

DESENIO GROUP



REPORT ON THE
SECOND QUARTER 2022



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 35 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, designed solely for our customers, 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. The team there has started to take shape and continues to grow and we also plan to open a logistics center on site during the third quarter of 2022.

SUMMARY

Net sales decreased by 31.3% to SEK 182.9 million and the adjusted EBITA amounted to SEK -8.4 million. Cash flow from operating activities amounted to SEK 9.3 million.

SECOND QUARTER

- Net sales decreased 31.3% to SEK 182.9 (266.2) million.
- Gross margin for the period was 83.1% (81.1%).
- Operating result amounted to SEK -28.1 (19.3) million, corresponding to an operating margin of -15.4% (7.2%).
- Adjusted EBITA was SEK -8.4 (31.8) million, corresponding to an adjusted EBITA margin of -4.6% (11.9%).
- Result before tax was SEK -48.3 (3.4) million.
- Cash flow from operating activities amounted to SEK 9.3 (-68.8) million.
- Earnings per share was SEK -0.29 (0.02) before dilution and SEK -0.29 (0.02) after dilution.

JANUARY-JUNE

- Net sales decreased 29.6% to SEK 470.5 (668.3) million.
- Gross margin for the period was 83.1% (81.8%).
- Operating result amounted to SEK -3.0 (86.7) million, corresponding to an operating margin of -0.6% (13.0%).
- Adjusted EBITA was SEK 28.1 (123.4) million, corresponding to an adjusted EBITA margin of 6.0% (18.5%).
- Result before tax was SEK -37.0 (53.5) million.
- Cash flow from operating activities amounted to SEK -39.5 (-38.2) million.
- Earnings per share was SEK -0.23 (0.30) before dilution and SEK -0.22 (0.28) after dilution.

SIGNIFICANT EVENTS DURING AND AFTER THE PERIOD

- On 14 June the company announced that a decision had been made to implement cost reductions of SEK 32 million on an annual basis to adapt its operations to a challenging market with declining online consumption. The cost of the savings program amounts to just under SEK 10.7 million and is reported as a non-recurring cost in the second quarter of 2022. Cost savings are expected to have a full cash flow effect during the fourth quarter of 2022. The action program has been implemented as of the date of this report. The company also announced that Net sales for the months April-May amounted to SEK 132 million with an operating result of SEK -13 million.

FINANCIAL SUMMARY

SEKm unless otherwise indicated	April 1 - Jun 30, 2022	April 1 - Jun 30, 2021	Change	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2021	Change
Net sales	182.9	266.2	-31.3%	470.5	668.3	-29.6%
Net sales growth, %	-31.3	5.3	-36.6 pp	-29.6	55.0	-84.6 pp
Gross margin %*	83.1	81.1	2.0 pp	83.1	81.8	1.3 pp
EBITA*	-19.1	28.1	-168.1%	14.9	104.3	-85.7%
EBITA margin, %	-10.4	10.5	-21.0 pp	3.2	15.6	-12.4 pp
Adjusted EBITA*	-8.4	31.8	-126.4%	28.1	123.4	-77.2%
Adjusted EBITA margin, %*	-4.6	11.9	-16.5 pp	6.0	18.5	-12.5 pp
Earnings per share	-0.29	0.02	-1641.1%	-0.23	0.30	-1.7 pp
Cash flow from operating activities	9.3	-68.8	-113.5%	-39.5	-38.2	3.4%
Net debt*	1,018.4	979.2	4.0%	1,018.4	979.2	4.0%
Visits, '000	15,422	22,506	-31.5%	40,707	57,916	-29.7%
Orders, '000	367	526	-30.1%	950	1,328	-28.5%
Active customers, '000*	3,682	3,541	4.0%	3,682	3,541	4.0%

* The figure is an Alternative Performance Measure (APM) and is described in definitions

CEO'S COMMENTS

During the second quarter, online demand decreased further, both in relation to the first quarter of the year and the corresponding period last year. Furthermore, we consider the situation on the consumer markets to be challenging in the coming quarters as well. As a result, we implemented necessary measures during the second quarter to adapt the business to current market conditions and thereby ensure our future profitability and cash flow. The measures, which have now been finalized, mean that we reduce our costs by around SEK 32 million on an annual basis, with a full cash flow effect during the fourth quarter of 2022.

Net sales during the second quarter decreased by 31% to SEK 183 million and by 30% to SEK 471 million for the first six months of the year, compared with the corresponding periods last year. The decline is in line with the lower activity in our markets and market data shows that we have maintained and, in some cases, even increased our market share.

The development in our segments differs relatively much. In the Nordic region, sales fell by 24%, in our core markets in Europe by 32%, in the rest of Europe by 47% and the rest of the world increased by 8% - in all cases in line with market development. Going forward, we will primarily focus on developing our position in the core markets, where profitability is highest.

Adjusted EBITA for the second quarter amounted to SEK -8.4 (31.8) million and to SEK 28.1 (123.4) million for the half year, corresponding to an adjusted EBITA margin of -4.6% (11.9%) and 6.0% (18.5%).

Operating cash flow during the second quarter amounted to SEK 9.3 million (-68.8). During the quarter, working capital decreased, mainly as a result of reduced inventory levels of SEK 23 million. Furthermore, Desenio Group received SEK 9 million in repayments of preliminary tax. Cash and cash equivalents amounted to SEK 121.8 million at the end of the second quarter, compared to 109.9 MSEK at the end of the first quarter this year.

As a result of the challenging market situation, we decided on the 14th of June to initiate a program of cost reductions to adapt our operations to current demand. The cost of the savings program, which is reported as a non-recurring cost and is fully charged to earnings in Q2, amounts to just under SEK 11 million. However, the annual cost savings of approximately SEK 32 million will have a full cash flow effect only during the fourth quarter of 2022. These savings consist partly of dismissed staff but also positions that have not or will not be replaced during the year.



The program means that we create room for profitability, including our important expansion in North America. We choose to continue this investment despite the current challenging situation, mainly because the markets in North America offer great expansion potential in the same order of magnitude as Europe in recent years, and partly because regardless of strategy we will have to bear the costs of the logistics center we plan to start in Q3. The negative cash flow from operations in North America is expected to amount to SEK 7.5 million during the second half of 2022 and thereafter to generate positive cash flow.

During the quarter, a number of operational improvements were implemented. Among other things, in June we successfully migrated all of Desenio's websites to the Group's new e-commerce platform. During Q3, all of Poster Store's websites will also be migrated to the same platform. The platform has been developed by Desenio Group and creates great flexibility, increases our internal efficiency and also leads to certain cost savings on the supplier side.

The organization is now adapted to the current market situation and in addition correctly dimensioned to strengthen our leading position on our main markets. We do also assess that the current cost level creates the conditions for a positive cash flow even at sales levels at or slightly lower than during the first half of 2022. However, visibility is low and we are currently navigating a situation where we balance the return on investments in marketing against short-term cash flow.

FREDRIK PALM
President and CEO

THE GROUP'S DEVELOPMENT

NET SALES

Second quarter

Net sales in the quarter decreased 31.3% to SEK 182.9 (266.2) million. The decline in sales was greatest in May and lowest in June compared to previous years quarter.

January-June

Net sales during the period decreased by 29.6% to SEK 470.5 (668.3) million.

PROFITABILITY AND MARGINS

Second quarter

The gross margin for the quarter increased to 83.1% (81.1%), driven by higher prices, lower shipping costs and exchange rate effects than in the corresponding quarter last year.

Operating profit (EBIT) for the quarter amounted to SEK -28.1 (19.3) million. Adjusted EBITA during the quarter amounted to SEK -8.4 (31.8) million and the adjusted EBITA margin amounted to -4.6% (11.9%) compared with the previous year. The change is explained by lower net sales at the same time as both marketing costs and handling costs were higher in relation to net sales. In relation to net sales, marketing expenses were 24.5% last year and 28.9% (excluding depreciation of the Poster Store customer database of SEK 8.3 million) in the quarter. Items affecting comparability amounted to SEK 10.7 (3.7) million regarding redundancies that were expensed during the quarter and the reserve will be dissolved during the work-free period.

January-June

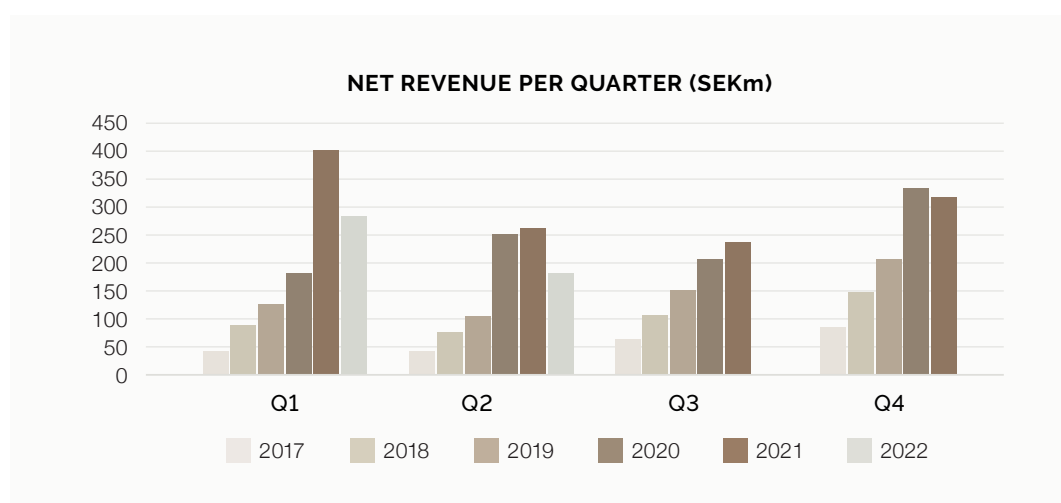
The gross margin for the period increased to 83.1% (81.8%), driven by price increases, lower shipping costs and exchange rate effects.

Operating profit (EBIT) for the period amounted to SEK -3.0 (86.7) million. Adjusted EBITA in the period amounted to SEK 28.1 (123.4) million and the adjusted EBITA margin amounted to 6.0% (18.5%). The change is explained by lower net sales and that costs were lower in absolute terms but higher in relation to net sales. In relation to net sales, marketing costs were 21.6% the previous year and 26.8% (excluding depreciation of the Poster Store customer database) during the current period. Items affecting comparability amounted to SEK 13.2 (19.1) million and related to the warehouse move in the first quarter 2022 and redundancies in the second quarter of 2022 and costs for the listing process in the first and second quarters of 2021, which have been deducted from adjusted EBITA.

CASH FLOW AND FINANCIAL POSITION

Second quarter

Cash flow from operating activities amounted to SEK 9.3 (-68.8) million for the quarter. Tax paid of SEK -7.9 million is the net of refunded preliminary taxes for the income year 2022 of approximately SEK 9 million and reclassification of tax-related items. Cash flow from changes in working capital was SEK 50.3 million, where inventories decreased by SEK



Sales follow a seasonal pattern, where sales in quarter one usually corresponds to just over 20% of the year's total sales, quarter two just under 20%, quarter three about 25% and quarter four around 35%.

22.9 million in the quarter and the change in current receivables / liabilities was net SEK 27.4 million. The largest items are slightly lower incoming payments from sales in the last days before the end of the quarter compared with the previous quarter, reclassification of tax-related items and reclassification of internal balances. The reserve for dismissed personnel of SEK 10.7 million is not included in the net amount.

January-June

Cash flow from operating activities amounted to SEK -39.5 (-38.2) million for the period. Tax paid of SEK -46.0 million refers to payment of the remaining parts of corporation taxes for the income year 2020 of SEK -37.5 million and paid preliminary taxes for the income year 2022 of SEK -8.5 million. Cash flow from changes in working capital was SEK 12.8 million, with inventories decreasing by SEK 31.3 million during the period and the change in current receivables / liabilities deteriorating cash flow by net SEK -18.5 million. The largest items are lower incoming payments from sales in the last days before the end of the period compared with the end of the year, lower VAT liabilities and lower accounts payable at the end of the period compared with the turn of the year. The provision for dismissed personnel of SEK 10.7 million is not included in the net amount.

INVESTMENTS

Second quarter

Net investments in tangible assets in the quarter was SEK 0.0 (6.1) million. Investments in intangible assets were SEK 1.3 (0.6) million, which mainly consisted of investments in the websites and ERP-system.

January-June

Net investments in tangible assets in the period was SEK 0.0 (6.4) million. Investments in intangible assets were SEK 2.6 (0.7) million, which mainly consists of investments in the websites and ERP-system.

FINANCIAL POSITION AND FINANCING

As of 30 June 2022, equity amounted to SEK 228.3 million, compared to SEK 260.7 million at the beginning of the period.

As of 30 June 2022, cash and cash equivalents amounted to SEK 121.8 compared to 162.2 million at the beginning of the year. Net debt amounted to 1,018.4 million per 30 June 2022 compared to SEK 978.2 million at the beginning of the period.

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 in December 2024. 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.

OTHER INFORMATION

SIGNIFICANT EVENTS JANUARY - JUNE

On 14 June the company announced that a decision had been made to implement cost reductions of SEK 32 million on an annual basis to adapt its operations to a challenging market with declining online consumption. The cost of the savings program amounts to SEK 10.7 million and is reported as a non-recurring cost in the second quarter of 2022. Cost savings are expected to have a full cash flow effect during the fourth quarter of 2022. The action program has been implemented as of the date of this report. The company also announced that Net sales for the months April-May amounted to SEK 132 million with an operating result of SEK -13 million.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the end of the period that are expected to have a substantial effect on the Desenio Group.

AUDIT REPORT

This report has not been reviewed by the auditors.

ANNUAL GENERAL MEETING

The Annual General Meeting was held on 12 May. Detailed information is available at deseniogroup.com.

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 1.83. The highest closing price, SEK 26.54, was quoted in January and the lowest closing price, SEK 1.66, was quoted in June. During the period, 127,828,140 shares were traded.

As of 30 June, Desenio Group had 3,537 shareholders, of which the largest were Verdane (25.2%), MBHB Holding AB (11.8%), and Hars Holding AB (9.5%).

As of 30 June, the number of issued shares was 149,082,510 after 4,971,400 shares were issued in the second quarter. All shares were ordinary shares.

NUMBER OF EMPLOYEES

The average number of employees was 176 in the period.

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 2021.

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. Items affecting comparability include transaction-related costs 2021, warehouse relocation costs 2022, and termination costs 2022.

The measure Adjusted EBITA is relevant to give an indication of the Company's underlying results generated by operating activities.

Other definitions of alternative performance measures can be found in the section Definitions of performance measures.

SEKm unless otherwise indicated	Apr 1 - Jun 30, 2022	Apr 1 - Jun 30, 2021	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2021
EBIT	-28.1	19.3	-3.0	86.7
Amortizations	9.0	8.8	17.9	17.6
EBITA	-19.1	28.1	14.9	104.3
One-off costs	10.7	3.7	13.2	19.1
Adjusted EBITA	-8.4	31.8	28.1	123.4
Non-current liabilities	1,078.6	1,069.9	1,078.6	1,069.9
Non-current lease liabilities	46.9	13.0	46.9	13.0
Current lease liabilities	14.7	8.9	14.7	8.9
Cash and cash equivalents	-121.8	-112.6	-121.8	-112.6
Net debt	1,018.4	979.2	1,018.4	979.2



FINANCIAL SUMMARY

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEKm unless otherwise indicated	Apr 1 - Jun 30, 2022	Apr 1 - Jun 30, 2021	Jan 1 - Jun 30, 2022	Jan 1 - Jun 30, 2021	Full year 2021	Rolling 12M
Net sales	182.9	266.2	470.5	668.3	1,227.2	1,029.3
Cost of goods sold	-30.9	-50.3	-79.3	-121.5	-219.0	-176.8
Gross profit	152.1	215.9	391.2	546.8	1,008.2	852.6
Operating costs						
Fulfilment costs	-63.7	-73.1	-150.0	-181.6	-345.2	-313.5
Marketing costs	-61.2	-73.7	-143.0	-161.1	-321.9	-303.8
Admin & other costs	-53.6	-47.8	-97.4	-114.1	-196.9	-180.2
Other operating income	2.1	0.7	6.8	2.2	16.8	21.3
Other operating costs	-3.7	-2.8	-10.6	-5.5	-18.1	-23.2
Operating profit	-28.1	19.3	-3.0	86.7	143.0	53.3
Financial income and expenses						
Financial income	-1.4	0.0	4.2	0.0	9.2	13.4
Financial costs	-18.8	-15.7	-38.2	-33.2	-75.5	-80.6
Net financial items	-20.2	-15.7	-34.0	-33.2	-66.3	-67.1
Profit/loss before tax	-48.3	3.4	-37.0	53.5	76.7	-13.8
Income tax	6.6	-0.7	4.3	-11.0	-19.5	-4.1
Profit/loss for the period	-41.7	2.7	-32.7	42.5	57.2	-17.9
EARNINGS PER SHARE						
Basic	-0.29	0.02	-0.23	0.30	0.40	-0.13
Diluted	-0.29	0.02	-0.22	0.28	0.38	-0.12
Number of outstanding shares at the end of the reporting period						
- basic (SEK)	149,082,510	144,111,110	149,082,510	144,111,110	144,111,100	149,082,510
- diluted (SEK)	151,752,510	151,136,810	151,752,510	151,136,810	150,730,710	
Average number of outstanding shares						
- basic (SEK)	145,110,945	144,111,110	145,110,945	141,135,666	143,562,962	
- diluted (SEK)	145,110,945	150,799,453	145,589,523	150,732,354	149,787,145	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - IN SUMMARY

SEKm unless otherwise indicated	June 30, 2022	June 30, 2021	Dec 31, 2021
Goodwill	834.3	834.3	834.3
Trademarks	429.0	429.0	429.0
Other intangible assets	59.1	90.3	73.1
Tangible assets	15.0	4.9	11.1
Right-of-use assets	58.0	23.5	64.9
Financial assets	4.3	8.9	6.8
Inventories	60.0	67.3	91.3
Current receivables	43.9	30.4	30.9
Cash and cash equivalents	121.8	112.6	162.2
Total assets	1,625.4	1,601.2	1,703.6
Equity	228.2	246.0	260.7
Provisions	98.4	105.5	103.4
Non-current liabilities	1,078.6	1,069.9	1,074.3
Non-current lease liabilities	46.9	13.0	51.4
Current lease liabilities	14.7	8.9	14.7
Current liabilities	158.6	157.9	199.1
Total equity and liabilities	1,625.4	1,601.2	1,703.6



CONSOLIDATED STATEMENT OF CASH FLOW

SEKm	Apr 1 - Jun 30 2022	Apr 1 - Jun 30 2021	Jan 1 - Jun 30 2022	Jan 1 - Jun 30 2021	Full year 2021	Rolling 12M
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL						
Profit after financial items	-48.3	3.5	-37.0	53.5	76.7	-13.8
Adjustments for non-cash items	15.1	17.3	30.7	17.6	46.8	59.9
Paid income tax	-7.9	26.0	-46.0	-14.5	-25.0	-56.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	-41.0	46.8	-52.3	56.6	98.5	-10.4
CASH FLOW FROM CHANGES IN WORKING CAPITAL						
Changes in inventory	22.9	-12.0	31.3	-13.6	-37.6	7.3
Changes in current assets	33.8	-1.9	11.9	20.9	20.4	11.4
Changes in current liabilities	-6.4	-101.7	-30.4	-102.1	-55.0	16.6
Cash flow from changes working capital	50.3	-115.6	12.8	-94.8	-72.2	35.3
CASH FLOW FROM OPERATING ACTIVITIES	9.3	-68.8	-39.5	-38.2	26.3	24.9
CASH FLOW FROM INVESTING ACTIVITIES						
Investments in fixed assets	0.0	-6.1	0.0	-6.4	-66.6	-60.2
Investments in intangible assets	-1.3	-0.6	-2.6	-0.7	0.0	-1.9
Change in financial assets	3.3	-0.9	3.7	-3.1	-1.0	5.8
Acquisition of subsidiaries, net liquidity effect	0.0	0.0	0.0	-214.9	-213.8	1.1
Cash flow from investing activities	2.0	-7.6	1.1	-225.1	-281.5	-55.3
CASH FLOW FROM FINANCING ACTIVITIES						
Change in provisions	-1.8	0.0	-1.8	0.0	0.0	-1.9
Warrants	0.0	6.3	0.0	6.3	6.3	0.0
New loans	2.2	7.1	0.0	7.1	48.8	41.7
Repayments of loans	0.3	0.0	-0.1	0.0	0.0	-0.1
Dividend paid to the parent company's shareholders	0.0	0.0	0.0	-285.1	-285.1	0.0
Cash flow from financing activities	0.6	13.6	-1.9	-271.5	-230.0	39.6
Cash flow for the period	11.9	-62.8	-40.4	-534.8	-485.2	9.2
Currency exchange gains/losses in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents beginning of period	109.9	175.4	162.2	647.4	647.4	112.6
CASH AND CASH EQUIVALENTS END OF PERIOD	121.8	112.6	121.8	112.6	162.2	121.8

Cash flow in the second quarter of 2021 has been adjusted by moving SEK 40.5 million between paid income tax and changes in current liabilities as these lines were not mathematically correct in the 2021 quarterly report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm unless otherwise indicated	Apr 1 - Jun 30 2022	Apr 1 - Jun 30 2021	Jan 1 - June 30 2022	Jan 1 - June 30 2021	Dec 31 2021
Opening balance	269.6	236.8	260.7	186.2	186.1
Total comprehensive income for the period	-41.7	2.8	-32.7	42.5	57.2
New share issue, net	-	-	-	296.0	296.0
Warrants	-	6.4	-	6.4	6.4
Dividend	-	-	-	-285.1	-285.1
Translation difference	0.3	0.0	0.2	0.0	0.0
Closing balance	228.2	246.0	228.2	246.0	260.7

GROUP KEY PERFORMANCE INDICATORS (KPIs)

SEKm unless otherwise indicated	Apr 1 - Jun 30 2022	Apr 1 - Jun 30 2021	Jan 1 - June 30 2022	Jan 1 - June 30 2021	Full year 2021	Rolling 12M
Net sales	182.9	266.2	470.5	668.3	1,227.2	1,029.3
Net sales growth, %	-31.3	5.3	-29.6	55.0	25.4	-15.3
Gross margin, %*	83.1	81.1	83.1	81.8	82.2	82.8
Fulfilment cost ratio %*	34.8	27.5	31.9	27.2	28.1	30.5
Marketing cost ratio, %*	28.9	24.5	26.8	21.6	23.5	26.3
Admin & other cost ratio, %*	29.3	17.9	20.7	17.1	16.0	17.5
Operating profit (EBIT)	-28.1	19.3	-3.0	86.7	143.0	53.3
Operating profit (EBIT) margin %	-15.3	7.2	-0.6	13.0	11.7	5.2
EBITA*	-19.1	28.1	14.9	104.3	178.3	89.0
EBITA margin, %*	-10.4	10.5	3.2	15.6	14.5	8.6
Adjusted EBITA*	-8.4	31.8	28.1	123.4	201.5	106.3
Adjusted EBITA margin, %*	-4.6	11.9	6.0	18.5	16.4	10.3
Earnings per share	-0.29	0.02	-0.23	0.30	0.40	-0.13
Cash flow from operating activities	9.3	-68.8	-39.5	-38.2	26.3	24.9
Capital expenditures*	1.2	0.7	2.6	1.5	60.7	61.8
Net debt*	1,018.4	979.2	1,018.4	979.2	978.2	1,018.4
Visits, '000	15,422	22,506	40,707	57,916	104,636	87,426
Orders, '000	367	526	950	1,328	2,520	2,142
Average Order Value, SEK	517	512	509	513	498	495
Active Customers, '000*	3,682	3,541	3,682	3,541	3,777	3,918

* The figure is an Alternative Performance Measure (APM) and is described in definitions.

PARENT COMPANY INCOME STATEMENT

SEKm unless otherwise indicated	Apr 1 - Jun 30, 2022	Apr 1 - Jun 30, 2021	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021	Full year 2021
Net sales	2.8	0.8	6.4	2.3	7.6
Cost of goods sold	0.0	0.0	0.0	0.0	0.0
Gross profit	2.8	0.8	6.4	2.3	7.6
Operating costs					
Fulfilment costs	0.0	0.0	-0.2	0.0	0.0
Marketing costs	0.0	0.0	0.0	-0.1	-0.4
Admin & other costs	-4.7	-6.1	-10.6	-25.5	-39.9
Other operating income	1.7	0.0	3.0	0.0	0.1
Other operating costs	-0.6	0.0	0.0	0.0	-0.2
Operating profit	-0.8	-5.3	-1.4	-23.3	-32.8
Financial income and expenses					
Financial income	0.0	0.0	0.0	0.0	0.1
Financial expenses	-16.8	-15.3	-38.1	-32.6	-68.2
Net financial items	-16.8	-15.3	-38.1	-32.6	-68.2
Group contributions	0.0	0.0	0.0	0.0	207.3
Profit/loss before tax	-17.6	-20.6	-39.5	-55.9	106.4
Income tax	3.6	-4.2	0.0	-11.5	-25.2
Profit/loss for the period	-14.0	-24.9	-39.5	-67.4	81.2

PARENT COMPANY STATEMENT OF FINANCIAL POSITION – IN SUMMARY

SEKm unless otherwise indicated	June 30, 2022	June 30, 2021	Dec 31, 2021
Tangible assets	0.1	0.0	0.1
Financial assets	1,406.3	1,406.3	1,406.3
Currents receivables	70.2	5.2	80.0
Cash and cash equivalents	12.8	2.9	17.6
Total assets	1,489.3	1,414.4	1,504.0
Equity	370.9	273.4	410.5
Provisions	0.0	0.0	0.0
Non-current liabilities	1,078.7	1,069.8	1,074.3
Current liabilities	39.7	71.1	19.2
Total equity and liabilities	1,489.3	1,414.4	1,504.0

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm unless otherwise indicated	Apr 1 - Jun 30, 2022	Apr 1 - Jun 30, 2021	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021	Full year 2021
Opening balacce	396.5	287.6	410.5	312.0	312.0
Total comprehensive income for the period	-25.5	-20.6	-39.5	-55.9	81.2
New share issue, net	0.0	0.0	0.0	296.0	296.0
Warrants	0.0	6.4	0.0	6.4	6.4
Dividend	0.0	0.0	0.0	-285.0	-285.0
Translation difference	0.0	-	0.0	0.0	0.0
Closing balance	371.0	273.4	371.0	273.4	410.5

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.

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 expenses. Adjustments include other costs and depreciation.

3. EQUITY

The number of shares and votes changed in the second quarter due to the exercise of warrants in the long-term incentive program 2017/2022. The exercise period began on 1 April 2022 and lasted until 31 May 2022. All outstanding warrants were exercised, which meant 4,971,400 new shares and votes. Thus, there are a total of 149,082,510 shares and votes in the company.

At the Annual General Meeting on 12 May 2022, it was decided to introduce a long-term incentive program for employees within the Desenio Group. A maximum of 1,130,000 warrants may be issued and each warrant gives the right to subscribe for one new share, to the price SEK 12.59, in the company from 10 June 2025 to 10 September 2025.

INCOME STATEMENT PER SEGMENT JANUARY - JUNE 2022

SEKm unless otherwise indicated	Nordics	Core Europe	Rest of Europe	Rest of World	Adjustments	Total
Net sales	108.4	242.7	86.7	32.7	0.0	470.5
Cost of goods sold	-20.1	-40.9	-14.8	-3.5	0.0	-79.3
Gross profit	88.3	201.8	71.9	29.2	0.0	391.2
Operating costs	-62.0	-124.8	-62.1	-27.4	-117.9	-394.2
Operating profit	26.3	77.0	9.8	1.8	-117.9	-3.0
Net financial items	0.0	0.0	0.0	0.0	-34.0	-34.0
Profit/loss before tax	26.3	77.0	9.8	1.8	-151.9	-37.0

INCOME STATEMENT PER SEGMENT JANUARY - JUNE 2021

SEKm unless otherwise indicated	Nordics	Core Europe	Rest of Europe	Rest of World	Adjustments	Total
Net sales	138.3	376.3	123.7	30.2	-0.2	668.3
Cost of goods sold	-25.7	-69.9	-21.7	-4.2	0.0	-121.5
Gross profit	112.6	306.4	102.0	26.0	-0.2	546.8
Operating costs	-64.9	-178.4	-63.6	-16.6	-136.6	-460.1
Operating profit	47.7	128.0	38.4	9.4	-136.8	86.7
Net financial items	0.0	0.0	0.0	0.0	-33.2	-33.2
Profit/loss before tax	47.7	128.0	38.4	9.4	-170.0	53.5

The Board of Directors and the President certify that the half-yearly financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 14 July 2022

Alexander Hars
Chairman of the board

Martin Blomqvist
Board member

Max Carlsén
Board member

Sarah Kauss
Board member

Cecilia Marlow
Board member

Nathalie du Preez
Board member

Jakob Tolleryd
Board member

Fredrik Palm
President and CEO

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**CORPORATE IDENTITY
NUMBER: 559107-2839**



A webcast - in English – will be held at 09.00 CEST. Fredrik Palm, CEO, and Kristian Lustin, CFO, will present the Quarterly Report. Please find a link to the webcast below:

Webcast: <https://financialhearings.com/event/44224>

FINANCIAL CALENDAR

Interim Report January - September 2022: 26 October 2022

Interim Report January - December 2022: 15 February 2023

FINANCIAL REPORTS

The interim reports are available on the website:

www.deseniogroup.com

FNCA Sweden AB is the company's certified adviser.

FNCA can be reached at info@fnca.se and +46 8 5280 0399.

This is information that Desenio Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out in the press release concerning this report, at 07.00 CEST on 14 July 2022.

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 is minus discounts, excluding VAT and after 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.



DEZENIO GROUP