



Interim report Q3 2024

1 JANUARY TO 30 SEPTEMBER

NELLY

Nelly Group interim report for the third quarter of 2024

Q3 2024 – Financial highlights

- Net revenue was SEK 239.6 (236.4) million, corresponding to a rise of 1.4% (-16.9%)
- Gross profit was SEK 130.7 (119.8) million, corresponding to a gross margin of 54.5% (50.7%)
- Operating profit was SEK 25.1 (12.8) million, corresponding to an operating margin of 10.5% (5.4%)
- Profit after tax was SEK 22.3 (9.1) million, corresponding to earnings per share of SEK 0.74 (0.30)
- Cash flow from operating activities was SEK -18.5 (-13.9) million
- Cash and cash equivalents as at 30 September amounted to SEK 190.4 (120.4) million, with credit facilities unutilised

9M 2024 – Financial highlights of the first nine months

- Net revenue was SEK 775.9 (759.2) million, corresponding to a rise of 2.2% (-16.7%)
- Gross profit was SEK 411.7 (357.0) million, corresponding to a gross margin of 53.1% (47.0%)
- Operating profit was SEK 57.0 (-13.1) million, corresponding to an operating margin of 7.3% (-1.7%)
- Profit after tax was SEK 47.1 (-21.2) million, corresponding to earnings per share of SEK 1.57 (-0.85).

Significant events during the quarter

- No material events were reported during the quarter

Significant events after end of quarter

- No material events have been reported since the end of the quarter.

‘The proportion of sales of Nelly’s own brands continued to grow, reaching 45.2% (39.4%) in the third quarter. The range performed well during this period with both a higher proportion of full price sales and a lower average discount compared with the previous year.’”

Helena Karlinder-Östlundh, CEO of Nelly Group AB



CEO's comments

Major progress made on the journey towards a healthy business

During the third quarter, we delivered further improvements in several of the areas that are crucial for a healthy business. The gross margin grew to 54.5% (50.7%) and the return rate decreased to 27.1% (34.3%). Net revenue rose by 1.4% (-16.9%) and was SEK 239.6 (236.4) million for the quarter. Based on this continued positive trend, we achieved operating profit of SEK 25.1 (12.8) million and an operating margin of 10.5% (5.4%). Profit after tax was SEK 22.3 (9.1) million for the third quarter.

Developments also continued in the right direction in the range strategy. The range of variety decreased further compared with the previous year, the average quantities of our bestsellers increased and we achieved higher sell-through rates on the spring and summer range than in prior years. Several of the categories that are crucial for strong everyday fashion enjoyed significant growth and accounted for a major proportion of sales. We improved our position primarily in jeans, tops, trainers and knitwear, which started well prior to the autumn.

The proportion of sales of Nelly's own brands continued to grow, reaching 45.2% (39.4%) in the third quarter. The range performed well during this period with both a higher proportion of full price sales and a lower average discount compared with the previous year. However, total sales were affected by several of our most popular products selling out on occasion and by the delayed appearance of autumn weather postponing demand for autumn wear, primarily jackets and boots.

Improved conditions for growth

As previously communicated, we have been working hard this year to improve the profitability of all paid marketing and we are now seeing gratifying signs of success. Our marketing costs as a proportion of net revenue did increase during the quarter to 9.9% (8.9%) but sales carried a lower average discount, and profitability per order grew compared with the previous year.

We are now focusing to a greater extent on boosting organic traffic, in particular via channels such as TikTok, on which higher intensity has produced good results. Somewhat higher traffic was achieved overall during the quarter compared with the previous year, but still with lower conversion in a cautious market climate in which we have focused less on discount-driven sales and have on occasion sold out of several bestsellers. There is clear potential to improve

conversion going forward, both by ensuring adequate inventory of our most important products and by continuing to optimise the new IT system, which went live at the end of the second quarter.

This year to date, we have launched several new external brands and released unique products with brands such as Neo Noir and True Religion. New and existing external brands are very interested in working more closely with us, and this interest is growing. In particular, they want to be seen by and meet Nelly customers in our flagship store in Stockholm, which has now been open for a year. Customer interest in the store has continued to be high and the store delivered its best results to date in the third quarter. Going forward, we see great potential in our ability to continually offer Nelly customers more exclusive products and experiences, both online and in a physical store.

Focus on the important fourth quarter

Q4 will be an exciting quarter with the approaching Christmas trade and a holiday season in which Nelly continues to enjoy a strong position as the fashion destination of choice. During this period, we will, of course continue to push through a number of long-term improvements to strengthen the business further, while focusing on delivering a unique customer experience in the important final months of the year. Once again, I would like to take this opportunity to thank our wonderful customers, who have accompanied us on this journey, and of course all my colleagues, who continue to work tirelessly to build a healthy, strong Nelly.



H. Karlinder-Östlund

Helena Karlinder-Östlund, CEO of Nelly Group AB

Key ratios and alternative performance measures

	Q3 24	Q3 23	9M 24	9M 23	2023
Net revenue growth	1.4%	-16.9%	2.2%	-16.7%	-18.3%
Gross margin	54.5%	50.7%	53.1%	47.0%	47.9%
Warehousing and distribution costs as a proportion of net revenue	11.7%	14.3%	13.2%	16.6%	16.1%
Marketing costs as a proportion of net revenue	9.9%	8.9%	11.1%	9.8%	9.5%
Operating margin	10.5%	5.4%	7.3%	-1.7%	1.0%
Return rate	27.1%	34.3%	30.6%	36.8%	35.8%
Inventory share of net revenue LTM	17.3%	18.1%	17.3%	18.1%	14.4%
Proportion of sales of own brands	45.2%	39.4%	43.1%	39.0%	38.2%
No. of active customers Nordics LTM (000)*	911	1,032	911	1,032	973
No. of sessions Nordics (000)*	19,186	18,956	63,020	64,448	88,185
No. of orders Nordics (000)*	352	393	1,223	1,364	1,876
Average order value Nordics*	832	817	816	779	777
Conversion rate Nordics*	1.8%	2.1%	1.9%	2.1%	2.1%
No. of employees	151	148	151	161	158
Proportion of women employed	64%	59%	62%	60%	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 with 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 committed customer base consisting mainly of young women in the Nordic region. We have 1.3 million followers of our social media profiles. We offer our community daily inspiration in terms of trends and looks from our own brands and carefully selected supplementary brands from an international portfolio.

Men's clothes have been part of our 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 0.9 million active customers in the Nordic region who place 1.7 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.



Financial highlights of the third quarter and first nine months

Revenue development

Net revenue for Q3 2024 amounted to SEK 239.6 (236.4) million, corresponding to an increase of 1.4%. The change is largely on account of a fall in returns. The return rate was 27.1% (34.3%). The improved return rate is mainly attributable to the strategic efforts carried out at the product range and customer levels. Sales in the physical store also made a positive contribution to net revenue compared with the third quarter of the previous year. The proportion of own-brand sales increased to 45.2% (39.4%) during Q3 2024. In local currencies, net revenue increased by 3.6% in the third quarter.

Net revenue for the first nine months of 2024 amounted to SEK 775.9 (759.2) million, corresponding to an increase of 2.2%. As for the quarter, the change is largely on account of an improved return rate. Net revenue increased by 3.0% in local currency during the first nine months of the year.

Improved gross margin

The gross margin rose to 54.5% (50.7%) in Q3 2024. Lower campaign activity and a higher proportion of own-brand sales made a positive contribution to the gross margin compared with the third quarter of the previous year. Overall, currency effects had a negative impact on the gross margin compared with the same quarter of the previous year.

The gross margin rose to 53.1% (47.0%) in the first nine months of 2024. As for the quarter, lower campaign activity and a higher proportion of own-brand sales made a positive contribution to the gross margin compared with the same period of the previous year. At the same time, currency effects had a negative impact on the gross margin compared with the same period of the previous year.

Lower warehousing and distribution costs

Warehousing and distribution costs amounted to SEK 28.0 (33.7) million during Q3 2024. The lower warehousing and distribution costs were the result of operational process improvements and lower volumes processed, partially on account of the improved return rate. Measured as a proportion of net revenue, the costs amounted to 11.7% (14.3%), with a larger average order value also making a positive contribution to costs in relation to net revenue.

Warehousing and distribution costs amounted to SEK 102.4 (125.7) million in the first nine months of 2024. As for the quarter, the lower warehousing and distribution costs were the result of process improvements and lower volumes handled of goods sold and returned.

Higher marketing costs

Marketing costs for Q3 2024 amounted to SEK 23.8 (21.1) million. The costs in the quarter are primarily attributable to paid advertising. At the same time, the costs of brand-building activities were higher during the quarter than in the same quarter of the previous year. Measured as a proportion of net revenue, the marketing costs amounted to 9.9% (8.9%) in the third quarter.

Marketing costs amounted to SEK 85.9 (74.5) million during the first nine months of 2024 and rose as a result of new working methods for managing paid advertising.

Administrative and other operating expenses

Nelly Group's administrative and other operating expenses in Q3 were SEK 53.8 (52.1) million. The increase on the third quarter of 2023 is mainly on account of the physical store on Drottningsgatan in Stockholm and higher IT costs. The number of employees for Q3 2024 was 151 (148).

Administrative and other operating expenses in the first nine months of the year were SEK 166.4 (170.0) million, driven in part by lower costs for studio and campaign production and lower employee benefit expenses.

Improved operating profit

Operating profit for the third quarter was SEK 25.1 (12.8) million, the improvement being driven by stronger gross profit and lower warehousing and distribution costs. Administrative and other operating expenses and marketing costs also rose in the quarter.

Operating profit for the first nine months was SEK 57.0 (-13.1) million, driven mainly by stronger gross profit and lower warehousing and distribution costs.

Net financial items

Net financial items for Q3 2024 amounted to SEK -3.1 (-3.5) million. The change on the same quarter of the previous year is primarily attributable to higher interest income.

Net financial items amounted to SEK -10.8 (-8.6) million in the first nine months of 2024, the change being driven by currency effects. Higher interest income also made a positive contribution to net financial items during the period.

Profit after tax

The profit after tax for Q3 2024 was SEK 22.3 (9.1) million. The improved profit after tax for the third quarter is primarily attributable to higher operating profit.

Profit after tax for the first nine months of 2024 was SEK 47.1 (-21.2) million as a result of higher operating profit. Net financial items also made a negative contribution to profit after tax compared with the same period in the previous year.

Lower inventory balance

The inventory balance amounted to SEK 186.8 (207.0) million as at 30 September 2024, with a higher inventory turnover rate than in the previous year. Inventory as a proportion of net revenue over a rolling 12-month period amounted to 17.3% (18.1%).

Cash flow and cash and cash equivalents

Cash flow from operations in Q3 2024 totalled SEK -18.5 (-13.9) million. The negative cash flow for the quarter is primarily attributable to the buildup of inventory ahead of the autumn and winter seasons. The difference from the same quarter of the previous year is primarily attributable to changes in working capital, mainly linked to trade payables. Stronger operating profit also made a positive contribution to cash flow compared with the same quarter of the previous year.

Cash flow from operations amounted to SEK 82.8 (8.9) million in the first nine months of 2024, primarily attributable to higher operating profit.

Cash flow from investing activities in Q3 2024 totalled SEK -3.1 (-8.9) million. The investments are primarily attributable to IT and technology-related investments.

Cash flow from investing activities amounted to SEK -19.9 (-11.9) million during the first nine months of 2024, primarily attributable to IT and technology-related investments.

Cash flow of SEK -7.9 (-6.9) million from financing activities in Q3 is attributable to repayment of lease liabilities.

Cash and cash equivalents amounted to SEK 190.4 (120.4) million as at 30 September 2024. The payment respite for employer's contributions and tax payments amounted to SEK 105.6 (116.4) million at the end of the quarter. Part of the respite was reclassified from current to non-current liabilities during the quarter with the establishment of a multi-year repayment plan. Total assets at the reporting date were SEK 835.8 (815.8) million.

Equity as at 30 September 2024 was SEK 225.7 (158.7) million, corresponding to an equity/assets ratio of 27.0% (19.5%).

Parent company

The parent company, Nelly Group AB (publ), reported sales of SEK 0.0 (0.0) million in the period January to September 2024.

Administrative expenses amounted to SEK 7.5 (7.9) million in the first nine months of 2024.

The parent company's profit/loss before tax for the first nine months of 2024 totalled SEK -8.0 (-8.1) million.

Cash and cash equivalents in the parent company amounted to SEK 2.5 million as at 30 September 2024, compared with SEK 9.1 million for the same quarter of the previous year.

Other information

Share data

As at 30 September 2024, Nelly Group AB 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 reporting date, 30 September 2024, was SEK 803.3 million.

Organisation

The average number of employees during the quarter was 151 (148), of whom 64% (59%) were women.

Ten largest shareholders at end of period*

Shareholder <small>Source: Monitor by Modular Finance AB</small>	Capital
Rite Ventures	34.06%
Stefan Palm**	16.61%
Mandatum Life Insurance Company	9.61%
Avanza Pension	3.89%
eQ Asset Management Oy	2.59%
Klas Bengtsson	1.71%
Nelly Group AB***	1.68%
Nordnet pensionsförsäkring	1.25%
Alexander Eskilsson	1.15%
Göran Nordlund (Fore C Investments)	0.62%
Other shareholders	26.83%
Total	100.0%

* Based on Monitor's ownership summary for September 2024

** Holds shares via the company ettfemsju själ AB

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

Transactions with related parties

Nelly had no transactions with related parties to report during the quarter.

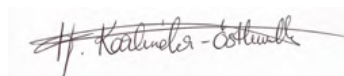
Auditor review

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 the latest published annual report for 2023, pages 51–52.



Helena Karlinder-Östlundh
CEO

Webcast on the interim report

Analysts, investors and the media are invited to a [webcast](#) on Q3 on 25 October at 09:00. The presentation will be given in English by Helena Karlinder-Östlundh, CEO, and Niklas Lingblom, 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.



Translation from the Swedish original

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 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 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.

Gothenburg October 25, 2024

KPMG AB

Mathias Arvidsson
Authorized Public Accountant

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This information is information that Nelly Group AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was released for publication through the agency of the above mentioned contacts at 08:00 on 25 October 2024.

Condensed income statement – Group

(SEK million)	Q3 24	Q3 23	9M 24	9M 23	LTM	2023
Net revenue	239.6	236.4	775.9	759.2	1,077.6	1,060.8
Cost of goods sold	-109.0	-116.6	-364.2	-402.1	-514.9	-552.9
Gross profit	130.7	119.8	411.7	357.0	562.7	507.9
Gross margin	54.5%	50.7%	53.1%	47.0%	52.2%	47.9%
Warehousing and distribution costs	-28.0	-33.7	-102.4	-125.7	-148.0	-171.3
Marketing costs	-23.8	-21.1	-85.9	-74.5	-111.9	-100.5
Administrative and other operating expenses	-53.8	-52.1	-166.4	-170.0	-221.7	-225.3
Operating profit/loss	25.1	12.8	57.0	-13.1	81.0	10.9
Operating margin	10.5%	5.4%	7.3%	-1.7%	7.5%	1.0%
Net financial items	-3.1	-3.5	-10.8	-8.6	-15.4	-13.2
Profit/loss before tax	22.0	9.3	46.2	-21.7	65.6	-2.3
Tax	0.3	-0.2	0.9	0.5	1.2	0.8
Profit after tax	22.3	9.1	47.1	-21.2	66.8	-1.5
Attributable to						
Parent company shareholders	22.3	9.1	47.1	-21.2	66.8	-1.5
Shares outstanding at end of period (million)	30.0	30.0	30.0	30.0	30.0	30.0
Average number of shares outstanding (million)	30.0	30.0	30.0	24.9	30.0	26.1
Average number of shares, diluted (million)	30.0	30.0	30.0	24.9	30.0	26.1
Basic/diluted earnings per share (SEK)	0.74	0.30	1.57	-0.85	2.23	-0.06

Consolidated statement of comprehensive income

(SEK million)	Q3 24	Q3 23	9M 24	9M 23	LTM	2023
Items reclassified or available for reclassification to profit/loss for the period						
Translation differences for the period	-	0.3	-	-1.0	0.1	-0.9
Total comprehensive income for the period	22.3	9.4	47.1	-22.2	66.9	-2.4
Total comprehensive income attributable to						
Parent company shareholders	22.3	9.4	47.1	-22.2	66.9	-2.4
Total comprehensive income for the period	22.3	9.4	47.1	-22.2	66.9	-2.4
Shares outstanding at end of period (million)	30.0	30.0	30.0	30.0	30.0	30.0
Average number of shares outstanding (million)	30.0	30.0	30.0	24.9	30.0	26.1
Average number of shares, diluted (million)	30.0	30.0	30.0	24.9	30.0	26.1

Condensed statement of financial position

(SEK million)	30 Sept 2024	30 Sept 2023	31 Dec 2023
Non-current assets			
Goodwill	39.7	39.7	39.7
Other intangible assets	39.9	24.1	28.0
Property, plant and equipment	13.4	12.8	16.3
Right-of-use assets	239.7	275.2	267.0
Deferred tax asset (see Note 4)	76.0	74.8	75.1
Deposits	8.0	8.0	8.0
Total non-current assets	416.7	434.7	434.2
Current assets			
Inventories	186.8	207.0	152.3
Current non-interest-bearing receivables	41.9	53.8	62.3
Cash and cash equivalents	190.4	120.4	151.1
Total current assets	419.1	381.1	365.7
Total assets	835.8	815.8	799.8
Equity			
Equity attributable to parent company shareholders	225.7	158.7	178.6
Total equity	225.7	158.7	178.6
Non-current liabilities			
Non-interest-bearing			
Provisions	0.0	0.0	0.0
Other liabilities	69.6	-	-
Interest-bearing			
Lease liabilities	166.6	203.5	183.3
Total non-current liabilities	236.2	203.5	183.3
Current liabilities			
Interest-bearing			
Lease liabilities	94.0	86.9	100.3
Non-interest-bearing			
Trade payables	115.7	119.3	90.4
Other liabilities	46.8	103.2	110.4
Accrued expenses and deferred income	117.4	144.2	136.8
Total current liabilities	373.9	453.6	438.0
Total equity and liabilities	835.8	815.8	799.8

Consolidated statement of changes in equity

(SEK million)	9M 24	9M 23	2023
Opening balance	178.6	133.6	133.6
Comprehensive income for the period	47.1	-22.2	-2.4
Effects of long-term incentive plans	0.0	0.0	0.0
Preferential share issue	-	47.4	47.4
Closing balance	225.7	158.7	178.6

Condensed statement of cash flows

(SEK million)	Q3 24	Q3 23	9M 24	9M 23	2023
Cash flow from operating activities before changes in working capital	34.7	20.6	84.8	10.9	47.7
Changes in working capital	-53.2	-34.5	-2.0	-2.0	11.7
Cash flow from operations	-18.5	-13.9	82.8	8.9	59.3
Investments in non-current assets	-3.1	-8.9	-19.9	-11.9	-22.9
Cash flow to/from investing activities	-3.1	-8.9	-19.9	-11.9	-22.9
Rights issue	-	-	-	47.4	47.4
Repayment of lease liability	-7.9	-6.9	-23.6	-19.9	-27.6
Changes in financial assets	-	-	-	-2.0	-2.0
Cash flow to/from financing activities	-7.9	-6.9	-23.6	25.6	17.8
Change in cash and cash equivalents for the period	-29.5	-29.7	39.3	22.5	54.2
Cash and cash equivalents at start of period	219.9	150.2	151.1	96.8	96.8
Translation difference, cash and cash equivalents	-	-0.2	-	1.1	0.1
Cash and cash equivalents at end of period	190.4	120.4	190.4	120.4	151.1

Depreciation and amortisation of non-current assets

(SEK million)	Q3 24	Q3 23	9M 24	9M 23
Depreciation of property, plant and equipment	-1.2	-0.8	-3.8	-2.5
Amortisation of intangible assets	-2.7	-2.6	-7.1	-8.3
Depreciation and amortisation (not including IFRS 16)	-3.9	-3.3	-10.9	-10.8
Amortisation of right-of-use assets	-9.3	-8.5	-27.8	-24.7
Depreciation and amortisation (including IFRS 16)	-13.2	-11.8	-38.7	-35.5

Net revenue by geographical area

(SEK million)	Q3 24	Q3 23	9M 24	9M 23
Sweden	122.7	120.8	398.8	390.9
The Nordic region, including Sweden	235.0	233.7	765.2	745.8
Rest of world	4.6	2.7	10.7	13.3
All regions	239.6	236.4	775.9	759.2



Condensed income statement – parent company

(SEK million)	9M 24	9M 23	2023
Net revenue	-	-	1.9
Gross profit	-	-	1.9
Administrative expenses	-7.5	-7.9	-10.1
Operating profit/loss	-7.5	-7.9	-8.3
FINANCIAL INCOME AND EXPENSES			
Net financial items	-0.5	-0.2	-0.4
Profit/loss after financial items	-8.0	-8.1	-8.6
APPROPRIATIONS			
Group contributions received	-	-	20.0
Profit/loss before tax	-8.0	-8.1	11.4
Tax	-	-	-
Profit/loss for the period*	-8.0	-8.1	11.4

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



Condensed statement of financial position – parent company

(SEK million)	30 Sept 2024	30 Sept 2023	31 Dec 2023
Non-current assets			
Investments in subsidiaries	247.1	247.1	247.1
Deferred tax asset	71.7	71.7	71.7
Total non-current assets	318.8	318.8	318.8
Current assets			
Current non-interest bearing receivables	2.8	2.8	2.1
Total current receivables	2.8	2.8	2.1
Cash and bank balances	2.5	9.1	7.9
Total cash and cash equivalents	2.5	9.1	7.9
Total current assets	5.3	11.9	10.0
Total assets	324.1	330.7	328.8
Equity			
Restricted equity	31.3	31.3	31.3
Non-restricted equity	251.1	239.5	259.0
Total equity	282.4	270.8	290.3
Non-current liabilities			
Non-interest-bearing			
Provisions	0.0	0.0	0.0
Other liabilities	7.0	-	-
Total non-current liabilities	7.0	-	0.0
Current liabilities			
Liabilities to Group companies	29.4	48.4	26.8
Non-interest-bearing liabilities	5.3	11.5	11.7
Total current liabilities	34.7	59.9	38.5
Total liabilities	41.7	59.9	38.5
Total equity and liabilities	324.1	330.7	328.8

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 12-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 Nordics LTM (000) – a measure 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 Nordics (000) – a measure 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 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 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 Nordics – a measure 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 expenses – other costs to operate the company

Includes payroll costs, IT costs, studio costs, consultancy costs, depreciation, amortisation and other operating expenses

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 Corporate 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 708.9 (720.7) million as at 31 December 2023. More information can be found in Note 7 of the 2023 annual report.





Financial calendar

The interim report for the fourth quarter of 2024
will be presented on 6 February 2025

The interim report for the first quarter of 2025
will be presented on 24 April 2025

The annual general meeting will be held on 23 May 2025



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