

A woman with long dark hair is standing in a sunlit European street. She is wearing a white blazer with a black belt and a black skirt with ruffles. The background shows a stone building with a window and a sidewalk with black stanchions. The lighting is warm and golden, suggesting late afternoon or early morning.

Nelly Group AB
**INVESTOR
PRESENTATION**

Q1 2023

28 April 2023

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

Nelly Group Q1 2023 Presentation



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AGENDA

- This is Nelly
- Re-building for profitability
- Financial update
- 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



2.4M

MEMBERS ON
NELLY.COM¹



1.1M

ACTIVE
CUSTOMERS



1.3M

FOLLOWERS ON
SOCIAL MEDIA



2.2M

ORDERS PLACED
YEARLY

Re-building for profitability

RIGHTS ISSUE

- Rights issue now carried out
- Strengthens our liquidity with proceeds of approx. 53m SEK before issue costs
- Oversubscribed through both existing and new shareholders

ASSORTMENT STRENGTH

- Continue to rationalise assortment breadth and further increase depth for hero SKUs and “big bets”
- Continue to increase own brand share and strengthen position in more categories
- Continue to evolve our external brand portfolio to secure “it” brands that are profitable for us and important to our customer

MARKETING EFFICIENCY

- Continue to grow our organic channels
- Further optimise paid marketing and increase focus on social channels
- Refine activation activities to increase conversion while also strengthening the Nelly brand

WAREHOUSE & LOGISTICS EFFICIENCY

- Further improved warehouse and logistics costs in absolute terms
- Continued increase in freight income
- Continued focus on trimming and mitigating fixed costs

OTHER COSTS

- Strengthen core IT architecture to remove cost and drive efficiency
- Further rightsizing of our office-based team underway, enabling improved collaboration and ways of working
- Renewed focus on lowering our return rate



Q1 2023 – Income statement

-18.7% revenue decline in weak quarter and competitive markets
Gross margin decreases **3.4%p** due to higher campaign activity

SEK 6m lower fulfilment and distribution cost

SEK 12m marketing cost decrease as a result of more efficient marketing spend

SEK 3m lower admin and other operating cost, mainly due to healthier salary costs

(SEK million)	Q1 22	Q1 23	
Net revenue	288	234	
Gross profit	128	96	-32
<i>Gross margin</i>	44.3%	40.9%	
Fulfilment and distribution cost	-49	-43	+6
Marketing cost	-36	-24	+12
Admin and other operating cost	-66	-62	+3
Operating profit or loss	-24	-34	-10
<i>Operating margin</i>	-8.3%	-14.4%	

Δ = delta vs. 2022

Q1 2023 – Operational & Financials

Conversion decline during the most challenging quarter for the year

- **22m** sessions, -3.0% YoY
- **2.0%** conversion rate, -0.3%p YoY
- **435k** Orders, -16% YoY

Lower operating costs in Q1, however not sufficient to hedge gross profit reduction

- Fulfilment & distribution cost down **6m** YoY, as a share of net revenue at **18%** (17%)
- Marketing cost as a share of net revenue **10.3%** (12.6%)
- Admin and other operating costs at **62m** (66m)

Improved net cash flow
Reduced cash position

- **SEK -53.9m** (-136.8m) net cash flow
- **SEK 12m** of credit lines used
- **SEK 36m** cash position

A woman with long dark hair, wearing a white blazer and white trousers, stands on a balcony with a metal railing. She is leaning her right arm on the railing and looking off to the side. The background features a clear turquoise sea, rocky cliffs, and green foliage. The text "Q&A" is overlaid in the center of the image.

Q&A

A close-up photograph of two young women laughing joyfully. The woman on the left has long, dark, curly hair and is wearing a white top. The woman on the right has straight brown hair pulled back and is wearing a white tank top. They are both smiling broadly with their eyes closed. The word "THANKS!" is written in large, white, bold, sans-serif capital letters across the center of the image, partially overlapping both women's faces.

THANKS!