

A close-up, profile view of a woman with dark hair pulled back into a bun. She is wearing a black leather jacket with a high collar and a large, circular, woven earring. The background is a plain, light grey color.

Year-end report 2023

1 JANUARY TO 31 DECEMBER

NELLY

Nelly Group year-end report 2023

Q4 2023 – the quarter in brief

- Net revenue was SEK 301.6 (387.2) million, corresponding to -22.1% (-4.9%)
- Gross profit was SEK 150.9 (159.3) million, corresponding to a gross margin of 50.0% (41.1%)
- Operating profit was SEK 24.0 (-1.8) million, corresponding to an operating margin of 8.0% (-0.5%)
- Profit after tax was SEK 19.7 (-7.9) million, corresponding to earnings per share of SEK 0.66 (-0.44)
- Cash flow from operating activities was SEK 50.4 (62.3) million
- Cash and cash equivalents amounted to SEK 151.1 (96.8) million as at 31 December and credit facilities were unutilized

Q4 2023 – Significant events during the quarter

- No significant events were reported during the quarter

January-December 2023 – the year in brief

- Net revenue was SEK 1,060.8 (1,299.0) million, corresponding to -18.3% (-9.1%)
- Gross profit was SEK 507.9 (566.2) million, corresponding to a gross margin of 47.9% (43.6%)
- Operating profit was SEK 10.9 (-56.1) million, corresponding to an operating margin of 1.0% (-4.3%)
- Profit/loss after tax was SEK -1.5 (-71.7) million, corresponding to earnings per share of SEK -0.06 (-3.98)
- Cash flow from operating activities was SEK 59.3 (-65.0) million

Significant events after the year-end

- No significant events have been reported since the year-end

'We delivered further improvements in many areas of the company in 2023, and now start the new year in a strong position with three profitable quarters behind us'

Helena Karlinder-Östlundh, CEO of Nelly Group AB



CEO's comments

Another profitable quarter and a marked improvement for the full year

In the fourth quarter, we continued to see the pleasing effects of the transformation work we carried out at Nelly over the past 18 months. Our gross margin improved on the previous year to 50.0% (41.1%), and we also achieved a higher operating margin of 8.0% (-0.5%). Profit after tax amounted to SEK 19.7 (-7.9) million, which meant that we had delivered our third profitable quarter in a row. These effects also meant that, despite a weak first quarter of 2023 and the continued downward trend in net revenue to SEK 1,060.8 (1,299.0) million for the full year, we managed to increase gross margin to 47.9% (43.6%) and return to an operating profit of SEK 10.9 (-56.1) million.

Healthier core business

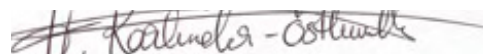
The most important part of our customer offer is our range, and it is clear that the fundamental changes we have made to it continue to deliver positive effects. During the fourth quarter, we reduced the range of variety still further in accordance with our strategy, and our bestsellers also sold in considerably higher quantities in this period than in the previous year. We continued to enhance our position in several categories, above all trousers, jackets and jeans, all central elements of our strong everyday fashion range. Nelly's own brands accounted for 36.3% (32.9%) of total sales, and this positive trend was also reflected over the full year at 38.2% (35.1%). The return rate increased slightly to 33.0% (32.0%) during the quarter, which is largely explained by lower B2B sales without a right of return and by the product mix, which consisted to a greater extent in the fourth quarter of categories in which we have not yet managed to apply measures to reduce returns. However, we achieved a slight improvement in the return rate for 2023 as a whole: 35.8% (36.0%). Overall, we succeeded in achieving better stock movement after returns in the autumn and winter seasons compared with the previous year, while also increasing the proportion of full price sales. We ended 2023 with a healthier inventory balance, giving us space and time to focus on strong new products for spring and summer.

Our operating profit benefited again from reduced costs in several areas in the fourth quarter, now that we have realised the full effects of our previously announced saving programme. We continued to optimise our marketing costs by promoting organic traffic and continuously improving our paid advertising. Payroll costs were also lower than last year given that the business is now run by a significantly smaller organisation. We delivered marked improvements in our costs in 2023 as a whole, both in these two areas and in our warehousing and distribution costs.

We have focused constantly on enhancing Nelly's customer offer throughout our journey of transformation. Despite this, during the fourth quarter we saw a continuation of the downward trend we had experienced throughout 2023 in both traffic to our site and the conversion rate. The market climate was also challenging during this period, and it was clear to us that customers were carefully considering their purchases. In this climate, many people prefer to invest in everyday fashion that can be used in several different contexts, and an even more attractive range with the right price points is required to ensure that customers choose us over many other options. Consequently, it is important for us to continue to develop our product range and intensify our work to optimise our prices. Going forward, we will also deepen our collaboration with a number of carefully selected external brands that we know to be strong in our target group.

Full focus on the next phase of our transformation

We delivered further improvements in many areas of the company in 2023, and now start the new year in a strong position with three profitable quarters behind us. In 2024, we will continue our transformation work even further and we look forward to being able to accelerate the transformation in several areas, in particular to remould our system landscape. In this area we have just begun partnerships with several new suppliers to enable us to offer a smoother customer experience going forward, with new personalisation options and more inspiration. It was an exciting year full of lessons learned for us. I would really like to take the opportunity to say a big thank you to both our wonderful customers and the entire Nelly team. They have tirelessly worked to implement many improvements to make us a competitive, sound company in the long term, helping the young women and men of the Nordic region look elegant and sharp every day.



Helena Karlinder-Östlundh, CEO of Nelly Group AB



Key ratios and alternative performance measures

| | Q4 23 | Q4 22 | 2023 | 2022 |
|---|--------|--------|--------|--------|
| Net revenue growth | -22.1% | -4.9% | -18.3% | -9.1% |
| Gross margin | 50.0% | 41.1% | 47.9% | 43.6% |
| Warehousing and distribution costs as a proportion of net revenue | 15.1% | 15.0% | 16.1% | 15.8% |
| Marketing costs as a proportion of net revenue | 8.6% | 10.5% | 9.5% | 11.4% |
| Operating margin | 8.0% | -0.5% | 1.0% | -4.3% |
| Return rate | 33.0% | 32.0% | 35.8% | 36.0% |
| Inventory share of net revenue LTM | 14.4% | 17.4% | 14.4% | 17.4% |
| Proportion of sales of own brands | 36.3% | 32.9% | 38.2% | 35.1% |
| No. of active customers Nordic LTM (000)* | 973 | 1,083 | 973 | 1,083 |
| No. of sessions Nordic (000)* | 23,736 | 26,746 | 88,185 | 96,159 |
| No. of orders Nordic (000)* | 512 | 660 | 1,876 | 2,267 |
| Average order value Nordic* | 771 | 762 | 777 | 794 |
| Conversion rate Nordic* | 2.2% | 2.5% | 2.1% | 2.4% |
| No. of employees | 153 | 188 | 158 | 221 |
| Proportion of women employed | 62% | 60% | 61% | 61% |

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

* KPIs concern the Group's e-commerce directly to consumers



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 2.5 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 1.9 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 fourth quarter and 2023 explained

Revenue development

Net revenue for Q4 2023 was SEK 301.6 (387.2) million, corresponding to a fall of 22.1%. The change is mainly due to lower B2C sales before returns. Lower B2B sales and lower shipping revenue also had a negative impact on net revenue during the quarter. The proportion of sales of own brands increased to 36.3% (32.9%) during Q4 2023. In local currencies, net revenue fell by 21.1% in Q4.

The return rate for Q4 2023 was 33% (32%). The higher return rate was mainly on account of lower B2B sales, which have no right of return. The return rate for 2023 was 35.8% (36.0%). Lower B2B sales without a right of return impeded further improvements.

Net revenue for the period January to December 2023 was SEK 1,060.8 (1,299.0) million, corresponding to a fall of 18.3%. In local currencies, revenue fell by 18.2%.

Higher gross margin during the fourth quarter and in 2023

The gross margin increased to 50.0% (41.1%) in Q4 2023. Lower campaign activity to customers, lower customs and shipping costs, lower sales of stock to outlet partners and a higher proportion of sales of own brands made a positive contribution to the gross margin compared with the fourth quarter of the previous year. Currency effects also had a negative impact on the gross margin during the quarter.

The gross margin for 2023 as a whole increased to 47.9% (43.6%), with lower customs and shipping costs, lower campaign activity to customers and a higher proportion of sales of own brands making a positive contribution compared with 2022. Higher sales to external outlet partners and currency effects also had a negative impact on the full year.

Lower warehousing and distribution costs

Warehousing and distribution costs amounted to SEK 45.6 (57.9) million during Q4 2023. The lower warehousing and distribution costs were the result of lower volumes processed. Measured as a proportion of net revenue, the costs amounted to 15.1% (15.0%).

Warehousing and distribution costs amounted to SEK 171.3 (205.1) million in the period January to December 2023. As in the fourth quarter, the reduction in costs was driven by lower volumes processed.

Lower marketing costs

Marketing costs for Q4 2023 amounted to SEK 26.0 (40.8) million. The main reason for the lower costs of marketing in Q4 is that less paid traffic was purchased. There were also lower costs for brand-building activities. Measured as a proportion of net revenue, the costs amounted to 8.6% (10.5%) in Q4.

Measured as a proportion of net revenue, the costs amounted to 9.5% (11.4%) for 2023 as a whole, driven by less paid traffic and fewer brand-building activities.

Lower administrative and operating costs

Nelly Group's administrative and other operating costs in Q4 were SEK 55.3 (62.3) million. The reduction compared with Q4 2022 was mainly on account of lower payroll costs as there were fewer employees.

Administrative and other operating costs amounted to SEK 225.3 (269.2) for 2023 as a whole, with the cost reduction driven primarily by lower payroll costs. Higher consultancy costs also made a negative contribution to the cost trend for 2023 compared with 2022.

Improved operating profit/loss

The operating profit for the fourth quarter was SEK 24.0 (-1.8) million, the improvement being driven mainly by lower costs. As an underlying factor, the higher gross margin contributed to a stronger operating profit by facilitating lower costs.

The operating profit for 2023 as a whole totalled SEK 10.9 (-56.1) million. The lower gross profit was compensated for by much lower costs. As an underlying factor, the higher gross margin contributed to a stronger operating profit for 2023 as a whole as well.

Profit after tax

Profit after tax for Q4 2023 amounted to SEK 19.7 (-7.9) million. The improved profit after tax for the fourth quarter is primarily attributable to higher operating profit.

Profit/loss after tax for 2023 was SEK -1.5 (-71.7) million, driven by the stronger operating profit.

Lower inventory valuation

The inventory valuation amounted to SEK 152.3 (225.6) million as at 31 December 2023. An improved inventory turnover rate and lower purchases contributed to a lower inventory valuation at the reporting date compared with the same time in the previous year. Inventory as a proportion of net revenue over a rolling 12-month period amounted to 14.4% (17.4%).

Cash flow and cash and cash equivalents

Cash flow from operations for Q4 2023 amounted to SEK 50.4 (62.3) million. Cash flow from operating activities is higher than in the corresponding quarter of 2022, while the change in working capital is lower, primarily because, in the fourth quarter of the previous year, there was a larger impact from a fall in inventories, and an increase in operating liabilities.

Cash flow from operations totalled SEK 59.3 (-65.0) million for 2023. Cash flow for the year improved dramatically, driven primarily by cash flow from operating activities and lower debt maturity in inventories and trade receivables.

Cash flow from investing activities amounted to SEK -11.0 (0.0) million in Q4 2023. The investments are primarily attributable to IT and technology-related investments, and the store on Drottninggatan in Stockholm.

Cash flow from investing activities amounted to SEK -22.9 (-11.0) million for 2023. The amount of SEK -22.9 million is primarily attributable to IT and technology-related investments and also to investments linked to the establishment of a store on Drottninggatan.

Cash flow of SEK -7.8 (-6.3) million from financing activities in Q4 is attributable to repayment of lease liabilities.

Cash flow from financing activities for the year amounted to SEK 17.8 (-25.0) million, with the rights issue held in the first half of 2023 as the driving force.

Cash and cash equivalents amounted to SEK 151.1 (96.8) million as at 31 December 2023. The payment respite for employer's contributions and tax payments amounted to SEK 108.7 (93.8) million at the end of the quarter.

Assets amounted to SEK 799.8 (837.2) million as at 31 December 2023, mainly owing to lower inventories.

Equity amounted to SEK 178.6 million, compared with SEK 133.6 million as at 31 December of the previous year, corresponding to an equity/assets ratio of 22.3% (16.0% as at 31 December of the previous year). During the first half of 2023 a rights issue contributed 47,4 SEK million, this together with a decision to reduce the share capital resulted in a displacement between restricted and unrestricted equity.

Net financial items

Net financial items amounted to SEK -4.6 (-4.9) million in Q4 2023. The improvement in net financial items is primarily attributable to higher net interest income/expense.

Net financial items for 2023 amounted to SEK -13.2 (-15.4) million. The improvement in net financial items for 2023 is primarily attributable to currency effects.

Parent company

The parent company, Nelly Group AB (publ), reported sales of SEK 1.9 (2.0) million for the year.

Administrative expenses amounted to SEK 10.1 (12.1) million for 2023.

The parent company's profit before tax for the year amounted to SEK 11.4 (-70.0) million, with Group contributions received as the driving force for 2023 and Group contributions made as the driving force for 2022.

Cash and cash equivalents in the parent company amounted to SEK 7.9 million as at 31 December 2023, compared with SEK 2.3 million at the 2022 year-end.

Other information

Share data

As at 31 December 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 and 42,747 class B shares are held by Nelly Group AB and are thus not outstanding. These shares may not be represented at general meetings. The class B shares were returned by former participants in the Owner Plan 2020.

Market capitalisation on the balance sheet date, 31 December 2023, was SEK 480.1 million.

Organisation

The average number of employees during the quarter was 153 (188), of whom 62% (60%) were women.

Ten largest shareholders at end of period*

| Shareholder Source: Monitor av Modular Finance AB | Capital |
|---|---------------|
| Rite Ventures | 28.6% |
| Stefan Palm** | 16.6% |
| Mandatum Life Insurance Company | 9.6% |
| Avanza Pension | 4.9% |
| eQ Asset Management Oy | 2.7% |
| Anders Böös | 2.0% |
| Nelly Group AB*** | 1.7% |
| Nordnet pensionsförsäkring | 1.6% |
| Klas Bengtsson | 1.2% |
| Thomas Jakobsen | 1.1% |
| Other owners | 30,0% |
| Total | 100,0% |

* List of shareholders verified as at 27 December 2023

** Holds shares via the company ettfemsju själ AB

*** See the text above under the heading 'Share data'

Nomination Committee for the annual general meeting

The Nomination Committee for the 2024 AGM consists of Hugo Näslund, appointed by Rite Ventures, Stefan Palm, appointed by ettfemsju själ AB, and Alexander Antas, appointed by Mandatum Life Insurance Company. Hugo Näslund was appointed chair of the Nomination Committee.

Shareholders who wish to make proposals to the Nomination Committee may do so in writing via email to ir@nelly.com or by letter to Nelly Group AB (publ), att. Bolagssekreteraren, Box 690, 501 13 Borås, Sweden.

Transactions with related parties

Nelly purchased consultancy services during the quarter for SEK 1.4 million from Wahsel AB, which is owned by Nelly's interim CFO.

Auditor review

This year-end report has not been audited 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 for 2022, pages 50–52.

Borås, 2 February 2024

Ebba Ljungerud
Chair

Stefan Palm
Director

Josephine Salenstedt
Director

Daniel Hörnqvist
Director

Axel Medefelt
Director

Lennart Sparud
Director

Helena Karlinder-Östlundh
CEO

Webcast on the interim report

Analysts, investors and the media are invited to a [webcast](#) presentation of Q4 on 2 February at 9 a.m. The presentation will be given in English by Helena Karlinder-Östlundh, 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 8 a.m. CET on 2 February 2024.

Condensed income statement – Group

| (SEK million) | Q4 23 | Q4 22 | 2023 | 2022 |
|--|--------|--------|---------|---------|
| Net revenue | 301.6 | 387.2 | 1,060.8 | 1,299.0 |
| Cost of goods sold | -150.7 | -227.9 | -552.9 | -732.7 |
| Gross profit | 150.9 | 159.3 | 507.9 | 566.2 |
| Gross margin | 50.0% | 41.1% | 47.9% | 43.6% |
| Warehousing and distribution costs | -45.6 | -57.9 | -171.3 | -205.1 |
| Marketing costs | -26.0 | -40.8 | -100.5 | -148.0 |
| Administrative and other operating costs | -55.3 | -62.3 | -225.3 | -269.2 |
| Operating profit/loss | 24.0 | -1.8 | 10.9 | -56.1 |
| Operating margin | 8.0% | -0.5% | 1.0% | -4.3% |
| Net financial items | -4.6 | -4.9 | -13.2 | -15.4 |
| Profit/loss before tax | 19.4 | -6.6 | -2.3 | -71.6 |
| Tax | 0.3 | -1.3 | 0.8 | -0.1 |
| Profit/loss after tax | 19.7 | -7.9 | -1.5 | -71.7 |
| Attributable to | | | | |
| Parent company shareholders | 19.7 | -7.9 | -1.5 | -71.7 |
| Shares outstanding at end of period (million) | 30.0 | 18.0 | 30.0 | 18.0 |
| Average number of shares outstanding (million) | 30.0 | 18.0 | 26.1 | 18.0 |
| Average number of shares, diluted (million) | 30.0 | 18.0 | 26.1 | 18.0 |
| Basic/diluted earnings per share (SEK) | 0.66 | -0.44 | -0.06 | -3.98 |

Consolidated statement of comprehensive income

| (SEK million) | Q4 23 | Q4 22 | 2023 | 2022 |
|---|-------|-------|------|-------|
| Items reclassified or available for reclassification to profit/loss for the period | | | | |
| Translation differences for the period | 0.1 | 0.2 | -0.9 | 0.8 |
| Total comprehensive income for the period | 19.8 | -7.7 | -2.4 | -70.9 |
| Total comprehensive income attributable to | | | | |
| Parent company shareholders | 19.8 | -7.7 | -2.4 | -70.9 |
| Total comprehensive income for the period | 19.8 | -7.7 | -2.4 | -70.9 |
| Shares outstanding at end of period (million) | 30.0 | 18.0 | 30.0 | 18.0 |
| Average number of shares outstanding (million) | 30.0 | 18.0 | 26.1 | 18.0 |
| Average number of shares, diluted (million) | 30.0 | 18.0 | 26.1 | 18.0 |

Condensed statement of financial position

| (SEK million) | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------|--------------|
| Non-current assets | | |
| Goodwill | 39.7 | 39.7 |
| Other intangible assets | 28.0 | 23.9 |
| Property, plant and equipment | 16.3 | 11.9 |
| Right-of-use assets | 267.0 | 284.3 |
| Deferred tax asset ⁴ | 75.1 | 73.8 |
| Deposits | 8.0 | 6.0 |
| Total non-current assets | 434.2 | 439.7 |
| Current assets | | |
| Inventories | 152.3 | 225.6 |
| Current non-interest-bearing receivables | 62.3 | 75.2 |
| Cash and cash equivalents | 151.1 | 96.8 |
| Total current assets | 365.7 | 397.5 |
| Total assets | 799.8 | 837.2 |
| Equity | | |
| Equity attributable to parent company shareholders | 178.6 | 133.6 |
| Total equity | 178.6 | 133.6 |
| Non-current liabilities | | |
| Non-interest bearing | | |
| Other provisions | 0.0 | 0.0 |
| Interest-bearing | | |
| Lease liabilities | 183.3 | 232.6 |
| Total non-current liabilities | 183.3 | 232.6 |
| Current liabilities | | |
| Interest-bearing | | |
| Lease liabilities | 100.3 | 62.0 |
| Non-interest bearing | | |
| Accounts payable – trade | 90.4 | 143.2 |
| Other liabilities | 110.4 | 110.0 |
| Accrued expenses and deferred income | 136.8 | 155.8 |
| Total current liabilities | 438.0 | 471.1 |
| Total equity and liabilities | 799.8 | 837.2 |

Consolidated statement of changes in equity

| (SEK million) | 2023 | 2022 |
|--------------------------------------|--------------|--------------|
| Opening balance | 133.6 | 204.4 |
| Comprehensive income for the period | -2.4 | -70.9 |
| Effects of long-term incentive plans | 0.0 | 0.1 |
| Rights issue | 47.4 | - |
| Closing balance | 178.6 | 133.6 |

Condensed statement of cash flow

| (SEK million) | Q4 23 | Q4 22 | 2023 | 2022 |
|---|--------------|-------------|--------------|---------------|
| Cash flow from operating activities before changes in working capital | 36.8 | 11.6 | 47.7 | -22.4 |
| Changes in working capital | 13.6 | 50.7 | 11.7 | -42.6 |
| Cash flow from operations | 50.4 | 62.3 | 59.3 | -65.0 |
| Divestment of subsidiaries | - | - | - | 0.1 |
| Investments in non-current assets | -11.0 | 0.0 | -22.9 | -11.1 |
| Cash flow to/from investing activities | -11.0 | 0.0 | -22.9 | -11.0 |
| Rights issue | - | - | 47.4 | - |
| Repayment of lease liability | -7.8 | -6.4 | -27.6 | -25.1 |
| Changes in financial assets | - | 0.1 | -2.0 | 0.1 |
| Cash flow to/from financing activities | -7.8 | -6.3 | 17.8 | -25.0 |
| Change in cash and cash equivalents for the period | 31.6 | 56.0 | 54.2 | -101.0 |
| Cash and cash equivalents at start of period | 120.4 | 40.7 | 96.8 | 197.5 |
| Translation difference, cash and cash equivalents | -0.9 | 0.1 | 0.1 | 0.3 |
| Cash and cash equivalents at end of period | 151.1 | 96.8 | 151.1 | 96.8 |

Depreciation and amortisation of non-current assets

| (SEK million) | Q4 23 | Q4 22 | 2023 | 2022 |
|--|--------------|--------------|--------------|--------------|
| Depreciation of property, plant and equipment | -1.2 | -0.9 | -3.8 | -3.4 |
| Amortisation of intangible assets | -2.3 | -2.9 | -10.6 | -7.8 |
| Depreciation and amortisation (not including IFRS 16) | -3.5 | -3.8 | -14.4 | -11.2 |
| Amortisation of right-of-use assets | -9.3 | -8.1 | -34.1 | -32.4 |
| Depreciation and amortisation (including IFRS 16) | -12.8 | -11.9 | -48.5 | -43.6 |

Net revenue by geographical area

| (SEK million) | Q4 23 | Q4 22 | 2023 | 2022 |
|--|--------------|--------------|----------------|----------------|
| Sweden | 158.0 | 187.2 | 548.9 | 625.6 |
| The Nordic region, including Sweden | 297.5 | 372.9 | 1,043.3 | 1,245.6 |
| Rest of world | 4.2 | 14.3 | 17.5 | 53.4 |
| All regions | 301.6 | 387.2 | 1,060.8 | 1,299.0 |



Condensed income statement – parent company

| (SEK million) | 2023 | 2022 |
|--|-------------|--------------|
| Net revenue | 1.9 | 2.0 |
| Gross profit | 1.9 | 2.0 |
| Administrative costs | -10.1 | -12.1 |
| Operating profit/loss | -8.3 | -10.1 |
| FINANCIAL INCOME AND EXPENSES | | |
| Profit/loss from shares in subsidiaries | 0.0 | 0.1 |
| Net financial items | -0.3 | 0.0 |
| Profit/loss after financial items | -8.6 | -10.0 |
| APPROPRIATIONS | | |
| Group contributions received | 20.0 | - |
| Group contributions paid | - | -60.0 |
| Profit/loss before tax | 11.4 | -70.0 |
| Tax | - | - |
| Profit/loss for the period* | 11.4 | -70.0 |

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



Condensed statement of financial position – parent company

| (SEK million) | 31 Dec 2023 | 31 Dec 2022 |
|--|--------------|--------------|
| Non-current assets | | |
| Participations in Group companies | 247.1 | 253.1 |
| Deferred tax asset | 71.7 | 71.7 |
| Total non-current assets | 318.8 | 324.8 |
| Current assets | | |
| Current non-interest-bearing receivables | 2.1 | 2.3 |
| Total current receivables | 2.1 | 2.3 |
| Cash and bank balances | 7.9 | 2.3 |
| Total cash and cash equivalents | 7.9 | 2.3 |
| Total current assets | 10.0 | 4.6 |
| Total assets | 328.8 | 329.4 |
| Equity | | |
| Restricted equity | 31.3 | 185.8 |
| Unrestricted equity | 259.0 | 44.4 |
| Total equity | 290.3 | 230.1 |
| Provisions | | |
| Other provisions | 0.0 | 0.0 |
| Total provisions | 0.0 | 0.0 |
| Current liabilities | | |
| Liabilities to Group companies | 26.8 | 98.2 |
| Non-interest-bearing liabilities | 11.7 | 1.1 |
| Total current liabilities | 38.5 | 99.3 |
| Total liabilities | 38.5 | 99.3 |
| Total equity and liabilities | 328.8 | 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 measure 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 Group'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 online from the Group 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 – revenue from B2C customers and B2B customers, and any other revenue

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

Cost of goods sold – costs attributable to goods purchased

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 and 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 payroll costs, IT costs, studio costs, consultancy costs, depreciation, amortisation 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 recently adopted 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 reports only the 'Nelly' segment.

Note 4 – Deferred tax asset

SEK 71.7 (71.7) 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 annual report will be published on 10 April

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

The interim report for the second quarter
will be presented on 12 July 2024

The interim report for the third quarter
will be presented on 25 October 2024



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