



Nelly Group AB
**INVESTOR
PRESENTATION**

Q3 2022

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[NELLY.COM](https://www.nelly.com)

Nelly Group Q3 2022 Presentation



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AGENDA

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

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



2.3M

MEMBERS ON
NELLY.COM



1.1M

ACTIVE
CUSTOMERS



1.3M

FOLLOWERS ON
SOCIAL MEDIA



2.4M

ORDERS PLACED
YEARLY

Profitability in focus

ASSORTMENT

- Sharper customer offer and improved customer journey through decreased assortment
- A Nelly Brand assortment with increased focus on volume and profit driving products with a complement of high fashion to drive Brand and Awareness
- Selectively invest in fashion brands with demand and profitability

MARKETING EFFICIENCY

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

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
- Smaller and more direct organization together with simpler assortment process drives internal efficiency





Q3 2022 Summary

**9% net
revenue
decline in a
weak market**

**Assortment
reduction to
drive
profitability**

**Lower
marketing &
warehousing
costs**

**Cost savings
program
progressing
well**

Q3 2022 – Income statement

-9% revenue decline in weak and competitive markets
Gross margin decreases **4.3%p** due to higher campaign activity

SEK 22m lower fulfilment and distribution cost, new automated warehouse drives lower fulfilment costs

SEK 13m marketing spend decrease as lower paid traffic has been generated, but also more efficient ways of working

SEK 6m lower admin and other operating cost, mainly due to lower salary costs

(SEK million)	Q3 21	Q3 22		
Net revenue	313	284		
Gross profit	143	118	-25	-4
<i>Gross margin</i>	45.9%	41.5%		
Fulfilment and distribution cost	-66	-44	+22	-12
Marketing cost	-41	-28	+13	
Admin and other operating cost	-64	-58	+6	-6
Operating profit or loss	-27	-12	15	-22
<i>Operating margin</i>	-8.7%	-4.2%		

Δ = delta vs. 2021

WP = Q3 2021 warehouse project impact

Q3 2022 – Operational & Financials

Fewer orders
AOV growth

- **474k** Orders, -16% YoY
- **SEK 826** Average Order Value, +8% YoY

Lower operating costs in Q3
SEK 40-50 million cost
reduction program launched

- Fulfilment & distribution cost as a share of net revenue at **15%** (21%)
- Marketing cost as a share of net revenue at **10%** (13%)
- Admin and other operating costs at **58m** (64m)

Working capital build-up
No long-term interest-
bearing debt

- **SEK -43m** (-45m) net cash flow
- **SEK 30m** of credit lines used
- **SEK 41m** cash position
- No interest bearing debt apart from tax credits

Shaping a sound and sustainable Nelly, with her

Empower femininity

- ✓ Increased use of UGC on site and in social to celebrate our customer and show our styles more diverse

Respect the planet

- ✓ Participating in a project to develop a tool supporting the gathering, analysis and insights of climate data

Fair & Equal

- ✓ Accelerated our work for a fairer industry and supply chain by joining the International Accord for Health and Safety in the Textile and Garment Industry

Q&A

THANKS!