

Nelly Group Q1 2023 Presentation



Helena Karlinder-Östlundh Acting CEO



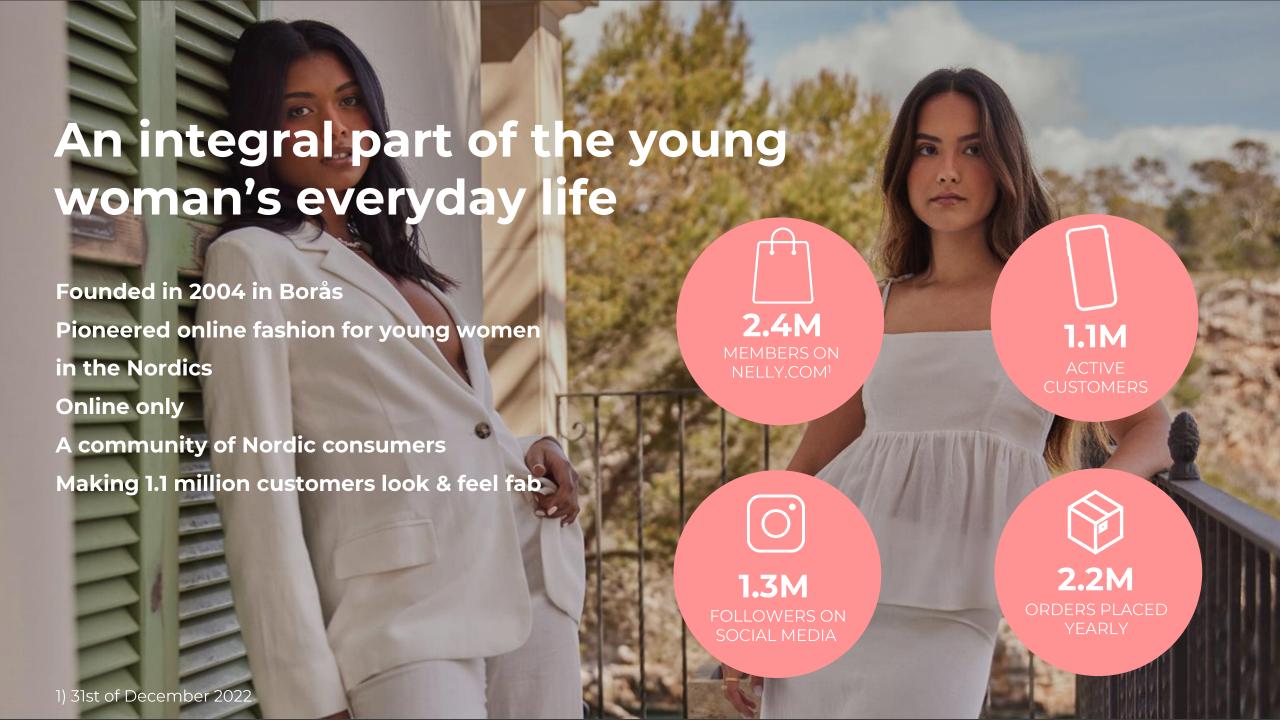
Ola Wahlström Interim CFO

<u>ir@nelly.com</u> www.nellygroup.com



AGENDA

- This is Nelly
- Re-building for profitability
- Financial update
- Q&A



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

			ı
(SEK million)	Q1 22	Q1 23	
Net revenue	288	234	
Gross profit	128	96	-32
Gross margin	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
Operating margin	-8.3%	-14.4%	

Δ = delta vs. 2022

Q1 2023 – Operational & Financials

Conversion decline during the most challenging quarter for the year

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

Improved net cash flow Reduced cash position

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

- 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)

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



