

Nelly Group AB
**INVESTOR
PRESENTATION**

Q2 2023

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



Nelly Group Q2 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

Pioneer in online fashion for young women in the Nordics

A community of Nordic consumers

Making 1.1 million customers look & feel fab



1.1M

ACTIVE CUSTOMERS



2.1M

ORDERS PLACED YEARLY



1.3M

FOLLOWERS ON SOCIAL MEDIA



2.3M

MEMBERS ON NELLY.COM

Re-building for profitability

ASSORTMENT STRENGTH

- Increased own brand share and strengthened our position in several “everyday” categories, e.g., pants
- Lower return rate, both overall and within most categories
- Continued to optimise assortment breadth and saw increased volumes on top sellers

MARKETING EFFICIENCY

- Continued focus on organic traffic, especially social channels
- Lower marketing costs primarily due to optimising spend on paid traffic
- Continue to prioritise activation activities that drive conversion while building the Nelly brand at the same time

WAREHOUSING & DISTRIBUTION EFFICIENCY

- Decrease in warehousing and distribution costs in absolute terms
- Continued improvement in freight income and costs
- Continued focus on trimming and mitigating fixed costs
- Optimised set-up that will scale well with increased volumes

OTHER COSTS

- Clear effect from rightsizing the organisation
- Further increased focus on strengthening our core IT architecture to remove cost and drive efficiency
- Improved ways of working that will continue to optimise cost base ongoing

FLAGSHIP STORE

- First flagship store, located in central Stockholm
- Will offer new ways to deepen relationships with existing customers
- Opportunity to win new customers not yet familiar with Nelly



Q2 2023 – Income statement

-15% revenue decline in competitive markets

Gross margin **+1.4%p** partly due to increased own brand share of sales

SEK 5m lower fulfilment and distribution cost, mainly due to lower volumes

SEK 14m marketing cost decrease as a result of more efficient marketing spend

SEK 28m lower admin and other operating cost, mainly due to lower salary costs

(SEK million)	Q2 22	Q2 23	
Net revenue	339	289	
Gross profit	161	141	-20
<i>Gross margin</i>	47.6%	49.0%	
Fulfilment and distribution cost	-54	-49	+5
Marketing cost	-43	-29	+14
Admin and other operating cost	-83	-55	+28
Operating profit or loss	-19	+8	+26
<i>Operating margin</i>	-5.5%	+2.7%	

Δ = delta vs. 2022

Q2 2023 – Operational & Financials

Reduction in orders
Higher own brand share
Lower returns

- **536k** Orders, -13% YoY
- **41.2%** Share of sales increase of +2.4%p. YoY
- **38%** Returns reduction of -2.6%p. YoY

Lower operating costs in Q2

- Fulfilment & distribution cost down **5m** YoY, as a share of net revenue at **17%** (16%)
- Marketing cost as a share of net revenue **10.2%** (12.6%)
- Admin and other operating costs at **65m** (83m)

Improved net cash flow
Improved cash position

- **SEK 77m** (43m) net cash flow
- **SEK 0 m** of credit lines used
- **SEK 150m** cash position

Q&A

THANKS!

