

A woman with long dark hair is sitting on a white chair. She is wearing a bright yellow, strapless, tiered dress and white sneakers. She has her hand resting on her chin and is looking directly at the camera. The background is a plain, light-colored wall.

Nelly Group AB INVESTOR PRESENTATION

Q2 2022
15 July 2022

NELLY

Nelly Group Q2 2022 Presentation



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CFO

AGENDA
This is Nelly
Quarterly update
Profitability in focus
Financial update
Nelly on sustainability
Q&A

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An integral part of the young woman's everyday life

Founded in 2004 in Borås

Pioneered online fashion for young women in the Nordics

Online only

A community of Nordic consumers

Making 1.1 million customers

look & feel fab



2.1M

MEMBERS ON
NELLY.COM



1.1M

ACTIVE
CUSTOMERS



1.3M

FOLLOWERS ON
SOCIAL MEDIA



~20%

OF TARGET
GROUP VISIT
US WEEKLY



Our core target group is represented by “Denise”

She shops 18 times a year for her appearance

Q2 2022 Summary

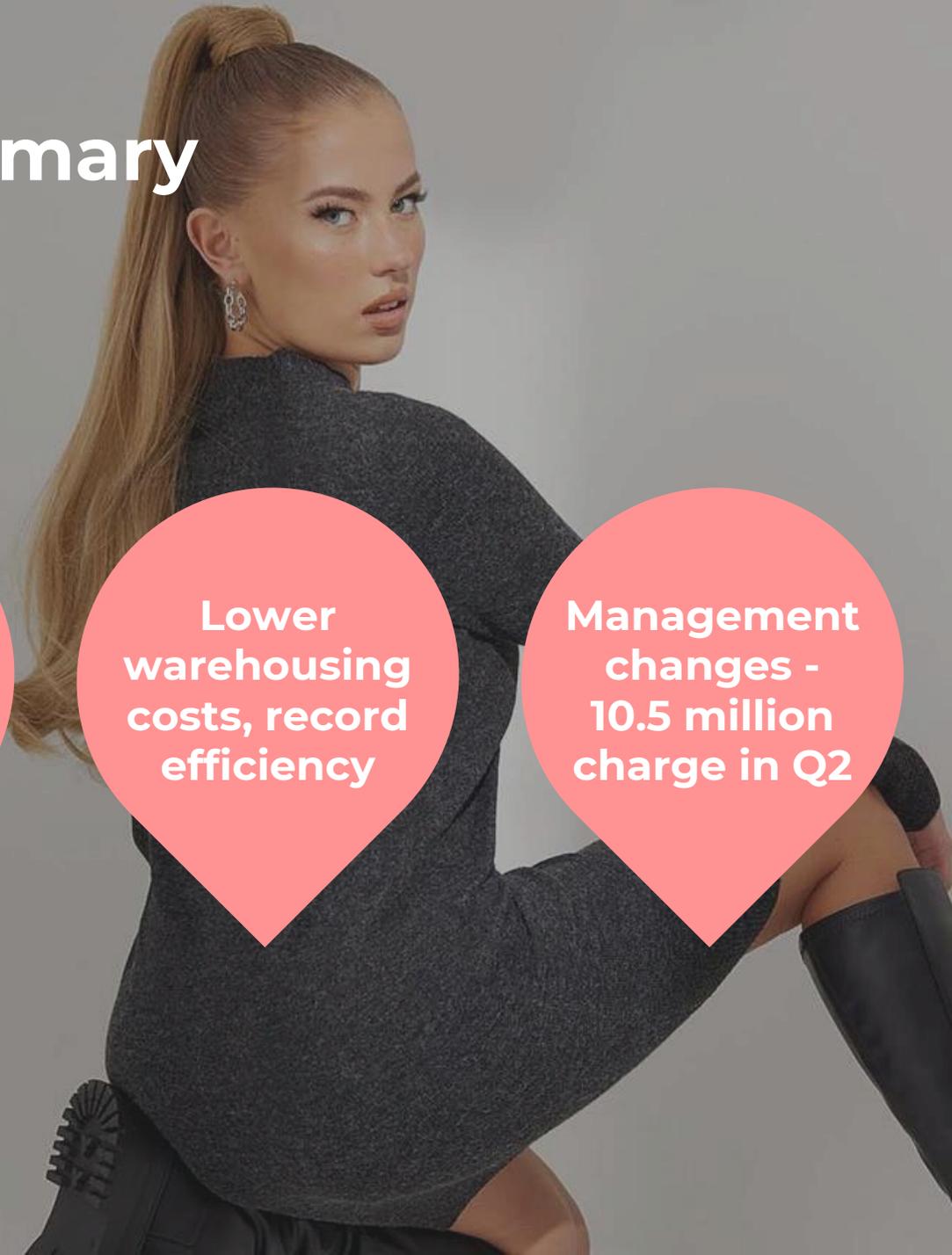
**14.5% Net
revenue
decline**

**Weak e-
commerce
market, but
maintained
relevance**

**Gross margin
increase**

**Lower
warehousing
costs, record
efficiency**

**Management
changes -
10.5 million
charge in Q2**



Profitability in focus

ASSORTMENT

- Increase own brand share to drive margin and build competitive advantage
- Selectively invest in external brands with demand and profitability
- Decrease assortment width to drive efficiency and profitability while simplifying customer journey

MARKETING EFFICIENCY

- Continued performance marketing optimisation
- Increased micro influencer focus, less on larger influencer collabs and events
- Increased focus on directly sales driving activities, less on brand marketing

WAREHOUSE & LOGISTICS EFFICIENCY

- Continue to realise targeted cost saving during 2023
- Focus on trimming fixed cost base
- Continued improvements in freight income and cost balance

EFFICIENCY & COST

- IT system overhaul to remove cost and drive efficiency
- New key business leaders appointed to drive transformation
- Focus to drive cost through simplification



Q2 2022 – Income statement

-14% revenue growth
Gross margin increases **1.6%**

SEK 14m lower fulfilment and distribution cost, new automated warehouse drives lower fulfilment costs

SEK 3m marketing spend increase, performance marketing down but investments in influencer marketing and social media drive increase

SEK 16m higher admin and other operating cost, mainly due to **SEK 11m** provision for organisational changes

(SEK million)	Q2 21	Q2 22		
Net revenue	397	339		
Gross profit	182	161	-21	
<i>Gross margin</i>	46.0%	47.6%		
Fulfilment and distribution cost	-68	-54	+14	
Marketing cost	-40	-43	-3	
Admin and other operating cost	-67	-83	-16	-11
Operating profit or loss	7	-19	-26	-11
<i>Operating margin</i>	-4.8%	-8.3%		

Δ = delta vs. 2021

OP = Organisational change provision



Q2 2022 – Operational & Financials

Fewer orders
AOV growth

- **613k** Orders, -14% YoY
- **SEK 831** Average Order Value, +9% YoY

Record low fulfilment cost

- Fulfilment & distribution cost as a share of net revenue at **15.9% (17.1%)**
- Record low fulfilment cost per item handled

Positive cash flow
No interest-bearing debt
Untapped credit lines

- **SEK 33m** net cash flow
- **SEK 83m** cash position
- No interest bearing debt & untapped credit lines

Shaping a sound and sustainable Nelly, with her

Empower femininity

Fortify self-esteem among young women

We want to create a community where the young woman feels respected, confident and celebrated!

Respect the planet

Go circular

We want to reduce our climate impact and manage our resources.

Fair & Equal

Be responsible

We want to create a safe and sound environment for all employees and partners.

Our overall sustainability goals

2022

Nelly's own brand products will only be made by **externally inspected factories**

2023

Nelly will achieve **net zero** in its own operations

2025

50% of textile products will be made of more sustainable materials

2030

Emissions of greenhouse gases in the value chain will have **decreased by 50%**



Thanks!