

The background of the entire page is a collage of decorative elements. It features several framed palm leaves in light-colored wooden frames, arranged in a layered, overlapping fashion. The frames are set against a textured, light beige fabric background. In the bottom right corner, there is a light-colored, fringed cushion. The overall aesthetic is clean, modern, and natural.

Q2 REPORT

1 January – 30 June 2021

Unexpected lock-up effect, but persistent long-term targets
and well-positioned in an attractive market

DESENIO GROUP

Desenio Group AB (publ) / Q2 Report



"YOUR WALLS – OUR PASSION"

ABOUT DESENIO

Desenio is a Swedish, fast growing digital direct-to-consumer company with a leading position as an online-based provider of affordable wall art in Europe. The Company offers its customers a unique and curated assortment of over 6,000 designs as well as frames and accessories in 36 countries via 20 local websites.

Leveraging a data-driven strategy both for the creation of art and for attracting new customers, Desenio has grown rapidly and profitably since 2015.

Desenio’s competitive advantage

1. Disruptive approach to a large global design category with significant expected growth
2. Industrial and data-driven creativity at scale, generating proprietary designs
3. First order profitability via social media/search-driven customer acquisition model with high-value influencer collaborations
4. Proven strategic playbook for geographic expansion with significant potential in existing and unaddressed markets
5. Exceptional track record of profitable growth with an adjusted EBITA margin of >25% and cash conversion of >100%

In 2020 Desenio acquired Poster Store, creating a group with 250 employees and SEK 1.3 billion in 2020 net sales, and bolstering its presence in the US and Asia. More than 75% of sales in 2020 were generated outside the Nordic region.

In the medium term, the company’s goal is to achieve annual organic sales growth of around 30%, and potentially further supplemented by add-on acquisitions. Desenio’s goal is to maintain an adjusted EBITA margin of approximately 25% in the medium term.

ART PRINTS

60%

Market leading product assortment of more than 6,000 affordable and trendy designs of which a significant share is proprietary to Desenio

FRAMES

35%

Frames are offered in various wooden and metal finishes in matching sizes to the posters

ACCESSORIES

5%

Other accessories include products such as mat boards, picture ledges, art clips, and other printed products, e.g. phone covers and tote bags

SUMMARY OF THE PERIOD

As a result of dramatically declining customer demand during the last five weeks of the second quarter caused by unforeseen Covid-19 related lock-up effects accelerating the normal negative seasonal trend, the Q2 2021 results were disappointing. However, it is tough to truly compare against the previous year's quarter as Q2 2020's strong results benefited from Covid-19 related measures undertaken by governments.

Second quarter year

- Net sales increased 5.3% to SEK 266.2 (252.7) million. Organic net sales growth for the period was -28.3% (133.2%).
- Gross margin in the period was 81.1% (84.6%). Gross Margin excluding Poster Store was 82.5% (84.5%).
- Operating profit amounted to SEK 19.3 (76.0) million, corresponding to an operating margin of 7.2% (30.1%).
- Adjusted EBITA amounted to SEK 31.3 (85.1) million, corresponding to an adjusted EBITA margin of 11.7% (33.7%).
- Cash flow from operating activities amounted to SEK -68,8 (75.5) million.
- Earnings per share amounted to SEK 0.02 (0.39) before dilution and SEK 0.02 (0.37) after full dilution.

Half year 2021

- Net sales increased 55.0% to SEK 668.3 (431.1) million. Organic sales growth for the period was 8.2% (81.3%).
- Gross margin in the period was 81.8% (83.6%). Gross margin excluding Poster Store was 83.0% (83.6%).
- Operating profit amounted to SEK 86.7 (105.1) million, corresponding to an operating margin of 13.0% (24.4%).
- Adjusted EBITA amounted to SEK 122.4 (114.2) million, corresponding to an adjusted EBITA margin of 18.3% (26.5%).
- Cash flow from operating activities amounted to SEK -38.0 (67.1) million.
- Earnings per share amounted to SEK 0.30 (0.54) before dilution and SEK 0.28 (0.51) after full dilution.

Significant events during and after the period

- In July preliminary net sales increased 6% to SEK 70 million. Organic net sales growth for July was approximately -22%.
- Desenio Group established a new subsidiary in the Czech Republic, DGFC S.R.O for the handling of the new logistics centre, which will be operational starting in Q4 2021 or Q1 2022. Initially the centre will handle deliveries to markets in Europe, outside of the Nordics.
- Desenio Group also recruited a new CFO, Kristian Lustin, from RNB Retail and Brands, where he held the position of CFO and CEO. Kristian will be joining the team in the fall.
- At an extra general meeting on June 24, 2021 Cecilia Marlow and Sarah Kauss were elected as board members. They both bring vast and relevant experience to the board of directors.
- In June, 2021 472,300 new warrants were issued and signed by employees that invested a total of SEK 6.4 million.

Financial summary

	Apr 1 - Jun 30,	Apr 1 - Jun 30,		Jan 1 - Jun 30,	Jan 1 - Jun 30,	
SEKm unless otherwise indicated	2021	2020	Change	2021	2020	Change
Net sales	266,2	252,7	5,3%	668,3	431,1	55,0%
Net sales growth, %	5,3	133,2	-127,8 pp	55,0	81,3	-26,2 pp
Organic sales growth %	-28,3	133,2	-161,5 pp	8,2	81,3	-73,1 pp
Gross margin, %*	81,1	84,6	-3,5 pp	81,8	83,6	-1,8 pp
EBITA*	27,6	76,4	-63,9%	103,3	105,5	-2,1%
EBITA margin, %*	10,3	30,2	-19,9 pp	15,5	24,5	-9,0 pp
Adjusted EBITA*	31,3	85,1	-63,3%	122,4	114,2	7,2%
Adjusted EBITA margin, %*	11,7	33,7	-21,9 pp	18,3	26,5	-8,2 pp
Earnings per share	0,02	0,39	-95,0%	0,3	0,5	-0,4 pp
Cash flow from operating activities	-68,8	75,5	-191,1%	-38,2	67,1	-156,9%
Net debt / net cash*	970,3	-32,5	3085,5%	970,3	-32,5	-3085,5%
Visits, '000	22 506	21 770	3,4%	57 916	39 311	47,3%
Orders, '000	526	465	13,0%	1 329	861	54,4%
Active Customers, '000	3 541	1 977	79,1%	3 541	1 977	79,1%

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

CEO COMMENT

Unexpected lock-up effect, but persistent long-term targets and well-positioned in an attractive market

Our performance the second half of Q2 was a disappointment, but we feel confident that the slowdown seen is temporary, caused by difficult comparisons and the unprecedented effects caused by the re-opening of societies. We are well-positioned to capture the huge opportunities that lie ahead, and our medium and long-term targets remain intact.¹

Our Q2 sales increased by 5% but were down 28% on an organic basis. We guided for negative organic growth already in our Q1 report, on the back of very challenging comparisons and re-opening effects. However, as communicated in our trading statement on 8th of July, the sales performance in the last five weeks of the quarter was impacted by greater than normal seasonality as a result of the ease of Covid-19 restrictions.

The Q2 performance in general and the last five weeks of it, in particular, should be seen in light of Desenio Group's track record, where we have grown sales from SEK 28 million in 2015 to close to SEK 1.3 billion pro forma in 2020, corresponding to a sales CAGR of 115%. Also, organic sales between Q2 2019 and Q2 2021 were still up 70%.

As a result of the sudden decrease in customer demand in June, we reduced expectations for the current financial year to approximately 15-25% sales growth with an adjusted EBITA margin around 20%. Our mid- and long-term targets remain.¹

The integration of Poster Store, acquired in December 2020, is continuing well in line with our plan. We expect annual synergies to be approximately SEK 50 million, of which we expect to realize approximately SEK 25 million already in 2021.

It is still difficult to predict further developments of the easing of Covid-19 restrictions, and we communicated in our trading statement in July that our belief was that customer behaviour will return to more normal patterns during the second half of the third quarter. As expected, July sales were trending upwards, 17% higher compared to June, 6% growth compared to July last year and negative 22% organic growth (-45% in June), still clearly affected negatively by the easing of restrictions. From the second week of August, the positive sales trend is considerably stronger than in July.

Halfway into August we have positive organic growth and it currently looks like we will move towards a more normal consumer behaviour going into the second half of the quarter. After the market fluctuations caused by Covid-19 related lockdowns and lock-ups, we are convinced that the "new normal" post-Covid shopping behaviour will support Desenio Group's continuous growth.



The main reason is that people will spend more time at home than before the pandemic.

Looking ahead, I see a perfect match of a vast, fast-growing market and our outstanding business model that has proven its strength with more than five years of uninterrupted strong growth. The global market for affordable art and frames is estimated to be approximately 15 billion EUR, and online specialists such as Desenio take market share.²

Being a fast-growing company with operations currently in 36 markets, Desenio Group continues to improve logistics and customer service. A new logistics centre in Bor, Czech Republic, is under construction. Initially, starting in Q4 2021 or Q1 2022, the centre will handle deliveries to markets in Europe outside the Nordic region. Through this strategic initiative, we expect shorter lead times for delivery, less environmental impact, and reduced logistics costs.

I want to thank our customers for choosing Desenio Group and our employees for the passion and energy with which they serve our customers. I also want to thank our share- and debtholders, supporting us on our journey and continuing our tradition as a growth company.

Fredrik Palm, CEO Desenio Group

¹ Mid-term targets: Annual sales growth of around 30%, potentially supplemented by add-on acquisitions, and an adjusted EBITA margin of approximately 25%. Long-term targets: Sales growth in line or slightly above the online market, and the adjusted EBITA margin is expected to approach 30%.

² Source: McKinsey market study 2020 ordered by Desenio Group.

THE GROUP'S DEVELOPMENT DURING THE PERIOD

Net sales

Second quarter

Net sales in the second quarter increased 5.3 % to SEK 266.2 (252.7) million. Net sales were positively impacted by Poster Store that was acquired in Q4, 2020 and Poster Store contributed SEK 81.1 million net sales in the period. The second quarter was in line with forecast until the last five weeks of the quarter.

Year-to-date

Net sales for the half year increased 55.0% to SEK 668.3 (431.1) million. Net sales was positively impacted by Poster Store contributing 199.6 million in the period. During the last five weeks of the second quarter re-opening of societies after the Covid-19 pandemic across Europe, accelerated the normal negative seasonal effect in the quarter, to a level we did not expect.

Profit and margins

Second quarter

Gross margin in the second quarter decreased somewhat to 81.1% (84.6%). During the second quarter of 2020, the Group's net sales increased exponentially and was clearly positively impacted by the Covid-19-related measures undertaken by governments and societies. In addition, the Group did not run any discount campaigns during the majority of Q2 2020, contributing to considerably higher average order values and more cost effective fulfilment and customer acquisition. In terms of cost of goods sold, some of the cost increase in 2021 is explained by higher frame prices for Poster Store, compared to Desenio since the synergies of the Poster Store acquisition has not yet have full effect. There were also some additional costs for environmental certificates and somewhat higher freight costs in the period.

Adjusted EBITA in the second quarter decreased by SEK 53.8 million, to SEK 31.3 (85.1) million, and the adjusted EBITA margin decreased by 19.9 pp. to 11.7% (33.7%) compared to the prior year. The main reason for the EBITA decrease is the positive effect of the Covid-19 pandemic the previous year, which saw a strong increase on organic net sales but also on the average order value. Furthermore, the marketing spend in Q2 2020 was unusually low, while it has increased considerably due to higher campaign and influencer marketing activities in combination with lower demand in the second quarter, 2021. In relation to net sales it was 17.5% prior year and 27.7% in the current period. Administration and other costs have increased due to more employees, thus higher personnel costs compared to 2020. Items affecting comparability amounted to SEK 3.7 (8.7)

Year-to-date

The gross margin decreased by -1.8 pp to 81.8% from 83.6%. During the second quarter of 2020, the Group's net sales increased exponentially and was clearly positively impacted by the Covid-19-related measures undertaken by governments and societies. In addition the Group did not run any discount campaigns during the majority of Q2, 2020, contributing to considerably higher average order values and more cost effective fulfilment and customer acquisition. In terms of cost of goods sold, some of the cost increase in 2021 is explained by higher frame prices for Poster Store, compared to Desenio since the synergies of the Poster Store acquisition has not yet have full effect. There were also some additional costs for environmental certificates and somewhat higher freight costs in the period.

Adjusted EBITA YTD 2021 increased by SEK 8.2 million, to SEK 122.4 (114.2) million, and the adjusted EBITA margin decreased by -8.2 pp. to 18.3% (26.5%). The main reason for the EBITA decrease is the positive effect of the Covid-19 pandemic the previous year, which saw a strong increase on organic net sales but also on the average order value. Furthermore the market spend in Q2, 2020 was low, while it has increased 97.7% due to higher campaign and influencer marketing activities in the second quarter, 2021. In relation to net sales it was 18.9% the prior year and 24.1% in the current period.

Cash Flow and financial position

Second quarter

Cash flow from operating activities amounted to SEK -68.6 (75.5) million for the quarter. Profits and cash flows in 2020 were positively impacted by Covid-19 effects, which meant a strong cash flow in a normally weak quarter. In 2021 the effects were reverse which were reinforced by a strong fourth quarter in 2020. The main reasons were higher inventory levels and lower supplier financing combined with lower VAT and tax liabilities.

Year-to-date

Cash flow from operating activities amounted to SEK -38.0 (67.1) million year-to-date. Profits and cash flows in 2020 were positively impacted by Covid-19 effects, which meant a strong cash flow in a normally weak quarter. In 2021 the effects were reverse which were reinforced by a strong fourth quarter in 2020. The main reasons were higher inventory levels and lower supplier financing combined with lower VAT and tax liabilities.



Investments

The Group's investments in tangible assets during the quarter totalled SEK 0.1 million (0.4), which relates to IT hardware. Investments in intangible assets totalled SEK 0.6 (3.8) million which relates mainly to development of the websites.

Financial position and financing

As of 30 June 2021, equity amounted to SEK 246.0 million, compared to SEK 82.5 million as of 30 June 2020. The increase of SEK 163.5 million is explained by the increased profit and the changing of accounting principles to IFRS causing a positive effect on equity due to accounting of leasing and returns.

Furthermore, a new share issue of SEK 296.0 million in connection to the acquisition of Poster Store added to the increase of equity, while a dividend of -285.1 had a negative effect. Additionally, a warrant program was issued to employees that invested a total of SEK 6.4 million, which further contributed to the increase in equity as of June 30, 2021.

As of 30 June 2021, cash and cash equivalents at the end of the period amounted to SEK 112.6 (60.6) million and has been positively impacted by the positive contribution from operations.

The net debt at the end of the period was SEK 970.3 (-32.5) million.

Desenio Group AB (publ) issued a senior secured bond in December 2020 totaling SEK 1,100 million in connection with the acquisition of Poster Store Sverige AB. The bond bears a floating interest of STIBOR 3m +5,5% and matures in December 2024. The bond is listed on the Frankfurt Stock Exchange Open Market Quotation Board and is expected to be listed on Nasdaq Stockholm before the end of 2021.

OTHER SIGNIFICANT INFORMATION

Significant events during the period

Desenio Group established a new subsidiary in the Czech Republic, DGFC S.R.O for the handling of the new logistics centre, which will be operational in Q4

Desenio Group also recruited a new CFO, Kristian Lustin, from RNB Retail and Brands, where he held the position of CFO and CEO. Kristian will be joining the team in the fall.

At an extra general meeting on 24 June 2021, Cecilia Marlow and Sarah Kauss were elected as board members

Significant events since the end of the period

No significant events have taken place since the end of the period.

Financial targets

The board of directors has adopted the following financial targets, which were revised in the short term, as of July 8, 2021, while the mid- and long term targets remain unchanged.

Net sales

In the medium term, the Company's goal is to achieve an annual organic sales growth of around 30%, potentially further supplemented by add-on acquisitions. The goal is to grow net sales by approximately 15-25% during 2021. In the long term, Desenio's goal is to achieve sales growth in line or slightly above the online market.

Synergies

Desenio expects that the annual synergies from the acquisition of Poster Store in the medium term will exceed SEK 50 million. In 2021, about half of the medium-term synergies are expected to materialise.

Profitability

Desenio's goal is to maintain an adjusted EBITA margin of approximately 25% in the medium term.

Desenio expects to increase the adjusted EBITA margin over time in connection with the Company achieving economies of scale through continued net sales growth and the generation of synergies related to the integration of Poster Store. In the long term, the adjusted EBITA margin is expected to approach 30%, while the short term target for 2021 was adjusted to 20% given the sales decline in June 2021 and the outlook for July-September, 2021.

Dividend policy

Desenio intends to distribute excess liquidity to shareholders, subject to flexibility for strategic initiatives, such as expansion into new markets and / or acquisitions, as well as consideration of the capital structure.

Considering the above, Desenio intends to distribute 30-50% of net income for the year.

Significant risks and uncertainties in business activities

Through its operations, Desenio Group is exposed to various operational risks, market developments in general and to financial risks. The Group's overall risk management strategy strives to raise awareness of risks and manage them in a way that minimizes its negative impact on the Group's financial results and position. The key risks concerning operations and market development and financial risks are outlined below, while the others are detailed in the annual report and company description, that was published in connection to the listing.

Developments in the global economy and implications of COVID-19

The Group conducts business in more than 36 different countries. Developments in the economy, such as events concerning the general corporate climate, interest rate changes, currency changes, inflation and deflationary levels, taxes and similar costs, the availability of customer credits, developments on the stock exchange, the level of unemployment, other local and global economic factors and uncertainties concerning economic prospects, affect the buying behaviour of customers and the purchasing power on all markets of the Group. The risk level of the corporate climate varies by the Group's geographical markets. During the first quarter of 2020, the COVID-19 pandemic broke out globally. continuously monitors the pandemic's development and assesses to what extent it may affect the Group's business on both a long-term and short-term basis.

The Company has proactively taken a number of preventive measures to ensure that the business of the Group may continue, and to reduce the spread of the virus among employees. There is, however, no guarantee whether such preventive measures will be effective or sufficient or if the outcome may have a negative impact on the Group and future revenues.

While that the Company is focused on online retail and has digital processes in place to ensure that the Group more or less operates as usual, the Group's revenues are dependent on the disposable income of its customers. COVID-19 is anticipated to have a negative impact on the global economy. A negative development in the global economy, macroeconomic factors, consumer trends and the effects of the impact of such trends on customers' disposable income could reduce customers' ability and desire to spend more money on the Group's products and may, therefore, have a low negative impact on the Group's operations, earnings and financial position.

Seasonal sales and customer trends

The Group generates a large share of its revenues during the fourth quarter each year as a result of holidays such as Christmas occurring at that time but also larger sales events such as Black Friday. Potential problems that the Group's business faces and that are described in this section concerning risk may cause the Group to not perform optimally during such periods with large sales volumes. In the event that the Group would not perform optimally during such period, it could have a high negative impact on the Group's earnings and financial position.

The Group is dependent on customer trends and tastes. Therefore it is important to have enough dedicated resources to ensure that the Group's selection of products is in line with customers' expectations and aesthetic preferences. The Group's ability to sell a sufficient number of products at a satisfactory price level is dependent on the Group's ability to anticipate and respond on time to trends and changes in customers' preferences. The Group is active within the market for affordable wall art (where prices are less than SEK 1,000 per product), which is sensitive to changes in customers' preferences. Customers' preferences in design, quality and price tend to fluctuate, and it is difficult to anticipate future trends with high precision. The Group strives to identify and anticipate these trends accurately. The Group may, however, fail to anticipate and respond to trends on time. There is a risk that potential mismatches occur regarding customer preferences and taste, which may have a medium negative impact on the Group's business, earnings and financial standing.

Currency risk

As a consequence of its international reach, the Group is exposed to risks related to exchange rate (or forex) changes primarily in connection with sales of the Group's products in foreign currencies. The Group reports the income statement and balance sheet in SEK.

Approximately 90% of the Group's net sales are made in foreign currencies, notably in EUR, GBP and DKK and, increasingly, in USD. Therefore, the Group's consolidated sales are exposed to forex changes. The Group does not currently work with hedging of such forex exposure.

Financing / liquidity risk and commitments due to the Company's issued bond

As security for the terms of the bond issued by the company, the Group has provided collateral, including pledging of shares in the Group's subsidiary. The Group considers the probability that these obligations cannot be met, to be low.

Interest rate risk

In the longer term, changes in interest rates may have an impact on the Group's earnings and cash flow.

Ownership and outstanding shares

At the end of the second quarter 2021, Desenio Group had 2,098 shareholders. The company has only one class of shares and each share holds one vote. The largest shareholder is funds advised by Verdane with 25.6% of the shares, MBHB Holding AB 12.7% (Martin Blomqvist and Helena Blomqvist, founders. Martin Blomqvist is also a member of the Board), and Hars Holding AB 9.6% (Alexander Hars, Chairman of the Board).

Organization

In the second quarter, Desenio Group had 221 (100) employees. Most employees are based in Stockholm.

Sustainability

Sustainability is an important part of Desenio's strategic agenda, and the Company is continuously working to improve the production process and to reduce the environmental impact. Desenio only works with suppliers who share the Company's agenda for sustainable consumption. The Company has two (2) main processes for this: i) Forest Stewardship Council certification ("FSC") ensures that all stakeholders involved in production work in accordance with the FSC rules to sustainably use the resources from the world's forests; and ii) all suppliers sign and comply with Desenio's Code of Conduct. In 2017 the Company became a partner with the organisation Vi-Skogen, which has planted 134 million trees since 1983 and helped over 2.4 million people in the fight against poverty. Together with Vi-Skogen, Desenio plants two new trees for each tree used in the production of the posters sold. Over 15,000 trees have been planted since 2017.



FINANCIAL SUMMARY

DESENIO GROUP

Desenio Group AB (publ) / Q2 Report

Condensed consolidated statement of profit or loss and other comprehensive income

SEKm unless otherwise indicated	Apr 1 - Jun 30, 2021	Apr 1 - Jun 30, 2020	Jan 1 - Jun 30, 2021	Jan 1 - Jun 30, 2020	Full year, 2020
Net sales	266.2	252.7	668.3	431.1	978.5
Cost of goods sold	-50.3	-38.9	-121.5	-70.6	-169.8
Gross profit	215.9	213.8	546.8	360.5	808.7
OPERATING COSTS					
Fulfillment costs	-73.1	-66.7	-181.6	-122.2	-283.9
Marketing costs	-73.7	-44.3	-161.1	-81.5	-209.1
Admin & other costs	-47.8	-26.6	-114.1	-52.2	-74.2
Other operating income	0.7	2.4	2.2	6.8	19.3
Other operating costs	-2.8	-2.6	-5.5	-6.3	-14.3
Operating profit	19.3	76.0	86.7	105.1	246.6
FINANCIAL INCOME AND EXPENSES					
Financial income	0.0	0.4	0.0	2.6	0.0
Financial expenses	-15.7	-8.2	-33.2	-11.8	-19.1
Net financial items	-15.7	-7.8	-33.2	-9.2	-19.1
PROFIT/LOSS BEFORE TAX	3.5	68.2	53.5	95.9	227.5
Income tax	-0.7	-14.0	-11.0	-20.6	-48.5
PROFIT/LOSS FOR THE PERIOD*	2.8	54.2	42.5	75.3	179.0

* There are no items to report in other comprehensive income. The profit for the period corresponds to the total comprehensive income for the period.

EARNINGS PER SHARE

Basic (SEK)	0.02	0.39	0.30	0.54
Diluted (SEK)	0.02	0.37	0.28	0.51
Number of outstanding shares at the end of the reporting period				
– basic (SEK)	144,111,110	140,000,000	144,111,110	140,000,000
– diluted (SEK)	151,136,810	146,482,000	151,136,810	146,482,000
Average number of outstanding shares				
– basic (SEK)	144,111,110	140,000,000	141,135,666	140,000,000
– diluted (SEK)	150,799,453	146,482,000	150,732,354	146,482,000

Financial summary

SEKm unless otherwise indicated	Jun 30, 2021	Jun 30, 2020	Full year, 2020
Goodwill	834.3	18.9	834.3
Trademarks	429.0	169.0	429.0
Other intangible assets	90.3	7.0	106.4
Tangible assets	28.4	25.0	22.9
Financial assets	8.9	5.0	5.8
Inventories	67.3	28.9	53.7
Current receivables	30.4	22.2	51.3
Cash and cash equivalents	112.6	60.6	647.4
Total assets	1,601.2	336.6	2,150.9
Equity	246.0	82.5	186.2
Provisions	105.5	35.0	109.0
Non-current liabilities	1,082.9	28.1	1,077.0
Current liabilities	166.8	191.0	778.8
Total assets	1,601.2	336.6	2,150.9

Consolidated statement of cash flow

SEKm	Apr 1 - Jun 30, 2021	Apr 1 - Jun 30, 2020	Jan 1 - Jun 30, 2021	Jan 1 - Jun 30, 2020	Full year, 2020
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL					
Profit after financial items	3.5	68.2	53.5	95.9	167.1
Adjustments for non-cash items	17.3	5.8	17.6	3.4	82.9
Paid income tax	-14.5	-13.3	-14.5	-37.4	-43.8
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	6.3	60.7	56.6	61.9	206.2
CASH FLOW FROM CHANGES IN WORKING CAPITAL					
Changes in inventory	-12.0	11.4	-13.6	12.5	5.7
Changes in current assets	-1.9	15.1	20.9	-7.9	-20.1
Changes in current liabilities	-61.2	-11.7	-102.1	0.6	61.8
Cash flow from changes working capital	-75.1	14.8	-94.8	5.2	47.4
CASH FLOW FROM OPERATING ACTIVITIES	-68.8	75.5	-38.2	67.1	253.6
CASH FLOW FROM INVESTING ACTIVITIES					
Divestment fixed assets	0.0	2.2	0.0	2.2	0.0
Investments in fixed assets	-6.1	0.0	-6.4	0.0	-0.8
Investments in intangible assets	-0.6	-3.8	-0.7	-4.6	-6.5
Change in financial assets	-0.9	-1.0	-3.1	-1.0	-0.9
Acquisition of subsidiaries, net liquidity effect	0.0	0.0	-214.9	0.0	-579.4
CASH FLOW FROM INVESTING ACTIVITIES	-7.6	-2.6	-225.1	-3.4	-8.2
CASH FLOW FROM FINANCING ACTIVITIES					
New share issue	0.0	0.0	0.0	0.0	0.0
Warrants	6.3	0.0	6.3	0.0	-0.1
New loans	7.1	0.0	7.1	0.0	1,065.0
Repayments of loans	0.0	-17.0	0.0	-31.6	-101.7
Dividend paid to the parent company's shareholders	0.0	-100.0	-285.1	-100.0	-100.0
CASH FLOW FROM FINANCING ACTIVITIES	13.4	-117.0	-271.7	-131.6	1,064.9
Cash flow for the period	-63.0	-44.1	-535.0	-67.9	529.3
Currency exchange gains/losses in cash and cash equivalents	0.0	0.0	0.0	0.0	-10.5
Cash and cash equivalents beginning of period	175.4	104.7	647.4	128.5	128.5
CASH AND CASH EQUIVALENTS END OF PERIOD	112.4	60.6	112.4	60.6	647.4

Consolidated statement of changes in equity

SEKm unless otherwise indicated	Apr 1 - Jun 30, 2021	Apr 1 - Jun 30, 2020	Jan 1 - Jun 30, 2021	Jan 1 - Jun 30, 2020	Full year, 2020
Opening balance	236,8	129,0	186,2	107,2	107,2
Total comprehensive income for the period	2,8	54,2	42,5	75,3	179,0
New share issue, net	-	-	296,0	-	-
Warrants	6,4	-	6,4	-	-0,1
Dividend	-	-100,0	-285,1	-100,0	-100,0
Translation difference	-	-	-	-	-
Closing balance	246,0	83,2	246,0	82,5	186,2

Group – Key Performance Indicators (KPIs)

SEKm unless otherwise indicated	Apr 1 - Jun 30,	Apr 1 - Jun 30,	Change	Jan 1 - Jun 30,	Jan 1 - Jun 30,	Change
	2021	2020		2021	2020	
Net sales	266.2	252.7	5.3%	668.3	431.1	55.0%
Net sales growth, %	5.3	133.2	-127.8 pp	55.0	81.3	-26.2 pp
Organic sales growth, %	-28.3	133.2	-161.5 pp	8.2	81.3	-73.1 pp
Gross margin, %*	81.1	84.6	-3.5 pp	81.8	83.6	-1.8 pp
Fulfillment cost ratio, %*	27.5	26.4	1.1 pp	27.2	28.3	-1.1 pp
Marketing cost ratio, %*	27.7	17.5	10.1 pp	24.1	18.9	5.2 pp
Admin & other cost ratio, %*	17.9	10.5	7.4 pp	17.1	12.1	5.0 pp
EBIT	19.3	76.0	-74.7%	86.7	105.1	-17.5%
EBIT margin, %	7.2	30.1	-22.8 pp	13.0	24.4	-11.4 pp
Adjusted EBIT*	23.0	84.7	-72.9%	105.8	113.8	-7.0%
Adjusted EBIT margin, %*	8.6	33.5	-24.9 pp	15.8	26.4	-10.6 pp
EBITA*	27.6	76.4	-63.9%	103.3	105.5	-2.1%
EBITA margin, %*	10.3	30.2	-19.9 pp	15.5	24.5	-9.0 pp
Adjusted EBITA*	31.3	85.1	-63.3%	122.4	114.2	7.2%
Adjusted EBITA margin, %*	11.7	33.7	-21.9 pp	18.3	26.5	-8.2 pp
EBITDA*	27.9	76.7	-63.7%	104.6	106.1	-1.4%
EBITDA margin, %*	10.5	30.4	-19.9 pp	15.7	24.6	-9.0 pp
Adjusted EBITDA*	31.6	85.4	-63.1%	123.7	114.8	7.7%
Adjusted EBITDA margin, %*	11.9	33.8	-22.0 pp	18.5	26.6	-8.1 pp
Earnings per share	0.02	0.39	-95.0%	0.30	0.54	-44.0%
Cash flow from operating activities	-68.8	75.5	-191.1%	-38.2	67.1	-156.9%
Investments*	0.7	4.6	-85.6%	1.5	5.4	-72.8%
Net debt / net cash*	970.3	-32.5	3085.5%	970.3	-32.5	-3085.5%
Visits, '000	22,506	21,770	3.4%	57,916	39,311	47.3%
Orders, '000	526	465	13.0%	1,329	861	54.4%
Average Order Value, SEK	512	543	-5.6%	502	520	-3.5%
Active Customers, '000	3,541	1,977	79.1%	3,541	1,977	79.1%

*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, 2021	Apr 1 - Jun 30, 2020	Jan 1 - Jun 30, 2021	Jan 1 - Jun 30, 2020	Full year, 2020
Net sales	0.8	0.7	2.3	1.3	3.1
Cost of goods sold	0.0	0.0	0.0	0.0	3.8
Gross profit	0.8	0.7	2.3	1.3	6.9
OPERATING COSTS					
Fulfilment costs	0.0	0.0	0.0	0.0	0.0
Marketing costs	0.0	0.0	-0.1	0.0	-7.5
Admin & other costs	-6.1	-0.7	-25.5	-1.3	-2.7
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating costs	0.0	0.0	0.0	0.0	0.0
Operating profit	-5.3	0.0	-23.3	0.0	-3.2
FINANCIAL INCOME AND EXPENSES					
Financial income	0.0	0.0	0.0	0.0	190.0
Financial expenses	-15.3	-0.8	-32.6	-1.5	-8.1
Net financial items	-15.3	-0.8	-32.6	-1.5	181.9
Group contributions					42.0
PROFIT/LOSS BEFORE TAX	-20.6	-0.8	-55.9	-1.5	178.7
Income tax	-4.2	-0.2	-11.5	-0.3	-6.6
PROFIT/LOSS FOR THE PERIOD	-24.9	-0.9	-67.4	-1.8	172.1

* There are no items to report in other comprehensive income. The profit for the period corresponds to the total comprehensive income for the period.

Parent company income statement

SEKm unless otherwise indicated	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Financial assets	1,406.3	250.8	1,406.2
Current receivables	5.2	1.1	4.7
Cash and cash equivalents	2.9	0.6	501.5
Total assets	1,414.4	252.5	1,912.4
Equity	273.4	96.4	312.0
Non-current liabilities	1,069.8	14.2	1,065.5
Current liabilities	71.1	141.9	534.9
Total assets	1,414.4	252.5	1,912.4

Parent company statement of changes in equity

SEKm unless otherwise indicated	Apr 1 - Jun 30, 2021	Apr 1 - Jun 30, 2020	Jan 1 - Jun 30, 2021	Jan 1 - Jun 30, 2020	Full year, 2020
Opening balance	287.6	197.1	312.0	197.9	197.9
Total comprehensive income for the period	-20.6	-0.8	-55.9	-1.5	214.2
New share issue, net	0.0	0.0	296.0	0.0	-
Warrants	6.4	0.0	6.4	0.0	-0.1
Dividend	0.0	-100.0	-285.1	-100.0	-100.0
Translation difference	0.0	0.0	0.0	0.0	-
Closing balance	273.3	96.4	273.4	96.4	312.0

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. The Interim Financial Statements for the Parent Company have been prepared in accordance with Chapter 9 Interim report in the Annual Accounts Act. 2021 is Desenios 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 interim report regarding the first quarter.

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.

2. Operating segments and disaggregation of revenue

So far, the Group's operations have been reviewed by geography as a basis for division. The review has included revenue, fulfilment- and marketing costs. The operating segments consist of the Nordics, Core Europe (DE,FR,NL,UK), Rest of Europe and Rest of the world.

Income statement per segment Jan-Jun 2021

SEKm unless otherw ise indicated	Nordics	Core Europe	Rest of Europe	Rest of World	Reconciliation	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
FINANCIAL INCOME AND EXPENSES						
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	0.0	0.0	0.0	0.0	-33.2	-33.2
Financial income and expenses	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

* Reconciliations consists of depreciations and amortizations

Income statement per segment Jan-Jun 2021

SEKm unless otherwise indicated	Nordics	Core Europe	Rest of Europe	Rest of World	Reconciliation	Total
Net sales	101,8	242,5	73,1	11,9	1,8	431,0
Cost of goods sold	-16,7	-39,8	-12,0	-2,0	0,0	-70,5
Gross Profit	85,1	202,7	61,0	9,9	1,8	360,5
OPERATING COSTS						
Fulfilment costs	-27,7	-56,8	-32,5	-5,3	0,0	-122,2
Marketing costs	-19,3	-42,8	-14,3	-1,7	-3,4	-81,5
Admin & other costs	0,0	0,0	0,0	0,0	-52,2	-52,2
Other operating income	0,0	0,0	0,0	0,0	6,8	6,8
Other operating costs	0,0	0,0	0,0	0,0	-6,3	-6,3
Operating costs	-46,9	-99,6	-46,8	-7,0	-55,1	-255,4
Operating profit	38,1	103,1	14,2	2,9	-53,3	105,1
Net financial items	0,0	0,0	0,0	0,0	-9,2	-9,2
PROFIT/LOSS BEFORE TAX	38,1	103,1	14,2	2,9	-62,5	95,9

* Reconciliations consists of depreciations and amortizations

3. Equity

Dividends

During the first quarter 2021, dividends to shareholders of 285,1 MSEK was decided on the annual general meeting on 19 February. The dividend was paid during the first quarter of 2021. No further dividends in 2021.

Incentive program

At the Annual General Meeting on 19 February 2021, it was decided to issue 1,420,000 options with the warrant of purchasing shares between 4 June and 3 September 2025. The issue was directed at employees in the Group. In addition, it was decided to issue 80,000 warrants with the possibility of purchasing shares in the same period in 2025. That issue was directed towards the parent company's board members. In June, 2021 472 300 new warrants were issued and signed by employees that invested a total of SEK 6.4 million, which increased equity with the same amount.



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Financial calender

10 November, 2021

Interim Report January - September 2021, Q3 2021

16 February, 2022

Interim Report January - December 2021, Q4 2021

Financial reports

The interim reports are available on the website: www.deseniogroup.com

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OTHER INFORMATION

DESENIO GROUP

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Audit

This report has not been reviewed by auditors.

Signatures

17 Augusti 2021
Stockholm, Sweden

Alexander Hars
Chairman

Fredrik Palm
CEO

Jakob Tolleryd
Board member

Nathalie du Preez
Board member

Martin Blomqvist
Board member

Max Carlsén
Board member

Cecilia Marlow
Board member

Sarah Kauss
Board member

Definitions of key performance indicators

Key figures	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.

Definitions of key performance indicators

Key figures	Definition	Justification for usage
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.
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.	Average order value is measured as an indicator of revenue generation. This is a key figure for how attractive the Company's products and websites are to customers.
Capital expenditures	Investments in tangible and intangible fixed assets, excluding financial fixed assets.	This key figure gives the Company a picture of investments in day-to-day operations.
Adjusted EBIT	EBIT excluding items affecting comparability. Items affecting comparability include transaction-related costs and warehouse relocation 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 and warehouse relocation costs.	The measure is relevant to give an indication of the Company's underlying results generated by operating activities excluding items affecting comparability.

Definitions of key performance indicators

Key figures	Definition	Justification for usage
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 and warehouse relocation 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 write-downs and amortization.
Net sales growth, %	Annual growth in net sales, expressed as a percentage.	This key figure enables the Company to compare its growth rate between different periods and with the 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.



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