



Interim report Q3 2023

1 JANUARY TO 30 SEPTEMBER

NELLY

Nelly Group interim report for the third quarter of 2023

Q3 2023 – the quarter in brief

- Net revenue was SEK 236.4 (284.3) million, corresponding to -16.9% (-9.0%)
- Gross profit was SEK 119.8 (118.1) million, corresponding to a gross margin of 50.7% (41.5%)
- Operating profit was SEK 12.8 (-11.9) million, corresponding to an operating margin of 5.4% (-4.2%)
- Profit after tax was SEK 9.1 (-15.9) million, corresponding to earnings per share of SEK 0.30 (-0.88)
- Cash flow from operating activities was SEK -13.8 (-63.0) million
- Cash and cash equivalents amounted to SEK 120.4 (40.7) million as at 30 September with credit facilities unutilised

Q3 2023 – Significant events during the quarter

- Nelly Group announced on 15 September 2023 that Niklas Lingblom had been appointed CFO. Niklas will start during January 2024, but will assume his position as CFO on 5 February 2024
- On 28 September 2023, the Board of Directors of Nelly Group AB (publ) announced that the acting CEO, Helena Karlinder-Östlundh, had been appointed ordinary CEO

January–September 2023 – the period in brief

- Net revenue was SEK 759.2 (911.8) million, corresponding to -16.7% (-10.7%)
- Gross profit was SEK 357.0 (407.0) million, corresponding to a gross margin of 47.0% (44.6%)
- Operating loss was SEK -13.1 (-54.4) million, corresponding to an operating margin of -1.7% (-6.0%)
- Profit/loss after tax was SEK -21.2 (-63.8) million, corresponding to earnings per share of SEK -0.85 (-3.54)
- Cash flow from operating activities was SEK 8.9 (-157.3) million

Significant events after end of quarter

- No significant events have been reported since the end of the period

'We have achieved clear improvements in several areas since our journey of transformation began last year, and these have now resulted in two quarters of profit in 2023'

Helena Karlinder-Östlundh, CEO of Nelly Group AB



CEO's comments

A profitable quarter, driven by a stronger customer offer and continued cost control

In Q3, we continued to see pleasing signs that our transformation work is generating results. Our gross margin improved compared to last year, landing on 50.7% (41.5%), and we achieved an operating margin of 5.4% (-4.2%). Profit after tax came in at SEK 9.1 (-15.9) million despite our net revenue decreasing by 16.9% to SEK 236.4 (284.3) million. This decrease was partly due to lower B2B sales following our decision to focus on B2C, which is Nelly's core business.

During the quarter, we delivered clear improvements across multiple areas, which were driven primarily by a more attractive assortment. Our autumn/winter collection had a strong start, our bestselling products sold in higher quantities compared to last year, and we increased the share of full-price sales. Nelly's own brands accounted for 39.4% (34.2%) of total sales and our return rate improved, landing on 34.3% (36.2%). The return rate improvement was partly due to a more favourable balance between party and everyday fashion in the product mix, but we also achieved improvements within several categories. Taken together, this shows that our customers are prepared to prioritise attractive and relevant products at the right price points even in this prudent economic climate.

The positive trend we have seen in the development of our operating costs this year continued in the third quarter. Warehousing and logistics costs fell further, and we also reduced our marketing costs, both by continuing to focus on organic traffic and through better investments in generating paid traffic. Salary costs were also lower than last year given that the business is now run by a significantly smaller organisation.

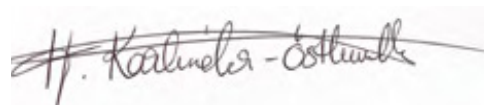
Our transformation work needs to continue unabated

We have achieved clear improvements across several areas since our transformation journey began last year, and these have now resulted in two profitable quarters so far in 2023. This does not mean however that our transformation work is finished or that the rate of change can slow down. In addition to lower net revenue in Q3, we also saw a continued decline in traffic to our site and a lower conversion rate compared to the same quarter last year. We therefore need to continue to further strengthen our customer offer by creating an even more attractive and easy-to-navigate assortment at competitive price points.

In Q3, we also intensified our work to overhaul our systems landscape and continued to prioritise those areas that enable a better customer experience and simplify internal processes. This work will continue in the coming quarters and can now be further accelerated with a new permanent Chief Technology Officer in place as part of Nelly's management team.

A positive platform to continue to build on

We have now entered the last quarter of the year, which is an exciting time for our business. We look forward to Black Week and Christmas trading, during which we will also be able to interact with our customers in a physical setting for the first time through our newly opened flagship store on Drottninggatan in Stockholm. After a successful launch in September, the store now provides us with opportunities to present our assortment in new ways and to deepen our understanding of our customers, which will benefit our core business online as well. At the end of the quarter, we also announced both that we have a new permanent CFO starting with us during the first quarter of next year, and also that I was appointed permanently in the role of CEO for Nelly Group. I am grateful for the continued trust shown in me to lead this transformation journey forward and most importantly, I would like to express my sincere gratitude to our amazing customers and to the whole Nelly team for having delivered a profitable quarter and increasingly clear progress towards a truly competitive customer offer and a genuinely healthy business.



Helena Karlinder-Östlundh, CEO of Nelly Group AB



Key ratios and alternative performance measures

	Q3 23	Q3 22	9M 23	9M 22	2022
Net revenue growth	-16.9%	-9.0%	-16.7%	-10.7%	-9.1%
Gross margin	50.7%	41.5%	47.0%	44.6%	43.6%
Warehousing and distribution costs as a proportion of net revenue	14.3%	15.5%	16.6%	16.1%	15.8%
Marketing costs as a proportion of net revenue	8.9%	9.8%	9.8%	11.8%	11.4%
Operating margin	5.4%	-4.2%	-1.7%	-6.0%	-4.3%
Return rate	34.3%	36.2%	36.8%	37.6%	36.0%
Inventory share of net revenue LTM	18.1%	22.0%	18.1%	22.0%	17.4%
Proportion of sales of own brands	39.4%	34.2%	39.0%	36.0%	35.1%
No. of active customers Nordic LTM (000)	1,032	1,085	1,032	1,085	1,083
No. of sessions Nordic (000)	18,956	20,126	64,448	69,413	96,159
No. of orders Nordic (000)	393	474	1,364	1,607	2,267
Average order value Nordic	817	826	779	807	794
Conversion rate Nordic	2.1%	2.4%	2.1%	2.3%	2.4%
No. of employees	148	216	161	217	221
Proportion of women employed	59%	62%	60%	63%	61%

* Calculations may differ from other companies' definitions of similar measures. Alternative performance measures are described on page 16



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 and 1.2 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 offer 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 a million active customers in the Nordic region who place two 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!



The third quarter and first nine months explained

Lower sales but improved return rate

Net revenue for Q3 2023 was SEK 236.4 (284.3) million, corresponding to a fall of 16.9%. The change is mainly due to lower B2C sales before returns, but reduced B2B sales also had a negative impact on net revenue in the quarter. The lower return rate and income from warehouse letting also made a positive contribution to net revenue compared with the same period in 2022. The proportion of own brand sales during Q3 2023 increased to 39.4% (34.2%). In local currencies, net revenue fell by 17.4% in Q3.

The return rate for Q3 2023 was 34.3% (36.2%). The higher return rate was mainly due to a more favourable product mix, but also improvements in categories.

Net revenue for the period January to September 2023 was SEK 759.2 (911.8) million, corresponding to a fall of 16.7%. In local currencies, net revenue fell by 16.9%.

Higher gross margin in Q3 and the first nine months of the year

The gross margin rose to 50.7% (41.5%) in Q3 2023. Lower campaign activity to customers, lower customs and shipping costs and higher share of sales of own brands made a positive contribution to the gross margin compared with the third quarter of the previous year. Higher sales to external outlet partners and currency effects had a negative impact on the gross margin.

The gross margin rose in the first nine months of 2023 to 47.0% (44.6%), with lower customs and shipping costs and higher share of sales of own brands making a positive contribution compared with the same period in the previous year. As for the quarter, higher sales to outlet partners and currency effects had a negative impact on the gross margin for the nine-month period.

Lower warehousing and distribution costs

Warehousing and distribution costs amounted to SEK 33.7 (43.9) million during Q3 2023. The lower warehousing and distribution costs were the result of lower volumes processed and also greater warehousing efficiency. Measured as a proportion of net revenue, the costs amounted to 14.3% (15.5%).

Warehousing and distribution costs amounted to SEK 125.7 (147.2) million in the period January to September 2023. As in the third quarter, the reduction in costs was driven primarily by lower volumes processed.

Lower marketing costs

Marketing costs for Q3 2023 amounted to SEK 21.1 (28.0) million. The main reason for the lower costs of marketing in Q3 was that less paid traffic was purchased and there was lower spending on brand-building activities. Measured as a proportion of net revenue, the costs amounted to 8.9% (9.8%) in Q3.

Measured as a proportion of net revenue, the costs amounted to 9.8% (11.8%) in the first nine months of 2023, driven by less paid traffic and fewer brand-building activities.

Lower administrative and operating costs

Nelly Group's administrative and other operating costs in Q3 were SEK 52.1 (58.1) million. The reduction compared with Q3 2022 was mainly on account of lower payroll costs as a consequence of fewer employees. At the same time, the costs of consultancy services increased during the quarter compared with the same period in the previous year.

Administrative and other operating costs were SEK 170.0 (206.9) million in the first nine months of 2023, with lower payroll costs as the primary driver of the reduction. Higher consultancy costs also made a negative contribution to the cost trend during the nine-month period compared with the same period in the previous year.

Improved operating profit

The operating profit for the third quarter was SEK 12.8 (-11.9) million, the improvement being mainly on account of lower costs.

Operating loss for the first nine months of 2023 totalled SEK -13.1 (-54.4) million. The lower gross profit was compensated for by much lower costs.

Profit after tax

The profit after tax for Q3 2023 was SEK 9.1 (-15.9) million. The improved profit after tax for the third quarter is primarily attributable to higher operating profit. Profit/loss after tax for the first nine months of 2023 totalled SEK -21.2 (-63.8) million, driven by higher operating profit as in Q3.

Lower inventory valuation

The inventory valuation amounted to SEK 207.0 (289.7) million as at 30 September 2023. Inventory as a proportion of net revenue over a rolling 12-month period amounted to 18.1% (22.0%).

Cash flow and cash and cash equivalents

Cash flow from operations in Q3 2023 totalled SEK -13.8 (-63.0) million. The change compared with the corresponding period of 2022 is primarily on account of improved cash flow from operating activities and lower capital tied up in inventory.

Cash flow from operations amounted to SEK 8.9 (-157.3) million in the first nine months of 2023. The change compared with the corresponding period of 2022 is on account of improved cash flow from operating activities and lower capital tied up in inventory, as in the third quarter.

Cash flow from investing activities in Q3 2023 totalled SEK -8.9 (-3.3) million. The investments are attributable to the establishment of a store on Drottninggatan in Stockholm and also to IT and technology-related investments.

Cash flow from investing activities amounted to SEK -11.9 (-11.0) million in the first nine months of 2023. The amount of SEK -11.9 million was mainly attributable to IT and technology-related investments and also to investments linked to the establishment of a store on Drottninggatan.

Cash flow of SEK -7.1 (23.7) million from financing activities in Q3 is primarily attributable to repayment of lease liabilities. The difference from the previous year is primarily attributable to the fact that the Group's available credit facilities were not utilised.

Cash flow from financing activities in January to September 2023 amounted to SEK 25.5 (11.3) million, with the preferential share issue held in the first half of 2023 as the driving force.

Cash and cash equivalents amounted to SEK 120.4 (40.7) million as at 30 September 2023. The payment respite for employer's contributions and tax payments amounted to SEK 116.4 (55.4) million at the end of the

quarter. Assets amounted to SEK 815.8 (846.5) million as at 30 September 2023. Equity amounted to SEK 158.7 million, compared with SEK 141.2 million as at 30 September of the previous year, corresponding to an equity/assets ratio of 19.5% (16.7% as at 30 September of the previous year).

Net financial items

Net financial items for Q3 2023 amounted to SEK -3.5 (-4.3) million. The improvement in net financial items is primarily attributable to currency effects.

Net financial items for the first nine months of 2023 totalled SEK -8.6 (-10.6) million. The improvement in net financial items for the nine-month period is primarily attributable to currency effects, as in the quarter.

Parent company

The parent company, Nelly Group AB (publ), reported sales of SEK 0.0 (0.0) million in January to September 2023.

Administrative costs amounted to SEK -7.9 (-9.8) million in the first nine months of 2023.

The parent company's loss before tax for January to September 2023 amounted to SEK -8.1 (-9.7) million.

Cash and cash equivalents in the parent company amounted to SEK 9.1 million as at 30 September 2023 compared with SEK 2.3 million at the 2022 year-end and SEK 4.9 million as at 30 September 2022.



Other information

The share

As at 30 September 2023, Nelly Group had 30,483,985 shares issued, of which 30,015,278 were ordinary shares and 468,707 were class C shares. The share capital was SEK 30,483,985 and each share had a quotient value of SEK 1.00. The class C shares as well as 42,747 class B shares are held by Nelly Group AB and are therefore not outstanding. These shares may not be represented at general meetings. The class B shares have been returned by former participants in the Owner Plan 2020.

Market capitalisation on the balance sheet date, 30 September 2023, was SEK 390.2 million.

Organisation

The average number of employees during the quarter were 148 (216), of whom 59% (62%) were women.

Ten largest shareholders at end of period*

Shareholder	Source: Monitor av Modular Finance AB	Capital
Rite Ventures		27.3%
Stefan Palm**		16.6%
Mandatum Life Insurance Company		9.6%
eQ Asset Management Oy		4.2%
Avanza Pension		3.6%
Anders Böös		2.9%
Nelly Group AB***		1.7%
Nordnet Pensionsförsäkring		1.5%
Thomas Jakobsen		1.1%
Klas Bengtsson		1.0%

* Shareholder data verified as of 27 September 2023

** Holds shares via the company ettfemsju själ AB

*** See the text above under the heading 'The share'

Transactions with related parties

Nelly purchased consultancy services during the quarter for SEK 1.3 million from Wahsel AB, which is owned by Nelly's interim CFO.

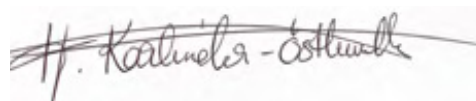
Auditor review

This interim report has been reviewed by Nelly Group's auditors. See the review report on page 9

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 pages 50–52 of the latest published annual report for 2022.



Helena Karlinder-Östlundh,
CEO of Nelly Group AB

Review report

To the Board of Directors of Nelly Group AB (publ)

Corp. id. 556035-6940

Introduction

We have reviewed the condensed interim financial information (interim report) of Nelly Group AB (publ) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Göteborg

KPMG AB

Mathias Arvidsson

Authorized Public Accountant

Auditor in charge

Webcast on the interim report

Analysts, investors and the media are invited to a [webcast](#) presentation of Q3 on 27 October 2023 at 9 a.m. CEST. 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 report may contain forward-looking statements. Information in this report that is not 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 a.m. CEST on 27 October 2023.

Condensed income statement – Group

(SEK million)	Q3 23	Q3 22	9M 23	9M 22	LTM	2022
Net revenue	236.4	284.3	759.2	911.8	1,146.3	1,299.0
Cost of goods sold	-116.6	-166.3	-402.1	-504.8	-630.0	-732.7
Gross profit	119.8	118.1	357.0	407.0	516.3	566.2
Gross margin	50.7%	41.5%	47.0%	44.6%	45.0%	43.6%
Warehousing and distribution costs	-33.7	-43.9	-125.7	-147.2	-183.6	-205.1
Marketing costs	-21.1	-28.0	-74.5	-107.2	-115.3	-148.0
Administrative and other operating costs	-52.1	-58.1	-170.0	-206.9	-232.3	-269.2
Operating profit/loss	12.8	-11.9	-13.1	-54.4	-14.9	-56.1
Operating margin	5.4%	-4.2%	-1.7%	-6.0%	-1.3%	-4.3%
Net financial items	-3.5	-4.3	-8.6	-10.6	-13.4	-15.4
Profit/loss before tax	9.3	-16.3	-21.7	-64.9	-28.3	-71.6
Tax	-0.2	0.4	0.5	1.2	-0.8	-0.1
Profit/loss after tax	9.1	-15.9	-21.2	-63.8	-29.1	-71.7
Attributable to						
Parent company shareholders	9.1	-15.9	-21.2	-63.8	-29.1	-71.7
Shares outstanding at end of period (million)	30.0	18.0	30.0	18.0	30.0	18.0
Average number of shares outstanding (million)	30.0	18.0	24.9	18.0	23.2	18.0
Average number of shares, diluted (million)	30.0	18.0	24.9	18.0	23.2	18.0
Basic/diluted earnings per share (SEK)	0.30	-0.88	-0.85	-3.54	-1.26	-3.98

Consolidated statement of comprehensive income

(SEK million)	Q3 23	Q3 22	9M 23	9M 22	LTM	2022
Items reclassified or available for reclassification to profit/loss for the period						
Translation differences for the period	0.3	0.3	-1.0	0.6	1.2	0.8
Total comprehensive income for the period	9.4	-15.6	-22.2	-63.2	-27.9	-70.9
Total comprehensive income attributable to						
Parent company shareholders	9.4	-15.6	-22.2	-63.2	-27.9	-70.9
Total comprehensive income for the period	9.4	-15.6	-22.2	-63.2	-27.9	-70.9
Shares outstanding at end of period (million)	30.0	18.0	30.0	18.0	30.0	18.0
Average number of shares outstanding (million)	30.0	18.0	24.9	18.0	23.2	18.0
Average number of shares, diluted (million)	30.0	18.0	24.9	18.0	23.2	18.0

Condensed statement of financial position

(SEK million)	2023-09-30	2022-09-30	2022-12-31
Non-current assets			
Goodwill	39.7	39.7	39.7
Other intangible assets	24.1	26.8	23.9
Property, plant and equipment	12.8	12.7	11.9
Lease assets	275.2	291.8	284.3
Deferred tax asset ⁴	74.8	74.9	73.8
Deposits	8.0	6.1	6.0
Total non-current assets	434.7	452.1	439.7
Current assets			
Inventories	207.0	289.7	225.6
Current non-interest-bearing receivables	53.8	64.0	75.2
Cash and cash equivalents	120.4	40.7	96.8
Total current assets	381.1	394.4	397.5
Total assets	815.8	846.5	837.2
Equity			
Equity attributable to parent company shareholders	158.7	141.2	133.6
Total equity	158.7	141.2	133.6
Non-current liabilities			
Non-interest bearing			
Other provisions	0.0	0.0	0.0
Interest-bearing			
Lease liabilities	203.5	242.3	232.6
Total non-current liabilities	203.5	242.3	232.6
Current liabilities			
Interest-bearing			
Credit facility	-	30.0	-
Lease liabilities	86.9	58.0	62.0
Non-interest bearing			
Accounts payable – trade	119.3	152.2	143.2
Other liabilities	103.2	73.7	110.0
Accrued expenses and deferred income	144.2	149.1	155.8
Total current liabilities	453.6	463.0	471.1
Total equity and liabilities	815.8	846.5	837.2

Consolidated statement of changes in equity

(SEK million)	9M 23	9M 22	2022
Opening balance	133.6	204.4	204.4
Comprehensive income for the period	-22.2	-63.2	-70.9
Effects of long-term incentive plans	0,0	0,0	0,1
Preferential share issue	47.4	-	-
Closing balance	158.7	141.2	133.6

Condensed statement of cash flow

(SEK million)	Q3 23	Q3 22	9M 23	9M 22	2022
Cash flow from operating activities before changes in working capital	20.6	-5.6	10.9	-34.0	-22.4
Changes in working capital	-34.4	-57.4	-2.0	-123.3	-42.6
Cash flow from operations	-13.8	-63.0	8.9	-157.3	-65.0
Divestment of subsidiaries	-	-	-	0.1	0.1
Investments in non-current assets	-8.9	-3.3	-11.9	-11.1	-11.1
Cash flow to/from investing activities	-8.9	-3.3	-11.9	-11.0	-11.0
Preferential share issue	-	-	47.4	-	-
Utilised credit facility	-	30.0	-	30.0	-
Repayment of lease liability	-6.9	-6.3	-19.9	-18.7	-25.1
Changes in financial assets	-	-	-2.0	-	0.1
Cash flow to/from financing activities	-7.1	23.7	25.5	11.3	-25.0
Change in cash and cash equivalents for the period	-29.7	-42.6	22.5	-157.0	-101.0
Cash and cash equivalents at start of period	150.2	83.3	96.8	197.5	197.5
Translation difference, cash and cash equivalents	-0.2	0.0	1.1	0.2	0.3
Cash and cash equivalents at end of period	120.4	40.7	120.4	40.7	96.8

Depreciation and amortisation of non-current assets

(SEK million)	Q3 23	Q3 22	9M 23	9M 22	2022
Depreciation of property, plant and equipment	-0.8	-0.8	-2.5	-2.6	-3.4
Amortisation of intangible assets	-2.6	-1.6	-8.3	-4.9	-7.8
Depreciation and amortisation (not including IFRS 16)	-3.3	-2.4	-10.8	-7.5	-11.2
Amortisation of right-of-use assets	-8.5	-8.1	-24.7	-24.3	-32.4
Depreciation and amortisation (including IFRS 16)	-11.8	-10.5	-35.5	-31.8	-43.6

Net revenue by geographical area

(SEK million)	Q3 23	Q3 22	9M 23	9M 22	2022
Sweden	120.8	140.3	390.9	438.4	625.6
The Nordic region, including Sweden	233.7	272.7	745.8	872.8	1,245.6
Rest of world	2.7	11.6	13.3	39.1	53.4
All regions	236.4	284.3	759.2	911.8	1,299.0



Condensed income statement – parent company

(SEK million)	Jan–Sep 23	Jan–Sep 22	2022
Net revenue	-	-	2.0
Gross profit	-	-	2.0
Administrative costs	-7.9	-9.8	-12.1
Operating profit/loss	-7.9	-9.8	-10.1
FINANCIAL INCOME AND EXPENSES			
Profit/loss from shares in subsidiaries	-	0.1	0.1
Net financial items	-0.2	0.0	0.0
Profit/loss after financial items	-8.1	-9.7	-10.0
APPROPRIATIONS			
Group contributions paid	-	-	-60.0
Profit/loss before tax	-8.1	-9.7	-70.0
Tax	-	-	-
Profit/loss for the period*	-8.1	-9.7	-70.0

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



Condensed statement of financial position – parent company

(SEK million)	2023-09-30	2022-09-30	2022-12-31
Non-current assets			
Participations in Group companies	247.1	253.1	253.1
Deferred tax asset	71.7	71.7	71.7
Total non-current assets	318.8	324.8	324.8
Current assets			
Current non-interest bearing receivables	2.8	2.8	2.3
Total current receivables	2.8	2.8	2.3
Cash and bank balances	9.1	4.9	2.3
Total cash and cash equivalents	9.1	4.9	2.3
Total current assets	11.9	7.7	4.6
Total assets	330.7	332.4	329.4
Equity			
Restricted equity	31.3	185.8	185.8
Unrestricted equity	239.5	104.6	44.4
Total equity	270.8	290.4	230.1
Provisions			
Other provisions	0.0	0.0	0.0
Total provisions	0.0	0.0	0.0
Current liabilities			
Liabilities to Group companies	48.4	40.0	98.2
Non-interest-bearing liabilities	11.5	2.0	1.1
Total current liabilities	59.9	42.0	99.3
Total liabilities	59.9	42.0	99.3
Total equity and liabilities	330.7	332.4	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 17

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 valuation divided by net revenue over a rolling 12-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 before returns by total B2C and B2B sales before returns

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 who have shopped from Nelly during the last 12-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

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

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

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 – *income from B2C customers and B2B customers, and other revenue*

Includes sales after returns, commissions, invoicing fees, outbound freight fees, return fees and other revenue

Cost of goods sold – *costs related to the purchase of goods*

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

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

Warehousing costs, handling costs including salaries, and shipping costs to the customer

Marketing costs – *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 costs – *other costs to operate the company*

Includes salary cost, IT costs, depreciations, 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.





Financial calendar

The year-end report for 2023
will be presented on 2 February 2024

The Interim report for the first quarter
will be presented on 26 April 2024

The annual general meeting will
be held on 13 May 2024



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