14.6%	16.9%	11.9%
Own brand share of sales	44.2%	35.9%	44.4%	42.4%
No of active customers LTM Nordic ('000)	1 140	1 134	1 147	1 128
No of sessions Nordic ('000)	24 890	23 600	104 807	107 625
No of orders Nordic ('000)	571	554	2 680	2 564
Average order value Nordic	711	708	726	712
Conversion rate % Nordic	2.3%	2.3%	2.6%	2.4%
Number of employees	332	299	327	318
Share of women employed	59%	62%	61%	60%

* Alternative Performance Indicators are explained in the definition table on page 18 and calculations may differ from other companies' definitions of similar measures.



This is Nelly

The Direct-to-Consumer Brand

Since the beginning, Nelly is built by everlasting innovative influencer marketing. In 2004 we were pioneering the business, today we have a vibrant community of Nordic consumers. We have 1.3 million followers on social media and 19% of the target group visit us every week. Nelly is not (only) a fashion brand. Nelly.com is not (only) a fashion destination. We are an integral part of the young woman's everyday life. We are worn by her idols and icons – in real life and in her social media streams. She reaches out to us for continuous inspiration. Not only for a head-to-toe look that doesn't break her bank account – we meet her needs of feeling fab beyond fashion.

Optimised Operational Platform

Online retail sales is accelerating. Our community-based platform with 1.2 million active customers placing 2.7 million orders, enables short time-to-market for all emerging trends and consumer behaviors. Our data and customer focused organisation analyzes and engages with our target audiences daily from our hub, situated in the Swedish E-Commerce and Fashion heart, Borås. We are now also investing in a high-capacity automated warehouse. Set to decrease fulfilment and distribution costs, shorten delivery times and improve our environmental footprint. The warehouse is 35,000 sq. meter with an Autostore solution providing room for future growth.

Celebrating the Nelly Generation of Young Women

Nelly is a very well known brand in the mind of the young Nordic fashionista. Our brand awareness is much larger than our market share. A core consumer need is to "feel fab". Today, the young woman shops in average 18 times a year for her appearance. Fashion. Shoes. Accessories. Beauty and hairstyling. Intimates. Our assortment consists of our own brands and carefully selected must-have brands. On top of that, Nelly offers inspiration and knowledge to nail the whole look. For everyday. For the Friday after-work. For the special party occasion. We empower femininity in life-affirming and sustainable ways. Always celebrate the fab you!



A woman with long brown hair, wearing a beige coat and black boots, is smiling and standing in a modern living room. The room features a white wall with two framed pictures, a brown sofa, and a patterned rug. A large white circle is overlaid on the image, containing text.

Financial Calender

The Interim Report for the first quarter will be presented 21 April 2021

The 2021 AGM will be held 12 May 2021

The Interim Report for the first six months will be presented on 16 July 2021

The Interim Report for the third quarter will be presented on 20 October 2021

First Quarter Result Explained

Growth in Everyday Fashion

Net revenue amounted to SEK 311.8 million (302.6) in the first quarter of 2021. The 3.0% increase is mainly explained by growth in everyday fashion, although offset by lower sales of occasion wear (e.g. party dresses and heels), as well as lower returns. Several categories within everyday fashion and sports wear grew impressively, albeit from a lower base than occasion wear. Lower sales in non-Nordic markets also weighed on sales. The latter is mainly explained by the decision to discontinue translation and active marketing towards non-Nordic markets implemented in early 2020. In local currencies, net revenue grew 5.5%.

The return rate for the first quarter 2021 was 30.4% (37.2%). The significant improvement is mainly explained by (i) lower sales in return intensive categories such as e.g. party dresses, both as a consequence of active category management and changed customer behaviour during the pandemic, (ii) lower sales in high return rate non-Nordic markets, as described above, and (iii) the decision to deny sales to certain customer cohorts with unsustainable product return behaviour implemented in Q2 2020.

The own brand sales during the period amounted to 35.9% (44.2%). The lower own brand share of sales is to a significant degree linked to the assortment mix shift towards everyday fashion, which implies lower sales of occasion wear, as discussed above. Occasion wear for Nelly has historically had a large share of own brand products.

Gross Margin Improves Driven by a Current Inventory

Gross margin improved by 2.9 percentage points to 43.7% (40.9%). Active inventory management has led to lower inventory levels of older inventory as compared to Q1 2020. This led to lower outlet sales and lower inventory writeoffs. Decreased sales of higher margin own brand categories such as party dresses have held back any further gross margin improvement.

Operating Result Improves by SEK 27 Million

The operating result improved to SEK -15.1 million (-42.5) as a result of cost improvements along the value chain. The SEK 27.5 million improvement

versus the first quarter 2020 was the result of (i) a SEK 12.7 million improved gross profit, (ii) SEK 12.1 million lower admin and other operating costs, mainly due to lower costs across the Nelly business, but also due to the dismantling of central functions which are being assumed by Nelly's Borås based team, and (iii) SEK 8.7 million lower fulfilment and distribution costs, both due to lower volumes handled and improved efficiency. SEK 6.0 million higher marketing spend affected operating profit negatively mainly as Nelly initiated new initiatives and experienced higher performance marketing cost.

Moreover, a cost of SEK 3.2 million was recorded during the quarter as a consequence of the Ownership Plan 2020, the long term incentive program resolved by the [EGM on 16 December 2020](#).

Net Income and Earnings per Share

Nelly Group reported a SEK -17.5 (-76.6) million net income in Q1 2021. Earnings per share amounted to SEK -0.97 (-5.12) in the first quarter of 2021. Net income from continuing operations was SEK -17.5 (-46.8) million which corresponds to SEK -0.97 (-3.12) per share. The significant improvement was explained by the stronger operating result.

Strong Inventory Turnover and Reduced Inventory Levels

Inventory turnover improved significantly compared to Q1 2020, and inventory was 28% lower per 31 March 2021. Inventory share of sales LTM amounted to 14.6%, a 5 percentage point improvement from Q1 2020, showing that Nelly was able to increase sales in spite of reduced stock levels. The inventory turnover on the in-season stock was strong in Q1 2021, and nearly doubled. During 2020 Nelly focused on reducing stock levels by lowering targets for outgoing season stock levels and liquidating old stock through on-site campaigns and outlet partners. In 2021, Nelly maintains the focus on maximising in-season sales, and, consequently, minimising outgoing season stock levels, as this supports margins over the product cycle, and is more capital efficient.

First Quarter Result Explained

Solid Cash Position

Cash flow from operating activities amounted to SEK -33.2 (-110.0) million during the first three months of 2021, reflecting a normal seasonal inventory build-up pattern. Compared to Q1 2020 working capital build-up was significantly lower than in 2020.

Cash flow from investing activities amounted to SEK -4.8 (-1.4) million. The increase in capex was mainly related to the initial investments in the new warehouse, as described in more detail below.

The SEK -8.3 (118.0) million cash flow from financing related solely to amortisation of IFRS16 related leasing debt. No financing activities were conducted during the first quarter of 2021. In Q1 2020, the positive cash flow from financing was generated by loans raised.

Cash amounted to SEK 184.5 (170.9) million on 31 March 2021 and available credit facilities were not utilised. The Government initiated payment respite in respect of tax payments, as described in the Covid 19 section below, amounted to SEK 39.6 million.

On 31 March 2021 total assets were SEK 629.9 million as compared to 655.1 on 31 December 2020. The decrease was mainly working capital related. Equity amounted to SEK 234.3 million compared to 249.8 at year-end. The equity ratio was 37.7% (38.1%).

Parent Company

The parent company Nelly Group AB (publ) reported no net revenue in Q1 2021 compared to SEK 1.0 million in Q1 2020. Administration expenses amounted to SEK -5.8 (-13.2) million. The decrease in administration expenses related mainly, as described below, to the integration of previously Stockholm based central functions into Nelly Group's Borås based administration.

Net income for the period was SEK -5.8 (-13.0) million. Cash and cash equivalents in the parent company amounted to SEK 26.4 (75.6) million at the end of the quarter.



Warehouse Project Update

Warehouse Relocation and Automation Project Progressing Well

Nelly is preparing to start delivering from a new automated warehouse early Q3 2021. Preparations are progressing well and per 31 March 2021 the basic structure of the automation had been erected in the newly constructed warehouse building in Borås. During Q2 installation work continues and recruitment, testing, education etc. is planned to be finalised.

Operations in the current Falkenberg warehouse are planned to be wound down in early Q3 and decommissioned towards the end of September 2021.

Nelly will consequently operate two warehouses during Q2 and Q3 2021 with expected project related costs in the SEK 35-45 million range. Three quarters of these costs are expected in Q3.

The capital investment for the new warehouse is expected to amount to SEK 110 million of which, as previously communicated, SEK 84 million relate to the automation. The automation investment is financed through a rent supplement over 10 years, with an option to refinance during the period. SEK 26 million of the total capital investment relate to other warehouse equipment such as storage shelves, ventilation, network installations, IT equipment etc.

The new automated high-capacity warehouse in Borås is the operational platform for Nelly's future growth. It is expected to decrease fulfilment and distribution costs, shorten delivery times and improve environmental footprint. The annual cost saving target, using 2020 volumes as a base, is SEK 35 million.



Other Information

Nelly Group Shares

As of 31 March 2021, Nelly Group had 18,494,973 issued shares, of which 18,026,266 were common shares and 468,707 were Class C shares.

The share capital was SEK 184,949,730 and each share had a quotient value of SEK 10.00. The Class C shares are held by Nelly Group and may not be represented at general meetings.

Former Qliro Group HQ Closed

As a consequence of the dismantling of the former Qliro Group during the second half of 2020 Nelly began integrating previously Stockholm based central functions such as Legal, Finance, Corporate Governance and Investor Relations into Nelly Group's Borås based administration. The integration is expected to be completed during Q2 2021.

Effects of the Covid 19 Pandemic

Nelly has been impacted by Covid 19 in several ways. Market conditions have been adversely affected by the drop in social gatherings, which has resulted in reduced demand for product categories such as party dresses and heels, the former having been Nelly's largest category going into the pandemic. On the other hand, as Nelly has no physical stores, the increase in e-commerce together with increased demand for other categories, such as everyday and sport fashion, have together largely offset the former effect.

In response to the pandemic, the company implemented a number of cost-cutting measures, including as short-time working during parts of 2020. Most employees are working remotely but efficiency has largely been maintained. In addition, the company has benefited from reduced sick pay expenses, a temporary respite in employer's contributions and a payment respite in respect of tax payments as a part of the government's measures in response to the pandemic. The latter impacted 2020 cash flow positively by SEK 39.6 million and was per 31 March 2021 a part of current liabilities. The net impact on operating results of Covid related government support was SEK 1.2 million in the first quarter of 2021.

The future effects of the pandemic are difficult to predict, which has made the outlook more uncertain.

Audit

This interim report has not been subject to review by the Group's auditor.

Risk

Several factors may affect Nelly Group's business in regards to risk. Many of these risks can be managed by internal controls, but others are affected by external factors.

For information about risk, see the [2020 Annual Report](#), pages 38-40.

Kristina Lukes, CEO Nelly Group

Q1 2021 Webcast

Analysts, investors, and the media are invited to a Q1 [presentation webcast](#) on 21 April 2021 at 10 AM CET. The presentation will be delivered in English by Kristina Lukes, CEO, and John Afzelius, CFO.

The webcast will be made available at the [Nelly Group website](#).

Forward Looking Statements

This Interim Report contains "Forward looking statements". Information in this report that are not historical facts should be seen as forward-looking statements.

These forward looking statements reflect Nelly Group's current estimates concerning future events and actual results may differ from these estimates. Except to the extent legally required, Nelly Group does not undertake any obligation to update or revise any forward-looking statements.

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This information is of such nature that Nelly Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was released for publication through the agency of the above-mentioned contacts at 8:00 a.m. CET on April 21, 2021.

Condensed Income Statement

(SEK million)	Q1 20	Q1 21	FY19	FY20	LTM
Net revenue	302.6	311.8	1 452.2	1 394.1	1 403.3
Cost of goods sold	-179.0	-175.5	-767.7	-781.9	-778.5
Gross profit	123.6	136.3	684.5	612.1	624.8
<i>Gross margin</i>	40.9%	43.7%	47.1%	43.9%	44.5%
Fulfilment and distribution cost	-62.9	-54.2	-288.4	-254.0	-245.4
Marketing cost	-26.0	-32.0	-143.0	-131.9	-137.9
Admin and other operating cost	-77.3	-65.2	-314.8	-272.1	-259.9
Operating profit or loss	-42.5	-15.1	-61.7	-45.9	-18.4
<i>Operating margin</i>	-14.1%	-4.8%	-4.3%	-3.3%	-1.3%
Financial net	-0.5	-2.4	-11.4	-1.7	-3.5
Profit or loss before tax	-43.1	-17.4	-73.1	-47.5	-21.9
Tax	-3.7	-0.1	-13.7	-23.5	-19.9
Net income for continuing operations	-46.8	-17.5	-86.8	-71.1	-41.8
Net income for discontinued operations ⁵	-29.9	0.0	-23.4	583.2	613.1
Net income for the period	-76.6	-17.5	-110.2	512.1	571.3
NET INCOME ATTRIBUTABLE TO					
Equity holders of the parent company	-76.6	-17.5	-110.2	512.1	571.3
Non-controlling interests	-	-	-	-	-
Shares outstanding at the end of the period (millions)*	15.0	18.0	15.0	18.0	18.0
Avg number of shares, basic (millions)*	15.0	18.0	15.0	16.0	16.8
Avg number of shares, diluted (millions)*	15.0	18.0	15.0	16.0	16.8
Earnings per share before and after dilution continuing operations (SEK)*	-3.12	-0.97	-5.80	-4.44	-2.49
Earnings per share before and after dilution including discontinued operations (SEK)*	-5.12	-0.97	-7.36	31.97	34.08

*Shares outstanding, average number of shares and earnings per share are adjusted retroactively for the 1:10 aggregation.

Statement of Comprehensive Income

(SEK million)	Q1 20	Q1 21	FY 19	FY 20	LTM
<i>Items that may be reclassified subsequently to profit or loss</i>					
Translation differences for the period	-0.9	1.6	1.5	-7.1	-4.7
Total comprehensive income for period	-77.5	-15.9	-108.7	505.0	566.6
<i>Total comprehensive income attributable to</i>					
Parent company shareholders	-77.5	-15.9	-108.7	505.0	566.6
Non-controlling interest	-	-	-	-	-
Total comprehensive income for the period	-77.5	-15.9	-108.7	505.0	566.6
Shares outstanding at the end of the period (millions)*	15.0	18.0	15.0	18.0	18.0
Avg number of shares, basic (millions)*	15.0	18.0	15.0	16.0	16.8
Avg number of shares, diluted (millions)*	15.0	18.0	15.0	16.0	16.8

* Shares outstanding, average number of shares and earnings per share are adjusted retroactively for the 1:10 aggregation



Condensed Statement of Financial Position

(SEK million)	Q1 20	Q1 21	FY19	FY20
Non-current assets				
Goodwill	65.9	39.7	64.4	39.7
Other intangible assets	265.4	15.8	269.6	16.9
Tangible assets	24.6	11.0	28.1	7.6
Leased assets	76.0	30.8	81.4	39.0
Deferred tax asset ⁶	111.0	74.0	111.0	74.0
Total non-current assets	542.8	171.2	554.5	177.2
Current assets				
Inventories	345.1	205.0	349.6	166.3
Loans to the public	2 044.1	-	2 070.4	-
Current interest-bearing investments	369.9	-	255.0	-
Current non-interest bearing receivables	178.0	69.2	226.8	81.5
Cash and cash equivalents ⁴	170.9	184.5	553.9	230.1
Total current assets	3 108.1	458.7	3 455.6	477.9
Total assets	3 650.9	629.9	4 010.0	655.1
Equity				
Equity attributable to owners of the parent company	813.1	234.3	888.5	249.8
Total equity	813.1	234.3	888.5	249.8
Non-current liabilities				
<i>Non interest bearing</i>				
Other provisions	0.6	0.1	0.7	0.1
<i>Interest bearing</i>				
Loan Facility	347.0	-	292.4	-
Bond	100.0	-	100.0	-
Leased liabilities	43.6	16.0	53.6	19.0
Total non-current liabilities	491.2	16.1	446.6	19.1
Current liabilities				
<i>Interest bearing</i>				
Credit Facility	101.1	-	-	-
Deposits from the public	1 637.7	-	1 819.1	-
Leased liabilities	33.3	15.2	29.1	20.5
<i>Non interest bearing</i>				
Accounts payable	219.1	162.6	316.3	143.7
Other liabilities	145.7	66.6	190.5	69.4
Accrued expenses and prepaid income	209.5	135.1	319.9	152.5
Total current liabilities	2 346.5	379.6	2 674.9	386.2
Total equity and liabilities	3 650.9	629.9	4 010.0	655.1

Condensed Statement of Changes in Equity

(SEK million)	Q1 20	Q1 21	FY 19	FY 20
Opening balance	888.5	249.9	994.5	888.5
Comprehensive income for the period	-77.5	-15.9	-108.7	505.0
Effects of long term incentive programs	2.1	0.3	2.7	-2.0
Directed new share issue	-	-	-	203.4
Distribution from shares in subsidiaries	-	-	-	-1 345.0
Closing balance	813.1	234.3	888.5	249.9

Condensed Statement of Cash Flow

(SEK million)	Q1 20	Q1 21	FY 19	FY 20
Cash flow from operating activities before changes in working capital	-35.0	-3.4	-29.3	-45.3
Changes in working capital	-75.1	-29.8	53.4	69.5
Cash flow from operations	-110.0	-33.2	24.1	24.2
Investments in non-current assets	-1.4	-4.8	-12.8	-6.2
Cash flow from investing activities	-1.4	-4.8	-12.8	-6.2
New share issue	-	-	-	203.4
Shareholder contribution, net change	-	-	-138.0	-125.0
Internal loans, net change	20.7	-	50.3	-50.2
Redemption of / Issued unsecured bond	-	-	-256.0	-
Utilised credit facilities	101.1	-	-	-
Amortisation of credit facilities	-	-	-	-
Amortisation of leasing debt	-3.8	-8.3	-17.3	-16.8
Dividends from subsidiaries	-	-	-	84.4
Cash flow from financing activities	118.0	-8.3	-361.0	95.8
Change in cash and cash equivalents for the period from continuing operations	6.5	-46.3	-349.7	113.8
Cash flow from discontinued operations				
Cash flow from operations	-337.3	-	159.5	-343.2
Cash flow from investing activities	-27.7	-	-126.1	-74.2
Cash flow from financing activities	-23.7	-	177.4	80.5
Change in cash and cash equivalents for the period from discontinued operations	-388.7	-	210.8	-336.9
Change in cash and cash equivalents for the period	-382.2	-46.3	-138.9	-223.1
Cash and cash equivalents at period's start	553.9	230.1	691.8	553.9
Translation difference, cash and cash equivalents	-0.7	0.7	0.9	-0.4
Less cash from discontinued operations	-	-	-	-100.2
Cash and cash equivalents at period's end	170.9	184.5	553.9	230.1

Depreciation and Amortisation

(SEK million)	Q1 20	Q1 21	FY19	FY20
Depreciations affecting operating profit	-0.8	-0.4	-4.2	-2.7
Amortisation affecting operating profit	-2.3	-2.1	-15.2	-8.7
Total depreciations and amortisations (Not including IFRS 16)	-3.1	-2.5	-19.4	-11.4
IFRS 16 related depreciations	-3.9	-5.0	-17.6	-16.9
Total depreciations and amortisations (Including IFRS 16)	-7.0	-7.5	-37.0	-28.3

Net Revenue per Geographical Area

(SEK million)	Q1 20	Q1 21	FY19	FY20
Sweden	133.6	140.2	662.9	638.9
Nordic region, including Sweden	271.3	285.0	1 321.6	1 280.1
Rest of the World	31.3	26.8	130.6	114.0
Total All regions	302.6	311.8	1 452.2	1 394.1



Condensed Income Statement Parent Company

(SEK million)	Q1 20	Q1 21	FY 19	FY 20	LTM
Net revenue	1.0	0.0	7.4	2.7	1.7
Gross profit	1.0	0.0	7.4	2.7	1.7
Administration expenses	-13.2	-5.8	-56.4	-37.3	-29.9
Operating profit or loss	-12.2	-5.8	-49.0	-34.6	-28.3
FINANCIAL INCOME AND EXPENSES					
Profit or loss from shares in subsidiaries*	-	-	-	40.6	40.6
Net interest & other financial items	-0.8	0.0	-7.7	-1.0	-0.2
Profit or loss after financial items	-13.0	-5.8	-56.7	5.0	12.2
GROUP CONTRIBUTIONS					
Group contribution received	-	-	0.0	-	-
Group contribution paid	-	-	-10.0	-12.0	-12.0
Profit or loss before tax	-13.0	-5.8	-66.6	-7.0	0.2
Tax	-	-	-15.0	-23.0	-23.0
Net income for the period**	-13.0	-5.8	-81.6	-30.0	-22.8

* Profit/loss from shares in subsidiaries consists primarily of a dividend from CDON, write-down of the book value of shares in CDON and transactions costs related to the dividend of Qliro AB

** Net income = Comprehensive income for the parent company

Condensed Statement of Financial Position Parent Company

(SEK million)	Q1 20	Q1 21	FY 19	FY 20
Non-current assets				
Equipment	0.3	-	0.4	-
Shares and participating interests in group companies	1 068.9	253.4	1 068.9	253.4
Deferred tax asset	94.7	71.7	94.7	71.7
Total non-current assets	1 163.8	325.1	1 163.9	325.1
Current assets				
Current non-interest-bearing receivables	1.7	2.8	3.6	5.0
Receivables from group companies	22.2	-	5.8	-
Total current receivables	23.9	2.8	9.4	5.0
Cash and bank	75.6	26.4	8.3	31.6
Total cash and cash equivalents	75.6	26.4	8.3	31.6
Total current assets	99.5	29.2	17.7	36.5
Total assets	1 263.3	354.3	1 181.5	361.6
Equity				
Restricted equity	155.8	185.8	155.8	185.8
Unrestricted equity	942.3	150.3	953.2	155.8
Total equity	1 098.1	336.0	1 109.0	341.6
Provisions				
Other provisions	0.6	0.1	0.7	0.1
Total provisions	0.6	0.1	0.7	0.1
Current liabilities				
Short term interest bearing loans	75.0	-	-	-
Short-term interest bearing loans, group companies	70.9	-	50.2	-
Liabilities to group companies	10.7	12.3	10.9	13.6
Non-interest-bearing liabilities	8.0	6.0	10.7	6.4
Total current liabilities	164.6	18.2	71.9	20.0
Total liabilities	165.2	18.3	72.5	20.1
Total equity and liabilities	1 263.3	354.3	1 181.5	361.6

Alternative Key Performance Definitions (APMs)

Gross margin - *a measure of how well goods are sourced and sold in relation to Net revenue*

Gross profit divided with Net revenue. Gross margin is equal to what Nelly Group previously described as Product margin. Please refer to the income statement definitions below for more information about the components of Net revenue and Cost of goods sold.

Return rate - *an indicator of the value of goods returned by Nelly's customers*

The sales value of goods returned from customers divided with total sales before returns

Inventory share of sales LTM - *a measure of how accurately the sourcing of goods is planned and executed*

Closing Inventory balance divided by Net revenue during a rolling twelve month period. Note that historical stock levels for CDON AB and Qliro AB have been removed for comparison reasons.

Own brand share of sales - *the share of sales of Nelly's own brands*

The percentage of sales of own brands versus external brands, calculated using the amount of sales of own brands divided with total sales.

No of active customers LTM Nordic ('000) - *a gauge on how well Nelly attracts and retains customers*

The number of unique customers in the Nordic countries during a rolling twelve month period.

No of sessions Nordic ('000) - *an indicator how well the website generates consumer traffic*

The number of unique site visits from Nordic IP addresses at nelly.com or nlyman.com during a period. Sessions multiplied by Conversion rate translate into customer sales.

No of orders Nordic ('000) - *a measure of how much interest is converted into customer buying*

The number of orders Nordic customers have placed at nelly.com or nlyman.com during the specified time period. Orders multiplied by Average order value translate into customer sales.

Average order value Nordic - *the average customer "basket size"*

The number of items multiplied with average item value for orders placed at nelly.com or nlyman.com during a period.

Conversion rate Nordic - *a gauge on the share of interested customers visiting the site that place an order*

The number of Nordic orders divided with number of Nordic sessions. Conversion rate multiplied by Sessions translate into customer sales.

Number of employees - *a measure of the number of employees during the specified period*

Calculated using the number of actual work-hours, together with paid vacation and short term absence, versus the scheduled working time. Note that the number of employees has been adjusted to match continuing operations.

Share of women employed - *a measure of the share of women in regards to the total number of employees*

The number of women divided with the total number of employees, calculated using the same definition as stated in the measure above.

Income Statement Definitions

Net revenue - *all income from B2C customers, B2B sales as well as any other revenue*

Includes sales after returns, commission, invoicing fees, outbound freight fees, return fees, marketing income, and other revenue.

Cost of goods sold - *all costs to bring goods to the warehouse shelf*

Includes product cost, inbound freight cost, customs and other cost related to bringing goods to the warehouse shelf.

Fulfilment and distribution cost - *all costs to bring goods from the warehouse shelf to the customer*

Warehouse cost and outbound freight cost.

Marketing cost - *all costs to generate customer interest and traffic to the site*

Performance and brand marketing cost.

Admin and other operating cost - *all other costs to operate the company*

Includes salaries and social cost, IT cost, depreciations, consultants, studio and other operating cost.

Financial net - *the net of financial income and cost*

Includes cost related to interest, currency loss or gain, and other financial income and cost.



Notes Explained

Note 1 - Accounting Principles Used

The interim report has been prepared in accordance with IAS34: *Interim Financial Reporting and the Swedish Annual Accounts Act*. For the parent company Nelly Group (publ), the Financial Statement have been prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities*.

The accounting principles have remained the same from those applied in the 2020 Annual Report.

In compliance with IFRS 16 regulations, Nelly Group makes assessments that affect the amount of assets and liabilities. Actual results may differ from these assessments.

Note 2 – Fair Value of Financial Instruments

The fair values of the financial assets and liabilities do not differ significantly from the carrying amounts.

Note 3 - Segment Reporting

Nelly reports no segments as defined by IFRS 8. Central operations (i.e. costs related to functions managing the former Qliro Group) were previously reported as a separate segment, but as these functions have been integrated into Nelly's operations these costs are both significantly lower than previously and are also no longer managed separately.

Note 4 – Cash and Cash Equivalents

The following table shows cash and cash equivalents for continuing and discontinued operations.

(SEK million)	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20	Q1 21
Cash and cash equivalents, continuing operations	115.9	127.6	20.1	116.7	116.7	122.5	177.3	173.2	230.1	230.1	184.5
Cash and cash equivalents, discontinued operations	115.2	142.9	293.8	437.1	437.1	48.5	135.3	48.8	-	-	-
Cash and cash equivalents, total	231.1	270.4	313.9	553.9	553.9	170.9	312.6	222.0	230.1	230.1	184.5

Please note that the table above has been recalculated as compared with the Q4 2020 interim report.

Notes Explained

Note 5 – Discontinued Operations

Discontinued operations mainly refers to the divestment of Qliro AB and CDON AB, and to a lesser extent to costs in connection with the sale of Health and Sports Nutrition Group HSNB AB

The wholly owned subsidiary Qliro AB was admitted to trading on Nasdaq Stockholm and the first trading day was October 2, 2020.

The wholly owned subsidiary CDON AB was admitted to trading on First North Growth Market and the first trading day was November 6, 2020.

The tables below show the distributed operations attributable to the previously wholly owned subsidiaries Qliro AB and CDON AB.

For additional information, please refer to the 2020 Annual Report and the Q4 2020 Interim Report.

Note 6 – Loss Carryforward

The Group's deferred tax assets are based on loss carryforwards in the Swedish operations. Management has made assumptions and assessments about the company's future earnings potential and, based on this, the scope for future utilisation of these loss carryforwards is evaluated. Per 31 December 2020, recognised consolidated loss carryforwards without an expiration date amounted to SEK 609.1 million. For more information, please refer to the 2020 Annual Report, Note 9.

(SEK million)	Q1 20	Q1 21	FY 19	FY 20
Income	288.9	-	1 486.4	881.3
Expenses	-322.3	-	-1 518.8	-972.6
Profit or loss before tax	-33.4	-	-32.4	-91.3
Tax	3.5	-	9.0	12.4
Profit or loss after tax but before capital gains on dividends from the discontinued operations	-29.9	-	-23.4	-78.9
<i>Result after distribution of Qliro AB and CDON*</i>	-	-	-	662.1
Profit or loss from discontinued operations after tax	-29.9	-	-23.4	583.2

(SEK million)	Q1 20	Q1 21	FY 19	FY 20
Net cash flow from discontinued operations				
Cash flow from operations	-337.3	-	159.5	-343.2
Cash flow from investing activities	-27.7	-	-126.1	-74.2
Cash flow from financing activities	-23.7	-	177.4	80.5
Net cash flow from discontinued operations	-388.7	-	210.8	-336.9

* SEK 18.0 million in the year 2020 refer to transaction costs in connection with the divestment of Qliro AB. SEK 3.2 million in the year 2020 refer to transaction costs in connection with the sale of Health and Sports Nutrition Group HSNB AB.

(SEK million)	Q1 20	Q1 21	FY 19	FY 20
Distributed assets and liabilities**				
Intangible assets	-	-	-	-249,1
Tangible assets	-	-	-	-17,3
Leased assets	-	-	-	-16,6
Deferred tax asset	-	-	-	-27,2
Inventories	-	-	-	-29,4
Loans to the public	-	-	-	-2 200,7
Current interest-bearing investments	-	-	-	-375,1
Current non-interest bearing receivables	-	-	-	-86,9
Cash and cash equivalents	-	-	-	-100,5
Loan facility	-	-	-	127,7
Deposits from the public	-	-	-	1 958,5
Bond	-	-	-	100,0
Leased liabilities	-	-	-	16,8
Current non-interest bearing liabilities	-	-	-	234,4
Net assets and liabilities from discontinued operations	-	-	-	-665,3

** Refers to distributed assets and liabilities for Qliro AB as of 30 September 2020 and CDON AB as of 31 December 2020.





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