

DESENIO GROUP



REPORT FOR THE PERIOD
JANUARY - SEPTEMBER 2024



Market leading product assortment of about 9,000 affordable and trendy designs, of which a significant share is proprietary to Desenio.



Frames are offered in various wooden and metal finishes in the same sizes as posters.



Other accessories include products such as mat boards, picture ledges, art clips, and other printed products.

Who we are

Desenio is the leading e-commerce company within affordable wall art in Europe, with a growing presence in North America. We offer our customers a unique and curated assortment of about 9,000 designs as well as frames and accessories in 37 countries via 44 local websites. With a proven strategic playbook for geographic expansion, we're steadily expanding to new markets. We create first order profitability through a social media and search driven customer acquisition model.

WHAT WE STAND FOR

Desenio Group's business model is based on a simple but ambitious mission; we help our customers to create beautiful homes through affordable wall art based on current trends. We have a disruptive approach to a large global design category with significant expected growth, providing industrial and data driven creativity at scale, generating proprietary designs.

OUR WORKPLACE CULTURE

Familiarity in a truly global environment is at the heart of Desenio Group's workplace culture. As a workforce comprising many nationalities, we leverage our collective understanding of local markets, while at the same time uniting in one common set of values and goals. We Stand Together as one team, Lead by Example and take individual initiative, have persistent Customer Dedication, and make sure to Always be Closing any task we start.

AGILE ORGANIZATION

We adapt our organization to prevailing market conditions to be ready and take advantage of future growth potential. The focus is on ensuring cash flow and profitability.

NEW FRONTIERS

In addition to profitability, we also focus on selectively breaking new ground in future key markets, such as North America.

SUMMARY

During Q3, net sales decreased by 15.6% to SEK 192.6 million while the adjusted EBITA margin increased from 11.0% to 12.1%. Cash flow from operating activities amounted to SEK 2.3 million.

THIRD QUARTER

- Net sales decreased by 15.6% to SEK 192.6. (228.2) million.
- Gross margin for the quarter was 85.2% (83.3%).
- Operating profit (EBIT) amounted to SEK 21.8 (16.1) million, corresponding to an operating margin of 11.3% (7.1%).
- Adjusted EBITA was SEK 23.4 million (25.1), corresponding to an adjusted EBITA margin of 12.1% (11.0%).
- Profit before tax was SEK -5.9 (-13.6) million.
- Cash flow from operating activities amounted to SEK 2.3 (9.1) million.
- Earnings per share was SEK -0.06 (-0.12).

JANUARY – SEPTEMBER

- Net sales decreased by 12.7% to SEK 587.5 (673.0) million.
- Gross margin for the period was 84.2% (83.9%).
- Operating profit (EBIT) amounted to SEK 46.5 (45.0) million, corresponding to an operating margin of 7.9% (6.7%).
- Adjusted EBITA was SEK 52.6 (72.0) million, corresponding to an adjusted EBITA margin of 9.0% (10.7%).
- Profit before tax was SEK -32.6 (-21.8) million.
- Cash flow from operating activities amounted to SEK -64.9 (14.0) million.
- Earnings per share was SEK -0.27 (-0.20).

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

The dialogue with Desenio Group's bondholders continued during the third quarter. After the end of the quarter, on November 7, 2024, Desenio Group announced that it had initiated a written procedure to inter alia extend the maturity of its outstanding senior secured bonds until January 31, 2025, with a possibility of further extension through simplified procedure. For further information, see the Financial position, financing and going concern section.

The forward-looking information Desenio Group disclosed in the second quarter to the bondholders and published remains. However, given the development during Q3, net sales for 2024 are expected to end up in the lower part of the previously communicated range, minus 5-10%.

FINANCIAL SUMMARY

SEKm unless otherwise indicated	Q3			Jan-Sep			Oct-Sep	Jan-Dec
	2024	2023	Δ %	2024	2023	Δ %	23/24	2023
Net sales	192.6	228.2	-15.6%	587.5	673.0	-12.7%	881.7	967.2
Net sales growth, %	-15.6	7.5	-23.1 pp	-12.7	-1.4	-11.3 pp	-7.7	0.2
Gross margin, % ¹	85.2	83.3	1.9 pp	84.2	83.9	0.4 pp	84.2	84.0
EBITA ¹	22.4	25.1	-10.7%	48.4	72.0	-32.8%	-163.9	-140.3
EBITA margin, % ¹	11.6	11.0	0.6 pp	8.2	10.7	-2.5 pp	-18.6	-14.5
Adjusted EBITA ¹	23.4	25.1	-6.7%	52.6	72.0	-26.9%	90.3	109.7
Adjusted EBITA margin, % ¹	12.1	11.0	1.2 pp	9.0	10.7	-1.7 pp	10.2	11.3
Earnings per share	-0.06	-0.12	-47.4%	-0.27	-0.20	36.4%	-1.98	-1.91
Cash flow from operating activities ¹	2.3	9.1	-74.7%	-64.9	14.0	-563.6%	-35.3	43.6
Net debt	1 046.6	985.8	6.2%	1 046.6	985.8	6.2%	1 046.6	973.6
Orders, '000	329	409	-19.6%	1 005	1 222	-17.8%	1 571	1 788
Active Customers, '000 ¹	2 504	2 882	-13.1%	2 504	2 882	-13.1%	2 390	2 768

¹ The figure is an Alternative Performance Measure (APM) and is described in Definitions of performance measures.

CEO'S COMMENTS

Development in the quarter was weak in all markets. Sales in the Nordics decreased marginally, while other markets developed very negatively because of low purchasing power in markets such as the UK and Germany. Net sales for Desenio Group decreased by 15.6% to SEK 192.6 million, compared to the corresponding period last year. However, the sales trend in the quarter was positive in relation to the previous year, with weak sales in June, somewhat stronger in August and on a par with the previous year in September.

As previously communicated, we have gradually adjusted the cost levels in the business to the current market situation. Against this background, it is satisfactory that adjusted EBITA only decreased marginally, to SEK 23.4 million, and that the adjusted EBITA margin rose to 12.1%. In addition to the cost savings we implemented, EBITA was positively affected by a higher gross margin than the previous year, which is explained by a favourable product mix. We also see that the ongoing improvements in our fulfilment are yielding results, which even though volumes decreased by almost 20% led to the cost ratio for fulfilment being at the same level as last year, at 26.4%.

We continue our work to increase the efficiency of our marketing efforts, but we have so far not fully succeeded in the current market climate. During the quarter, our marketing cost in relation to net sales was on par with the previous year, amounting to 30.6% compared to 30.4% in Q2.

The operating cash flow of SEK 2.3 million (9.1) during the quarter was lower than last year because of lower sales and the fact that we started our inventory build-up for the high season in Q4 slightly earlier than last year. However, cash and cash equivalents was on par with the previous quarter and amounted to SEK 71.3 million. During the quarter, net interest payments on the outstanding bond amounted to SEK 24.8 million.

During the quarter, we continued the dialogue with our bondholders to arrive at a solution for the refinancing of Desenio Group's issued bond that matures on 16 December this year. To conclude the dialogues and to allow for execution of an agreement, the parties have determined



that additional time is needed. On 7 November, we therefore initiated a written procedure to inter alia extend the maturity of the outstanding bonds to 31 January 2025, with a possibility of further extension.

We operate in a market that continues to suffer from weak purchasing power among customers. It is probably only in the next year will we start to see positive effects on consumption as a result of lower inflation and interest rates. Given this, and the development in Q3, we expect net sales for 2024 to be at the lower end of the previously communicated range minus 5-10%. Other expected financial development that we have communicated remains unchanged.

I am convinced that we will succeed in reversing the negative sales trend by taking full advantage of the power we as a dominant player in affordable art in Europe possess and by leveraging our economies of scale when the market turns. Through increased profitability, despite declining volumes, we show that we are an efficient operation, which is ready for growth.

FREDRIK PALM
President and CEO

THE GROUP'S DEVELOPMENT

NET SALES

Third quarter

Net Sales in the quarter decreased by 15.6% to SEK 192.6 (184.5) million.

Period January - September

Net sales decreased during the period by 12.7% to SEK 587.5 (673.0) million.

PROFITABILITY AND MARGINS

Third quarter

The gross margin for the quarter increased to 85.2% (83.3%) compared to the corresponding quarter last year, driven by favourable product mix. Operating profit (EBIT) for the quarter amounted to SEK 21.8 (16.1) million. Adjusted EBITA for the quarter amounted to SEK 23.4 (25.1) million and the EBITA margin amounted to 12.1% (11.0%). Items affecting comparability amounted to SEK 1.0 million for costs for work related to the refinancing of Desenio Group's issued bond.

The cost ratio for fulfilment was flat at 26.4% in the third quarter of 2024 compared to the corresponding quarter last year, despite a decrease in the number of orders of -19.6%. Marketing costs in relation to net sales increased from 30.2% in the third quarter of 2023 to 30.6% in the third quarter of 2024. The cost ratio for administration costs increased from 14.6% in the third quarter of 2023 to 15.9% in the third quarter of 2024. Administration costs in absolute terms decreased from SEK 33.3 million in the third quarter of 2023 to SEK 30.6 million in the third quarter of 2024, because of the staff reductions in the beginning of the year.

Period January - September

The gross margin for the period increased to 84.2% (83.9%) compared to the corresponding period last year, driven by favourable product mix. Operating profit (EBIT) in the period amounted to SEK 46.5 (45.0) million. Adjusted EBITA in the period amounted to SEK 52.6 (72.0) million and the adjusted EBITA margin amounted to 9.0% (10.7%). Items affecting comparability amounted to SEK 4.2 million, referring to salary cost for dismissed personnel in Q1 and costs for work related to the refinancing of Desenio Group's issued bond.

The cost ratio for fulfilment in the period compared to the corresponding period last year decreased from 27.3% to 26.7% and the cost ratio for administration costs increased from 16.1% to 17.8%. Administration cost in absolute numbers decreased from SEK 108.2 million to SEK 104.7 million as a result of the staff reductions being made in the beginning of the year. Marketing costs increased in

relation to net sales increased from 30.1% in the corresponding quarter last year to 30.8% during the period.

CASH FLOW AND FINANCIAL POSITION

Third quarter

Cash flow from operating activities amounted to SEK 2.3 (9.1) million for the quarter. Tax paid amounted to SEK 4.7 (7.6) million and refers to payments of preliminary tax for 2024. The cash flow from changes in working capital was SEK 0.2 million, where the inventory increased by SEK 11.3 million and changes in current receivables/liabilities had a positive effect on cash flow with a net SEK 11.5 million, related to increased current liabilities.

Period January - September

Cash flow from operating activities amounted to SEK -64.9 (14.0) million for the period. Tax paid of SEK 20.9 (26.8) million refers to payment of remaining corporate taxes for the income year 2022 of SEK 1.6 million, paid preliminary taxes regarding the income year 2023 of SEK 2.3 million and paid preliminary taxes regarding the income year 2024 of SEK 17.0 million. The cash flow from changes in working capital amounted to SEK -38.2 million. Inventory during the period increased by SEK 5.5 million and changes in current receivables/liabilities had a negative effect on cash flow with net SEK -32.7 million, related to decreased current liabilities.

INVESTMENTS

Third quarter

Net investments in tangible assets during the quarter amounted to SEK 0.1 (0.2) and refers to investments in the head office in Stockholm in connection with the move of the Group's studio. The previous year's investment in tangible assets refers to investments in the warehouse in the Czech Republic

Period January - September

Net investments in tangible assets during the period amounted to SEK 0.2 (1.3) million and refers to investments in the warehouse in the Czech Republic and in the head office in Stockholm in connection with the move of the Group's studio. The previous year's investment in tangible assets refers to investments in the warehouse in the Czech Republic and in the US. Net investments in intangible assets amounted to SEK 0.2 million and refers to investments in a transportation management system.

FINANCIAL POSITION, FINANCING AND GOING CONCERN

As of 30 September 2024, equity amounted to SEK -86.6 million, compared to SEK -46.2 million at the beginning of

the year. As of 30 September 2024, cash and cash equivalents amounted to SEK 71.3 million compared to 149.9 in the beginning of the year. Net debt amounted to SEK 1046.6 (985.8) million on 30 September 2024 compared to SEK 973.6 million at the beginning of the year.

Desenio Group AB (publ) issued a Senior Secured bond in December 2020 totalling SEK 1,100 million in connection with the acquisition of Poster Store. The bond bears a floating interest rate of STIBOR 3m +5,5% and matures on 16 December 2024. The maximum amount of the bond is SEK 1,800 million. The bond has no current covenants except when raising new debt or, for example, in the event of a share dividend. Borrowing costs for the bond are amortized by SEK 2.2 million per quarter until December 2024. The amount is included in interest expenses and is non-cash flow affecting.

In June 2023, Desenio Group repurchased the company's own corporate bonds over the market, corresponding to 3.2% of the total outstanding bond loan (nominal value SEK 35 million). The purchases were made at an average repurchase amount of 70% of the nominal value, for a total amount corresponding to SEK 24.5 million

On November 7, 2024, Desenio Group announced that the company had initiated a written procedure to inter alia extend the maturity of its outstanding senior secured bonds until January 31, 2025, with a possibility of further extension through simplified procedure. A qualified majority of the bondholders expressed support for the extension of the maturity before the written proceedings began. However, the extension of the maturity only becomes legally binding after the written procedure has been completed and provided that the bondholders have voted for the extension within the framework of the written procedure. The outcome of the Written Procedure will be announced by way of press release in connection with the termination of the Written Procedure. The voting record date was 14 November 2024 and the last day for voting in the Written Procedure is 3 December 2024.

Desenio Group has for some time had a constructive dialogue with its bondholders regarding a long-term solution for Desenio Group's financing. The recapitalization of Desenio Group's outstanding debt under discussion is expected to significantly reduce Desenio Group's net indebtedness, and the debt maturity is expected to be extended. The outcome of the dialogues with the bondholders will be announced through a separate press release. The Board's and management's assessment is that there is material uncertainty regarding the continued operation of the company unless the bond is extended, and long-term financing is put in place.

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

In February, Desenio notified staff about a proposed reorganization which would impact approximately 10% of the employees in Sweden.

The dialogue with Desenio Group's bondholders continued during the second quarter. As part of the discussions, Desenio Group's expected future financial development was made public on 15 July. For the full year 2024, net sales are expected to decrease by 5-10% compared to 2023 and the adjusted EBITA margin to be 11-13%. For the full year 2025, net sales growth is expected to amount to 0-5% and the adjusted EBITA margin to be 11-14%.

The expected financial development above assumes that the same market conditions as in the first half of 2024 remain with similar customer behaviour during the relevant periods. All figures refer to the Desenio Group as a whole.

The financial information stated above is indicative and does not constitute a guarantee of future results. Although the financial information reflects Desenio Group's current judgments and expectations, it is subject to material uncertainties and factors, e.g. macroeconomic factors such as inflation levels and general business conditions, future customer behaviour, cost of marketing and exchange rates. These uncertainties and factors mean that the actual growth and adjusted EBITA margin may differ materially from those expected.

On 15 July, Desenio Group's board decided on updated financial targets for the group. The new financial targets are:

- An organic annual net sales growth of >5% over time.
- Improve the adjusted EBITA margin to >15% over time.

These financial goals replace previously communicated financial goals of achieving annual organic sales growth of around 30%, potentially further supplemented by impact from add-on acquisitions, and an adjusted EBITA margin of approximately 25% in the medium term.

The dividend policy remains unchanged. However, no dividend is expected to be distributed in the medium-term and any dividend will be subject to the terms of Desenio Group's debt facilities.

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The forward-looking information Desenio Group disclosed in the second quarter to the bondholders and published remains. However, given the development during Q3, net sales for 2024 are expected to end up in the lower part of the previously communicated range minus 5-10%. The adjusted EBITA margin is, as previously communicated, expected to be 11-13% for 2024 and for the full year 2025

net sales growth is expected to be approximately 0-5% and the adjusted EBITA margin to be 11-14%.

REVIEW BY AUDITORS

This report has been reviewed by the auditors.

OWNERSHIP AND, SHARES

Desenio Group AB's (publ) share is listed on the First North Growth Market under the symbol DSNO and has the ISIN code SE0015657853. At the last trading day of the period, the share price was SEK 0.42. The highest closing price, SEK 0.44, was quoted in September and the lowest closing price, SEK 0.20 was quoted in August. During the quarter, 17 557 074 shares were traded. As of 30 September, Desenio Group had 2,893 shareholders, of which the largest were Verdane (25.2%), MBHB Holding AB (9.9%), and Hars Holding AB (9.5%). As of 30 September, the number of issued shares was 149,082,510. All shares were ordinary shares.

NUMBER OF EMPLOYEES

The average number of employees during the quarter was 110 (131) which corresponds to 16% fewer employees compared to the corresponding quarter last year.

RISKS AND UNCERTAINTIES

The Group's significant risk and uncertainty factors include financial risks such as market risk (consisting of currency

risk and interest rate risk), credit risk and liquidity risk, as well as operational and business risks. For more information on risks and risk management, please refer to Desenio's annual report for 2023.

ALTERNATIVE PERFORMANCE MEASURES (APM)

In this quarterly report, Desenio reports certain performance measures, including key figures which are not defined in accordance with IFRS. The company believes that these key figures are an important complement, as they enable a better evaluation of the company's financial trends. These financial ratios shall not be considered independent or considered to replace performance ratios that have been calculated in accordance with IFRS. In addition, such key figures, as defined by Desenio, should not be compared with other key figures with similar names used by other companies. This is because the above key figures are not always defined in the same way and other companies can calculate them in a different way than Desenio. Adjusted EBIT is exclusive of cost items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities. The company has items affecting comparability in 2024 related to salary costs for dismissed personnel. Items affecting comparability in 2023 are related to goodwill impairment. Other definitions of alternative performance measures can be found in the section Definitions of performance measures.



SEKm unless otherwise indicated	Q3		Jan-Sep	
	2024	2023	2024	2023
EBIT	21.8	16.1	46.5	45.0
Amortizations	0.6	9.0	1.9	27.0
EBITA	22.4	25.1	48.4	72.0
One-off costs	1.0	-	4.2	-
Adjusted EBITA	23.4	25.1	52.6	72.0
Non-current liabilities	-	1 054.6	-	1 054.6
Non-current lease liabilities	36.2	40.7	36.2	40.7
Current liabilities	1 063.3	-	1 063.3	-
Current lease liabilities	18.4	18.4	18.4	18.4
Cash and cash equivalents	-71.3	-127.9	-71.3	-127.9
Net debt	1 046.6	985.8	1 046.6	985.8

FINANCIAL SUMMARY

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm unless otherwise indicated	Q3		Jan-Sep		Rolling	Full-year
	2024	2023	2024	2023	23/24	2023
Net sales	192.6	228.2	587.5	673.0	881.7	967.2
Cost of goods sold	-28.5	-38.2	-92.7	-108.6	-139.2	-155.1
Gross profit	164.1	190.0	494.8	564.4	742.5	812.1
OPERATING COSTS						
Fulfilment costs	-50.8	-60.2	-156.6	-183.5	-235.6	-262.5
Marketing costs	-59.0	-77.3	-181.0	-227.4	-278.2	-324.6
Admin & other costs	-30.6	-33.3	-104.7	-108.2	-142.8	-146.3
Other operating income	1.0	2.8	4.0	12.8	7.6	16.4
Other operating costs	-2.9	-5.9	-10.0	-13.1	-267.0	-270.1
Operating profit	21.8	16.1	46.5	45.0	-173.5	-175.0
FINANCIAL INCOME AND EXPENSES						
Financial income	2.7	6.5	14.0	20.9	18.6	25.5
Financial expenses	-30.4	-36.2	-93.1	-87.7	-129.5	-124.1
Net financial items	-27.7	-29.7	-79.1	-66.8	-110.9	-98.6
PROFIT/LOSS BEFORE TAX	-5.9	-13.6	-32.6	-21.8	-284.4	-273.6
Income tax	-3.3	-3.9	-7.5	-7.6	-10.5	-10.6
PROFIT/LOSS FOR THE PERIOD	-9.2	-17.5	-40.1	-29.4	-294.9	-284.2
EARNINGS PER SHARE						
Basic	-0.06	-0.12	-0.27	-0.20	-1.98	-1.91
Diluted	-0.06	-0.12	-0.27	-0.20	-1.98	-1.91
Number of outstanding shares at the end of the reporting period						
– basic (SEK)	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510
– diluted (SEK)	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510
Average number of outstanding shares						
– basic (SEK)	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510
– diluted (SEK)	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510	149 082 510

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – IN SUMMARY

	30 Sep	30 Sep	31 Dec
SEKm unless otherwise indicated	2024	2023	2023
Goodwill	584.3	834.3	584.3
Trademarks	429.0	429.0	429.0
Other intangible assets	2.9	12.4	4.5
Tangible assets	15.1	20.1	18.5
Right-of-use asset	49.5	54.4	61.8
Financial assets	6.5	6.5	7.2
Inventories	55.1	49.4	49.7
Current receivables	44.1	41.2	32.3
Cash and cash equivalents	71.3	127.9	149.9
Total assets	1 257.8	1 575.2	1 337.2
Equity	-86.6	209.1	-46.2
Provisions	88.4	89.8	88.4
Non-current liabilities	-	1 054.6	0.0
Non-current lease liabilities	36.2	40.7	49.2
Current lease liabilities	18.4	18.4	16.5
Current liabilities	1 201.4	162.6	1 229.3
Total equity and liabilities	1 257.8	1 575.2	1 337.2



CONSOLIDATED STATEMENT OF CASH FLOW

SEKm	Q3		Jan-Sep		Rolling	Full-year
	2024	2023	2024	2023	23/24	2023
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL						
Profit after financial items	-5.9	-13.6	-32.6	-21.9	-284.4	-273.6
Adjustments for non-cash items	12.7	18.6	26.7	42.4	293.8	309.5
Paid income tax	-4.7	-7.6	-20.9	-26.8	-26.8	-32.7
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	2.1	-2.6	-26.8	-6.2	-17.4	3.2
CASH FLOW FROM CHANGES IN WORKING CAPITAL						
Changes in inventory	-11.3	5.6	-5.5	24.6	-5.8	24.3
Changes in current assets	-3.5	-13.4	3.4	-13.5	13.2	-3.7
Changes in current liabilities	15.0	19.5	-36.1	9.1	-25.4	19.8
Cash flow from changes working capital	0.2	11.7	-38.2	20.2	-18.0	40.4
CASH FLOW FROM OPERATING ACTIVITIES	2.3	9.1	-64.9	14.0	-35.3	43.6
CASH FLOW FROM INVESTING ACTIVITIES						
Investments in fixed assets	-0.1	-0.2	-0.2	-1.3	-1.0	-2.1
Investments in intangible assets	-	-	-0.2	-	-0.2	-
Investments in lease assets	-	-	-	-	-	-
Change in financial assets	0.5	0.6	0.5	1.2	-0.4	0.3
Acquisition of subsidiaries, net liquidity effect	-	-	-	-	-	-
CASH FLOW FROM INVESTING ACTIVITIES	0.4	0.4	0.1	-0.1	-1.6	-1.8
CASH FLOW FROM FINANCING ACTIVITIES						
Change in provisions	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Change in loans	-	-	-	-24.5	-	-24.5
Repayment and interest for lease liability	-3.9	-5.9	-13.9	-17.2	-19.8	-23.1
Dividend paid to the parent company's shareholders	-	-	-	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES	-3.9	-5.9	-13.9	-41.7	-19.8	-47.6
Cash flow for the period	-1.2	3.6	-78.6	-27.8	-56.6	-5.8
Currency exchange gains/losses in cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents beginning of period	72.5	124.3	149.9	155.7	127.9	155.7
CASH AND CASH EQUIVALENTS END OF PERIOD	71.3	127.9	71.3	127.9	71.3	149.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm unless otherwise indicated	Q3		Jan-Sep		Full-year
	2024	2023	2024	2023	2023
Opening balance	-77.0	226.5	-46.2	238.5	238.6
Total comprehensive income for the period	-9.2	-17.5	-40.1	-29.4	-284.2
New share issue, net	-	-	-	-	-
Warrants	-	-	-	-	-
Dividend	-	-	-	-	-
Translation difference	-0.4	0.1	-0.3	-	-0.6
Closing balance	-86.6	209.1	-86.6	209.1	-46.2

GROUP KEY PERFORMANCE INDICATORS (KPIs)

SEKm unless otherwise indicated	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2024	2023	2024	2023	23/24	2023
Net sales	192.6	228.2	587.5	673.0	881.7	967.2
Net sales growth, %	-15.6	7.5	-12.7	-1.4	-7.7	0.2
Gross margin, % ¹	85.2	83.3	84.2	83.9	84.2	84.0
Fulfilment cost ratio, % ¹	26.4	26.4	26.7	27.3	26.7	27.1
Marketing cost ratio, % ¹	30.6	30.2	30.8	30.1	30.8	30.2
Admin & other cost ratio, % ¹	15.9	14.6	17.8	16.1	16.2	15.1
Operating profit (EBIT)	21.8	16.1	46.5	45.0	-173.5	-175.0
Operating profit (EBIT) margin, %	11.3	7.1	7.9	6.7	-19.7	-18.1
EBITA ¹	22.4	25.1	48.4	72.0	-163.9	-140.3
EBITA margin, % ¹	11.6	11.0	8.2	10.7	-18.6	-14.5
Adjusted EBITA ¹	23.4	25.1	52.6	72.0	90.3	109.7
Adjusted EBITA margin, % ¹	12.1	11.0	9.0	10.7	10.2	11.3
EBITDA ¹	28.9	31.2	68.2	90.1	-137.1	-115.2
Earnings per share	-0.06	-0.12	-0.27	-0.20	-1.98	-1.91
Cash flow from operating activities	2.3	9.1	-64.9	14.0	-35.3	43.6
Capital expenditures ²	0.1	0.2	0.4	1.4	1.1	2.1
Net debt ¹	1 046.6	985.8	1 046.6	985.8	1 046.6	973.6
Orders, '000	329	409	1 005	1 222	1 571	1 788
Average Order Value, SEK	620	577	597	567	583	565
Active Customers, '000 ¹	2 504	2 882	2 504	2 882	2 390	2 768

¹ The figure is an Alternative Performance Measure (APM) and is described in Definitions of performance measures.

² Excluding leases.

PARENT COMPANY INCOME STATEMENT

SEKm unless otherwise indicated	Q3		Jan-Sep		Full-year
	2024	2023	2024	2023	2023
Net sales	2.9	3.4	8.9	10.0	13.7
Cost of goods sold	-	-	-	-	-
Gross profit	2.9	3.4	8.9	10.0	13.7
OPERATING COSTS					
Fulfilment costs	-	-	-	-	-
Marketing costs	-	-	-	-	-
Admin & other costs	-5.5	-5.9	-15.8	-15.8	-23.0
Other operating income	-	0.7	-	6.5	7.3
Other operating costs	-	-2.2	-	-3.5	-6.2
Operating profit	-2.6	-4.0	-6.9	-2.8	-8.2
Write-down of shares in subsidiaries	-	-	-	-	-250.0
FINANCIAL INCOME AND EXPENSES					
Financial income	1.4	1.7	6.4	13.2	14.5
Financial expenses	-29.8	-29.6	-89.6	-81.9	-111.8
Net financial items	-28.3	-27.9	-83.1	-68.7	-97.3
Group contributions	-	-	-	-	109.1
PROFIT/LOSS BEFORE TAX	-30.9	-31.9	-90.0	-71.5	-246.4
Income tax	-	-	-	-	-16.2
PROFIT/LOSS FOR THE PERIOD	-30.9	-31.9	-90.0	-71.5	-262.6

PARENT COMPANY STATEMENT OF FINANCIAL POSITION – IN SUMMARY

SEKm unless otherwise indicated	30 Sep	30 Sep	31 Dec
	2024	2023	2023
Tangible assets	-	0.1	0.1
Financial assets	1 156.3	1 406.3	1 156.3
Current receivables	62.5	48.5	62.6
Cash and cash equivalents	9.8	10.9	10.7
Total assets	1 228.7	1 465.8	1 229.7
Equity	61.4	342.4	151.3
Provisions	-	-	-
Non-current liabilities	-	1 054.6	-
Current liabilities	1 167.3	68.8	1 078.4
Total assets	1 228.7	1 465.8	1 229.7

1. ACCOUNTING PRINCIPLES

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act. 2021 was Desenio's first year reporting according to IFRS (EU) and a full account of the groups accounting principles and details about the transitions to IFRS can be found in the annual report 2021. Disclosures in accordance with IAS 34. 16A are disclosed not only in the financial statements and their notes but also in other parts of the interim report. The Interim Financial Statements or the Parent Company have been prepared in accordance with Chapter 9 Interim report in the Annual Accounts Act.

2. OPERATING SEGMENTS AND DISAGGREGATION OF REVENUE

The Group's operations are reviewed by geography as a basis for segments. The review includes net sales, cost of goods sold and operating costs. The operating segments consist of the Nordics, Core Europe (DE, FR, NL, UK), Rest of Europe and Rest of the World. Operating expenses include fulfilment and marketing costs, and certain costs are allocated according to an allocation key. Other include other costs, depreciation, and amortizations.

INCOME STATEMENT PER SEGMENT JANUARY – JUNE 2024

SEKm unless otherwise indicated	Nordics	Core Europe	Rest of Europe	Rest of World	Other	Total
Net sales	149.7	279.9	104.9	53.0		587.5
Cost of goods sold	-23.8	-42.9	-16.2	-9.8		-92.7
Gross profit	125.9	237.0	88.7	43.2	0.0	494.8
Operating costs	-77.4	-156.2	-53.0	-50.0	-111.7	-448.3
Operating profit	48.5	80.8	35.7	-6.8	-111.7	46.5
Net financial items	0.0	0.0	0.0	0.0	-79.1	-79.1
PROFIT/LOSS BEFORE TAX	48.5	80.8	35.7	-6.8	-190.8	-32.6

INCOME STATEMENT PER SEGMENT JANUARY – JUNE 2023

SEKm unless otherwise indicated	Nordics	Core Europe	Rest of Europe	Rest of World	Other	Total
Net sales	158.5	324.1	127.6	62.8		673.0
Cost of goods sold	-26.8	-51.3	-19.8	-10.7		-108.6
Gross profit	131.7	272.8	107.8	52.1	0.0	564.4
Operating costs	-84.0	-178.9	-64.1	-57.7	-134.6	-519.3
Operating profit	47.7	93.9	43.7	-5.6	-134.6	45.1
Net financial items	0.0	0.0	0.0	0.0	-66.9	-66.9
PROFIT/LOSS BEFORE TAX	47.7	93.9	43.7	-5.6	-201.5	-21.8

Stockholm, 28 November 2024

Alexander Hars
Chairman of the board

Martin Blomqvist
Board member

Max Carlsén
Board member

Sarah Kauss
Board member

Nathalie du Preez
Board member

Fredrik Palm
CEO

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CORPORATE IDENTITY NUMBER:

559107-2839



A webcast - in English – will be held November 28 at 09.00 CET. Fredrik Palm, CEO, and Anna Stähle CFO will present the Quarterly Report.

If you wish to participate via webcast please use the link below. Via the webcast you are able to ask written questions.

<https://ir.financialhearings.com/desenio-group-q3-report-2024>

If you wish to participate via teleconference please register on the link below.

<https://conference.financialhearings.com/teleconference/?id=50048686>

FINANCIAL CALENDAR

Year-end Report January – December 2024: 20 February 2025

Interim Report January – March 2025: 30 April 2025

Annual Report 2024: 7 May 2025

Annual General Meeting 2025: 28 May 2025

Interim Report January – June 2025: 16 July 2025

Interim Report January – September 2025: 23 October 2025

Year-end Report January – December 2025: 19 February 2026

FINANCIAL REPORTS

The interim reports are available on the website:

www.deseniogroup.com FNCA Sweden AB is the company's certified adviser.

This information is information that Desenio Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-11-28 07:00 CET.



REVIEW REPORT

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

Corp. Id no: 559107-2839

Translation from the Swedish original

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Desenio Group AB (publ) as of 30 September 2024 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, in all material respects, prepared 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We would like to draw attention to the information in the section *Financial position, financing, and going concern* on pages 5-6 of the interim report, which indicates that the company's ability to continue operations is contingent upon an agreement between bondholders and owners to extend the bond and long-term financing is put in place. These conditions suggest that there are material uncertainties that may cast substantial doubt on the company's ability to continue as a going concern. We have not modified our conclusion because of this.

Göteborg 2024-11-28

KPMG AB

Mathias Arvidsson
Authorized Public Accountant

DEFINITIONS OF PERFORMANCE MEASURES

PERFORMANCE MEASURE	DEFINITION	JUSTIFICATION FOR USAGE
Active customers	Number of customers who have completed at least one order during the previous 24-month period.	This key figure measures the Company's ability to attract and retain customers.
Administration and other cost ratio, %	Operating expenses plus other operating income, less costs for goods sold, external handling and distribution costs and external marketing costs divided by net sales, expressed as a percentage.	This key figure gives the Company an indication of external costs, per krona earned, which are not attributable to handling and distribution costs or marketing costs and is thus an indication of the efficiency of the Company's operations.
Marketing cost ratio, %	Marketing cost (excluding acquisition related depreciation and amortization) divided by net sales, expressed as a percentage.	This key figure enables the Company to measure how efficient its marketing activities are and thus constitutes an indication of how efficient the Company's operations are.
Fulfilment cost ratio, %	Fulfilment cost (excluding acquisition related depreciation and amortization), divided by net sales, expressed as a percentage.	This is a key figure and gives the Company an indication of how much of the costs for each krona earned in net sales derives from handling and distribution, and thus constitutes an indication of how efficient the Company's operations are.
Number of visits ('000)	The number of series of page requests from the same device/source during the measurement period (regardless of which device is used).	This key figure enables the Company to measure its scope and customer activity.
Number of orders ('000)	Number of orders placed during the measurement period, adjusted for cancellations, and returns.	Number of orders is a key figure used to measure customer engagement.
Gross margin, %	Gross profit (net sales minus costs of goods sold) divided by net sales, expressed as a percentage.	The gross margin provides an overview of the product margin generated by the current operations.
EBIT margin, %	Operating profit (EBIT) divided by net sales, expressed as a percentage.	Operating margin provides an overview of the result that has been generated by operating activities.
EBITA	Operating profit with add-back of depreciation and write-downs on intangible assets.	EBITA provides an overall picture of profit generated by the business with the reversal of depreciation and write-downs on acquisition-related intangible assets.
EBITA-margin, %	EBITA as a percentage of net sales.	The EBITA margin is a useful measure together with net sales growth to monitor value creation.
EBITDA	Profit before financial items, tax and depreciation and write-downs.	The EBITA margin is a useful measure together with net sales growth to monitor value creation.

DEFINITIONS OF PERFORMANCE MEASURES CONT.

PERFORMANCE MEASURE	DEFINITION	JUSTIFICATION FOR USAGE
Average order value (AOV)	Transaction-based net sales divided by the number of orders during the measurement period. Average order value includes discounts but excludes VAT and returns.	The EBITA margin is a useful measure together with net sales growth to monitor value creation.
Capital expenditures	Investments in tangible and intangible fixed assets, excluding financial fixed assets.	This key figure gives the Company a picture of investments. Including capitalized leasing contracts.
Adjusted EBIT	EBIT excluding items affecting comparability. Items affecting comparability include transaction-related costs, warehouse relocation costs, and termination costs.	Adjusted EBIT is adjusted for items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities.
Adjusted EBIT-margin, %	Adjusted EBIT divided by net sales, expressed as a percentage.	Adjusted EBIT margin is adjusted for items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities.
Adjusted EBITA	EBITA excluding items affecting comparability. Items affecting comparability include transaction-related costs, warehouse relocation costs, and termination costs.	The measure is relevant to give an indication of the Company's underlying results generated by operating activities excluding items affecting comparability.
Adjusted EBITA-margin, %	Adjusted EBITA divided by net sales, expressed as a percentage.	The measure is relevant for giving an indication of the Company's underlying profit as a share of net sales, which is generated by operating activities excluding items affecting comparability.
Adjusted EBITDA	EBITDA excluding items affecting comparability. Items affecting comparability include transaction-related costs, warehouse relocation costs, and termination costs.	Adjusted EBITDA is adjusted for items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities before depreciation.
Net sales growth, %	Annual growth in net sales, expressed as percentage.	This key figure enables the company to compare its growth rate in between different periods and with market as a whole and competitors.
Net debt/net cash	Interest-bearing liabilities reduced by cash and cash equivalents.	Net debt / net cash is a key figure that shows the Company's total indebtedness.







DESENIO GROUP