



Interim report Q1 2023

1 JANUARY TO 31 MARCH

NELLY

Nelly Group interim report Q1 2023

Q1 2023 – the quarter in brief

- Net revenue was SEK 234.2 (288.1) million, corresponding to a fall of -18.7% (-7.6%)
- Gross profit was SEK 95.8 (127.5) million, corresponding to a gross margin of 40.9% (44.3%)
- Operating loss was SEK -33.7 (-23.9) million, corresponding to an operating margin of -14.4% (-8.3%)
- Net income was SEK -34.8 (-28.5) million, corresponding to earnings per share of SEK -1.93 (-1.59)

Q1 2023 – Significant events during the quarter

- It was announced on 12 January 2023 that the CEO, Ludvig Anderberg, was leaving Nelly Group at his own request. Helena Karlinder-Östlundh has been acting CEO since then.
- In connection with the release of the year-end report for 2022 on 3 February, it was announced that the Board had decided on the same day to implement a preferential share issue. The aim of the Rights issue is to secure liquidity and pave the way for the implementation of Nelly's ongoing transition towards profitability.
- An extraordinary general meeting was held on 14 March 2023 and it approved the Board's decision to implement a preferential share issue.

Q1 2023 – Significant events after end of quarter

- It was announced on 12 April that the preferential share issue had been fully subscribed, and that Nelly would thereby receive approximately SEK 53 million before issue costs.

"During the past nine months we have made clear improvements in several areas and thereby started to create the right conditions to achieve profitability, although much remains to be done."

Helena Karlinder-Östlundh, acting CEO of Nelly Group AB



CEO's comments

Reduced sales in an even more challenging market climate

During the first quarter, our net revenue decreased by 18.7% compared with the corresponding period of the previous year. Our total customer traffic was almost in line with the corresponding quarter of 2022, and we achieved a higher organic share, but it was primarily in the lower conversion that our customers' increased restraint was noticeable, even during the periods when we chose to boost sales through price reductions. We saw that the challenging market situation we observed during the fourth quarter of the previous year further intensified during the first quarter of this year and was a contributing factor in the weak sales trend. We also noticed the effect of the first quarter's range already being partly purchased before we started our transition last year, meaning it could therefore only be adjusted to a limited extent afterwards. In addition to these factors, the sales pattern was also affected most of all in March by the weather and the late start to spring, which we assess primarily shifts the inventory turnover rate of our most seasonal products to the second quarter.

During the first quarter we saw an increase in our return rate compared with the previous year, which was largely driven by our category mix and a change in customer behaviour in some of our markets. Here, in the coming quarters, we will further accelerate our work to reduce the return rate, both through a carefully curated range and an optimisation of our return handling processes.

Clearly improved cost control and strengthened working capital

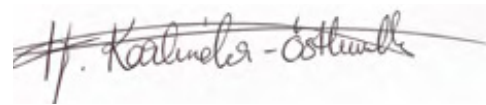
During the second half of 2022, we worked extensively to lower our operating costs within a number of areas, and we now see that this has had an effect during the first quarter. We have continued to focus on increasing organic traffic while streamlining our investment in paid traffic, which has led to clearly reduced marketing costs compared with the corresponding period in the previous year. Our staff costs also improved compared with the same period in the previous year, and we began to see the full effect of the reorganisation we implemented in the autumn. We have now established strong cost control in the organisation, which we will continue to push forward.

In February, we communicated that the company intended to carry out a fully-secured rights issue, and it was gratifying to see the support that both existing and new shareholders showed us

by oversubscribing to the rights issue. This now strengthens our working capital during the transition that we are in the middle of and will continue to pursue this year.

Continued focus on a strong customer offering and a profitable core business

During the past nine months we have made fundamental improvements in several areas and accordingly started to create the right conditions for achieving profitability, although much remains to be done. We continue to enhance our customer offering, and the work we began in the previous year on the assortment to create more traffic security will produce a range that is increasingly more targeted and transparent during the coming quarters. The initiatives we have pursued to simply and streamline our entire business are also an important prerequisite for enabling profitability, especially in a market situation with a price-sensitive and restrained consumer. We have seen that our customers are prepared to prioritise attractive and relevant products at the right price even in this climate, which gives us confidence for the full year 2023.



Helena Karlinder-Östlundh, acting CEO
of Nelly Group AB



Key ratios and alternative performance measures

	Q1 22	Q1 23	2021	2022
Net revenue growth	-7.6%	-18.7%	2.5%	-9.1%
Gross margin	44.3%	40.9%	44.7%	43.6%
Warehousing and distribution costs as a percentage of net sales	17.1%	18.4%	17.7%	15.8%
Marketing costs as a proportion of net sales	12.6%	10.3%	11.0%	11.4%
Operating margin	-8.3%	-14.4%	-2.7%	-4.3%
Return rate	35.2%	37.8%	34.8%	36.0%
Inventory share of net revenue LTM	17.3%	18.6%	14.4%	17.4%
Proportion of sales of own brands	34.0%	35.8%	39.4%	35.1%
No. of active customers Nordic LTM (000)	1,126	1,070	1,137	1,083
No. of sessions Nordic (000)	22,942	22,261	103,632	96,159
No. of orders Nordic (000)	520	435	2,579	2,267
Average order value Nordic	761	762	749	794
Conversion rate Nordic	2.3%	2.0%	2.5%	2.4%
No. of employees	219	169	250	221
Proportion of women employed	64%	62%	64%	61%

* Calculations may differ from other companies' definitions of similar measures. Alternative performance measures are described on page 17.



This is Nelly

The Nelly brand

Nelly is one of the best-loved fashion destinations for young women in the Nordic region. Nelly was founded in 2004 in Borås, the heartland of the Swedish textile and e-commerce industries, as a pioneer in influencer marketing and direct digital sales to customers. We now have a vibrant customer base consisting mainly of young women in the Nordic region. We have 2.4 million members of Nelly.com in the Nordic region per 31 December 2022 and 1.3 million followers of our social media profiles. We offer our community daily inspiration in terms of trends and looks from our own brands and carefully selected supplementary brands from an international portfolio.

Men's clothes have been part of our range since 2008. The men's department was separated out in 2014, and the NLY Man site was launched, a fashion destination for young men offering clothes, shoes and accessories from the most popular brands for all occasions.

Efficient operations enable the customer experience

Our target audience has grown up with digital media, and e-commerce is second nature. We have 1.1 million active customers in the Nordic region who place 2.2 million orders a year via our

website or our app. They choose Nelly on account of our reasonably priced, trend-aware, attractive offering.

Our fashion- and customer-focused organisation analyses and engages with our target audiences daily from our hub in Borås. Here, we have invested in a high-capacity automated warehouse, which has reduced delivery and distribution costs, improved the delivery experience and reduced our environmental footprint.

Celebrating the Nelly generation of young women

Nelly is not only a fashion brand. Nelly.com is not only a fashion destination. We are an integral part of young women's everyday life, giving them inspiration to find their entire look both for everyday wear and special occasions.

With 'Celebrate the fab you' as our core concept, we are determined to always highlight and encourage women around us to express themselves and celebrate life, whatever the occasion!





Financial calendar

The annual report will be published on 28 April 2023

The interim report for the first quarter
will be presented on 28 April 2023

The annual general meeting will
be held on 31 May 2023

The interim report for the second quarter
will be presented on 14 July 2023

The interim report for the third quarter
will be presented on 26 October 2023

The first quarter result explained

Lower sales during the first quarter

Net revenue for Q1 2023 amounted to SEK 234.2 (288.1) million. The reduction of 18.7% was mainly due to lower sales before returns driven by lower conversion rate, lower B2B sales, and a higher return rate. Higher shipping revenue made a positive contribution to net revenue. The proportion of own brand sales during Q1 2023 increased to 35.8% (34.0%). In local currencies, net revenue fell by 18.8% in Q1.

The return rate for Q1 2023 was 37.8% (35.2%). The increase in the return rate was due to a combination of lower B2B sales without return rate, as well as product and market mix in the B2C business.

Lower gross margin

The gross margin fell to 40.9% (44.3%) in Q1 2023. The lower gross margin was primarily driven by exchange rate effects and increased campaign activity towards customers. At the same time, higher shipping revenue made a positive contribution to the gross margin compared with the same period in the previous year.

Lower warehousing and distribution costs

Warehousing and distribution costs amounted to SEK 43.0 (49.4) million during Q1. Measured as a proportion of net revenue, the costs amounted to 18.4% (17.1%). Operating costs as a proportion of net revenue were down during the quarter, but lower volumes hindered further improvements in cost as a proportion of net sales.

Distribution costs fell during the quarter, driven by lower volumes to customers. However, reduced B2B sales with lower distribution costs had a negative effect on cost as a proportion of net revenue.

Lower marketing costs

Marketing costs for Q1 2023 amounted to SEK 24.1 (36.3) million. The main reasons for the lower marketing costs Q1 are fewer brand-building activities, and less paid traffic. Measured as a proportion of net revenue, the costs amounted to 10.3% (12.6%).

Lower administrative and operating costs

Nelly Group's administrative and other operating expenses in Q1 were SEK 62.4 (65.7) million. The reduction compared with Q1 2022 was mainly on account of lower payroll costs. Cost related to shift of CEO, higher depreciation and amortisation and higher cost related to consultancy services hindered further cost improvements.

Operating profit/loss

Operating loss for Q1 2023 totalled SEK -33.7 (-23.9) million.

Profit/loss after tax

Loss after tax for Q1 2023 amounted to SEK -34.8 (-28.5) million. The lower profit after tax for Q1 is primarily attributable to a lower operating profit.

Inventory valuation

The inventory valuation amounted to SEK 231.6 (243.2) million as at 31 March 2023. Inventory as a proportion of net revenue, rolling 12 months, amounted to 18.6% (17.3%).

Cash flow and cash and cash equivalents

Cash flow from operations in Q1 2023 totalled SEK -53.9 (-136.8) million. The change from the corresponding period in 2022 is primarily due to changes in working capital linked to reduced other liabilities and accrued costs.

Cash flow from investing activities amounted to SEK -0.6 (-4.3) million in Q1 2023. The amount of -0.6 was attributable to IT and technology-related investments.

Cash flow in the first quarter of 2023 of SEK -6.5 (-6.2) million from investing activities may be attributable to amortisations of leasing liabilities related to right-of-use assets.

Cash and cash equivalents amounted to SEK 35.8 (50.9) million as at 31 March 2023. The payment respite for employer's contributions and tax payments amounted to SEK 93.8 (21.2) million at the end of the quarter. Assets amounted to SEK 748.5 (833.6) million as at 31 March 2023. Equity amounted to SEK 97.1 million, compared with SEK 177.3 million for the previous year, corresponding to an equity/assets ratio of 13% and 21.3%.

Parent company

The parent company, Nelly Group AB (publ), reported a turnover of SEK 0.0 (0.0) million in Q1 2023.

Administrative expenses for Q1 2023 amounted to SEK -2.1 (-2.5) million.

Parent company loss before tax for Q1 2023 was SEK -2.1 (-2.5) million attributable to administrative expenses.

Cash and cash equivalents in the parent company amounted to SEK 1.2 million as at 31 March 2023, compared with SEK 2.3 million at the 2022 year-end.



Other information

Nelly Group shares

As at 31 March 2023, Nelly Group had 18,494,973 issued shares, of which 18,026,266 were ordinary 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 AB and are not represented at general meetings. At the end of the quarter, Nelly Group AB had 42,747 class B treasury shares after they were returned by former participants in the Owner Plan 2020.

Information about Nelly Groups preferential share issue can be found on the [Nelly Group website](#).

2023 Annual General Meeting

The annual general meeting will be held on 31 May 2023. There is further information available on the [Nelly Group website](#).

Transactions with related parties

Nelly has during the quarter bought consultancy services for 0.6 SEK million from Wahsel AB, owned by Nellys Interim CFO.

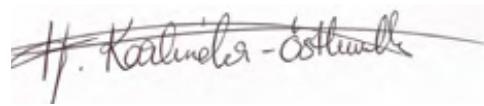
Audit

This interim report has not been reviewed by Nelly Group's auditors.

Risk

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

For more information about risks, please see the latest published annual report.



Helena Karlinder-Östlundh
Acting CEO of Nelly Group AB



Webcast of the interim report

Analysts, investors and the media are invited to [a webcast presentation on Q1 on 28 April at 09.00](#). The presentation will be held in English by Helena-Karlinder-Östlundh, acting CEO, and Ola Wahlström, interim CFO. The webcast will be made available on the [Nelly Group website](#).

Forward-looking statements

This interim report may contain forward-looking statements. Information in this report that is not a historical fact should be seen as a forward-looking statement. 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 required by law, Nelly Group does not undertake any obligation to update or revise any forward-looking statements.

For further information, please contact

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This information is information 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 08.00 on 28 April 2023.

Condensed income statement – Group

(SEK million)	Q1 22	Q1 23	2021	2022	LTM
Net revenue	288.1	234.2	1,428.4	1,299.0	1,245.1
Cost of goods sold	-160.6	-138.4	-789.6	-732.7	-710.5
Gross profit	127.5	95.8	638.7	566.2	534.6
<i>Gross margin</i>	44.3%	40.9%	44.7%	43.6%	42.9%
Warehousing and distribution costs	-49.4	-43.0	-252.9	-205.1	-198.8
Marketing costs	-36.3	-24.1	-157.7	-148.0	-135.7
Administrative and other operating expenses	-65.7	-62.4	-266.7	-269.2	-266.0
Operating profit/loss	-23.9	-33.7	-38.6	-56.1	-65.9
<i>Operating margin</i>	-8.3%	-14.4%	-2.7%	-4.3%	-5.3%
Net financial items	-5.0	-1.5	-8.6	-15.4	-11.9
Profit/loss before tax	-28.9	-35.2	-47.2	-71.6	-77.8
Tax	0.4	0.3	-0.6	-0.1	-0.2
Profit/loss after tax	-28.5	-34.8	-47.8	-71.7	-78.0
<i>Attributable to</i>					
Parent company shareholders	-28.5	-34.8	-47.8	-71.7	-78.0
Shares outstanding at end of period (million)	18.0	18.0	18.0	18.0	18.0
Average number of shares outstanding (million)	18.0	18.0	18.0	18.0	18.0
Average number of shares, diluted (million)	18.0	18.0	18.0	18.0	18.0
Basic and diluted earnings per share (SEK)	-1.59	-1.93	-2.65	-3.98	-4.33

Consolidated statement of comprehensive income

(SEK million)	Q1 22	Q1 23	2021	2022	LTM
<i>Items reclassified or available for reclassification to profit or loss</i>					
Translation differences for the period	1.1	-1.6	1.9	0.8	-1.9
Total comprehensive income for the period	-27.4	-36.4	-45.9	-70.9	-79.9
<i>Total comprehensive income attributable to</i>					
Parent company owners	-27.4	-36.4	-45.9	-70.9	-79.9
Total comprehensive income for the period	-27.4	-36.4	-45.9	-70.9	-79.9
Shares outstanding at end of period (million)	18.0	18.0	18.0	18.0	18.0
Average number of shares outstanding (million)	18.0	18.0	18.0	18.0	18.0
Average number of shares, diluted (million)	18.0	18.0	18.0	18.0	18.0

Condensed statement of financial position

(SEK million)	Q1 22	Q1 23	2021	2022
Non-current assets				
Goodwill	39.7	39.7	39.7	39.7
Other intangible assets	23.2	21.4	21.1	23.9
Property, plant and equipment	14.7	11.4	15.1	11.9
Lease assets	307.7	276.2	313.5	284.3
Deferred tax asset ⁴	74.2	74.1	73.8	73.8
Deposits	6.1	6.0	6.1	6.0
Total non-current assets	465.6	428.8	469.4	439.7
Current assets				
Inventories	243.2	231.6	205.0	225.6
Current non-interest bearing receivables	73.9	52.3	53.6	75.2
Cash and cash equivalents	50.9	35.8	197.5	96.8
Total current assets	368.0	319.7	456.1	397.5
Total assets	833.6	748.5	925.4	837.2
Equity				
Equity attributable to parent company shareholders	177.3	97.1	204.4	133.6
Total equity	177.3	97.1	204.4	133.6
Non-current liabilities				
Non-interest bearing				
Other provisions	0.0	0.0	0.0	0.0
Interest-bearing				
Lease liabilities	260.1	221.4	266.3	232.6
Total non-current liabilities	260.1	221.4	266.3	232.6
Current liabilities				
Interest-bearing				
Credit facility	-	12.0	-	-
Lease liabilities	52.3	66.7	50.1	62.0
Non-interest bearing				
Accounts payable – trade	145.9	115.5	144.3	143.2
Other liabilities	55.2	99.4	90.0	112.0
Accrued expenses and deferred income	142.8	136.4	170.3	153.8
Total current liabilities	396.2	430.0	454.7	471.1
Total equity and liabilities	833.6	748.5	925.4	837.2

Consolidated statement of changes in equity

(SEK million)	Q1 22	Q1 23	2021	2022
Opening balance	204.4	133.6	249.8	204.4
Comprehensive income for the period	-27.4	-36.4	-45.9	-70.9
Effects of long-term incentive plans	0.4	-0.1	0.5	0.1
Closing balance	177.3	97.1	204.4	133.6

Condensed statement of cash flow

(SEK million)	Q1 22	Q1 23	2021	2022
Cash flow from operating activities before changes in working capital	-17.1	-25.8	-6.7	-22.4
Changes in working capital	-119.7	-28.1	25.5	-42.6
Cash flow from operations	-136.8	-53.9	18.7	-65.0
Divestment of subsidiaries, net liquidity impact	-	-	0.2	0.1
Investments in non-current assets	-4.3	-0.6	-23.1	-11.1
Cash flow to/from investing activities	-4.3	-0.6	-22.9	-11.0
Changes in financial assets	0.0	0.0	-6.1	0.1
Repayment of lease liability	-6.2	-6.5	-23.1	-25.1
Cash flow to/from financing activities	-6.2	-6.5	-29.3	-25.0
Change in cash and cash equivalents for the period	-147.3	-61.0	-33.4	-101.0
Cash and cash equivalents at start of period	197.5	96.8	230.1	197.5
Translation difference, cash and cash equivalents	0.7	0.1	0.8	0.3
Cash and cash equivalents at end of period	50.9	35.8	197.5	96.8

Depreciation and amortisation of non-current assets

(SEK million)	Q1 22	Q1 23	2021	2022
Depreciation of property, plant and equipment	-0,8	-0,9	-1,9	-3,4
Amortisation of intangible assets	-1,7	-2,9	-7,7	-7,8
Depreciation and amortisation (not including IFRS 16)	-2,5	-3,8	-9,6	-11,2
Amortisation of right-of-use assets	-8,1	-8,1	-25,5	-32,4
Depreciation and amortisation (including IFRS 16)	-10,6	-11,9	-35,1	-43,6

Net revenue by geographical area

(SEK million)	Q1 22	Q1 23	2021	2022
Sweden	134.9	116.4	682.2	625.6
The Nordic region, including Sweden	272.7	228.8	1,340.0	1,245.6
Rest of world	15.4	5.4	88.4	53.4
All regions	288.1	234.2	1,428.4	1,299.0



Condensed income statement – parent company

(SEK million)	Q1 22	Q1 23	2021	2022	LTM
Net revenue	-	-	1.6	2.0	2.0
Gross profit	0.0	0.0	1.6	2.0	2.0
Administrative expenses	-2.5	-2.1	-13.4	-12.1	-11.7
Operating profit/loss	-2.5	-2.1	-11.8	-10.1	-9.7
FINANCIAL INCOME AND EXPENSES					
Profit/loss from shares in subsidiaries	-	-	-	0.1	0.1
Net financial items	0.0	0.0	-0.1	0.0	0.0
Profit/loss after financial items	-2.5	-2.1	-11.9	-10.0	-9.6
APPROPRIATIONS					
Group contributions paid	-	-	-30.0	-60.0	-60.0
Profit/loss before tax	-2.5	-2.1	-41.9	-70.0	-69.6
Tax	-	-	-	-	-
Profit/loss for the period*	-2.5	-2.1	-41.9	-70.0	-69.6

* Profit/loss for the period = comprehensive profit/loss for the parent company



Condensed statement of financial position parent company

(SEK million)	Q1 22	Q1 23	2021	2022
Non-current assets				
Participations in Group companies	253.1	247.1	253.1	253.1
Deferred tax asset	71.7	71.7	71.7	71.7
Total non-current assets	324.8	318.8	324.8	324.8
Current assets				
Current non-interest bearing receivables	2.8	6.1	2.3	2.3
Total current receivables	2.8	6.1	2.3	2.3
Cash and bank balances	1.7	1.2	4.7	2.3
Total cash and cash equivalents	1.7	1.2	4.7	2.3
Total current assets	4.5	7.3	7.0	4.6
Total assets	329.2	326.1	331.7	329.4
Equity				
Restricted equity	185.8	185.8	185.8	185.8
Unrestricted equity	112.1	43.8	114.3	44.4
Total equity	297.8	229.5	300.1	230.1
Provisions				
Other provisions	0.0	0.0	0.0	0.0
Total provisions	0.0	0.0	0.0	0.0
Current liabilities				
Liabilities to Group companies	30.3	93.7	29.5	98.2
Non-interest bearing liabilities	1.1	2.8	2.1	1.1
Total current liabilities	31.4	96.6	31.6	99.3
Total liabilities	31.4	96.6	31.7	99.3
Total equity and liabilities	329.2	326.1	331.7	329.4

Definitions of key ratios and alternative performance measures

Gross margin – a measure of how well goods are sourced and sold in relation to net revenue

Gross profit divided by net revenue. Gross margin is what Nelly Group previously described as product margin. More information about the calculation components of net revenue and cost of goods sold can be found under the income statement definitions on page 18

Return rate – a measurement of the proportion of sales that customers return

The sales value of returned goods divided by total sales before returns

Inventory share of net revenue LTM – a measure of how efficiently the sourcing of goods is planned and executed

Closing inventory balance divided by net revenue over a rolling twelve-month period

Proportion of sales of own-brands – the proportion of sales of Nelly's own brands

Calculated by dividing total sales of own brands by total B2C and B2B sales

No. of active customers in the Nordics LTM (000) – a gauge of how well Nelly Group attracts new customers and retains existing ones

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

No. of sessions in the Nordics (000) – an indicator of how well Nelly generates traffic to the website

The number of unique website visits from Nordic IP addresses to nelly.com or nlyman.com during a given period. The number of visitors multiplied by the conversion rate translates into customer sales before returns

No. of orders in the Nordics (000) – a measure of how many orders Nelly generates during a given period

The number of orders that Nordic customers have placed on nelly.com or nlyman.com during a given period. The number of orders multiplied by the average order value translates into customer sales before returns

Average order value in the Nordics – the average order value in SEK

The number of items multiplied by average item value for orders placed on nelly.com or nlyman.com in the Nordics during a given period

Conversion rate in the Nordics – a gauge of the proportion of customers visiting the website who place an order

The number of Nordic orders divided by the number of Nordic sessions on nelly.com or nlyman.com. The conversion rate multiplied by the number of visitors equals the number of orders per customer

No. of employees – a measure of the number of employees in the Group

Calculated using the number of actual hours worked, together with paid holiday and other short-term absence, compared with the scheduled working time

Proportion of women employed – a measure of the proportion of women in relation to the total number of employees

The proportion of women divided by the total number of employees, calculated in the same way as number of employees above

Income statement definitions

Net revenue – *all income from customers and partners, and any other revenue*

Includes sales after returns, commissions, invoicing fees, outbound freight fees, return fees 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 costs related to bringing goods to the warehouse shelf

Warehousing and distribution costs – *all costs to bring goods from the warehouse shelf to the customer.*

Warehousing, handling costs and shipping costs to the customer

Marketing costs – *all costs to build the value of the brand and generate traffic to the website.*

Performance and brand marketing costs such as search engine optimisation and brand-building activities

Administrative and other operating expenses – *all other expenses to operate the company*

Includes salaries and social security contributions, IT costs, depreciation, consultants, studio and other operating costs

Net financial items – *the net of financial income and expenses*

Includes costs related to interest, currency gains/losses of a financial nature and other finance income and expenses



Notes

Note 1 – Accounting policies

The report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are unchanged from those applied in the previous report for the same period.

The parent company Nelly Group AB (publ)'s financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities".

For full information about the accounting policies and valuation principles applied by the Group, please see the most recent published annual report.

Note 2 – Fair value of financial instruments

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

Note 3 – Segment reporting

Nelly does not report any segments as defined by IFRS 8.

Note 4 – Deferred tax asset

SEK 71.7 (73.2) million of the Group's total deferred tax assets are a result of historical losses. Management has made assumptions about the company's future sales, expenses and profitability, and the possibility of future utilisation of these loss carryforwards is evaluated on this basis.

The Group's recognised loss carryforwards amounted to SEK 720.7 million as at 31 December 2022. More information can be found in Note 7 of the 2022 annual report.





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