

Nelly Group  
**INVESTOR**  
**PRESENTATION**

Q3 2023

27 October 2023

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



# Nelly Group Q3 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 million customers look & feel fab



**1M**

ACTIVE CUSTOMERS



**2M**

ORDERS PLACED YEARLY



**2.4M**

MEMBERS ON NELLY.COM



**1.2M**

FOLLOWERS ON SOCIAL MEDIA

# Re-building for profitability

## ASSORTMENT STRENGTH

- Continued to optimise assortment breadth as well as depth
- Further strengthened our position in “everyday categories”
- Increased share of full-price sales, higher volumes on top sellers, and stronger own brand share
- Lower return rate overall and within several categories

## MARKETING EFFICIENCY

- Continued focus on increasing our organic share of total traffic
- Effective management of spend on paid traffic
- Successful product drops and capsule collection launches
- Focus on total traffic and conversion going forward

## TECHNOLOGY FOR THE FUTURE

- Work to strengthen core IT architecture accelerated
- Initial focus on eCommerce platform and system enablement for optimising returns

## COSTS CONTROL

- Determined to maintain disciplined cost control going forward
- Further optimisation of fulfilment and distribution costs
- Continued positive effects from rightsizing the organisation

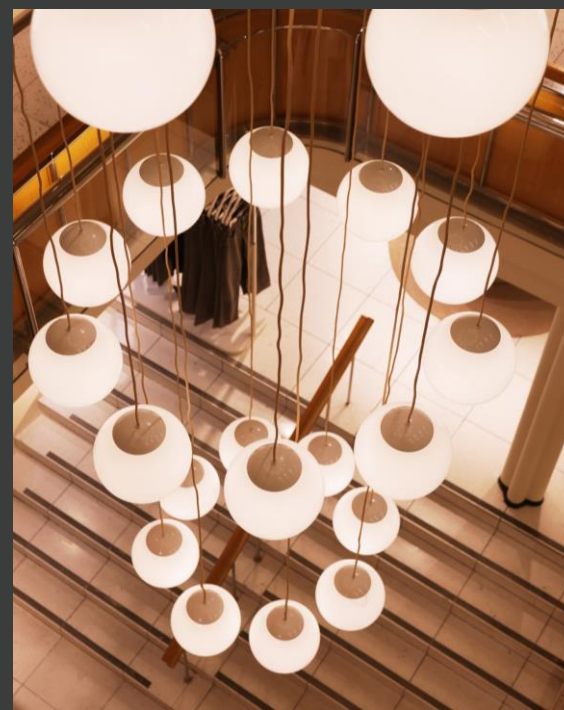
## MANAGEMENT TEAM

- New Chief Technology Officer started September
- New permanent Chief Finance Officer starting during Q1 of 2024
- Permanent Chief Executive Officer appointed



# Nelly Flagship Store

- Located in the heart of Stockholm and spread over more than 500 square meters
- Opened 30 September – a day of celebrating fashion together, starting with a breakfast event for our most loyal Nelly customers before the grand public opening
- Opportunity to deepen relationships with our existing customers and win new customers not yet familiar with Nelly



# Q3 2023 – Income statement

**-17%** revenue decline in competitive markets  
Gross margin **+9.2%p** partly due to reduced campaign activity & increased own brand share of sales

**SEK 10m** lower fulfilment and distribution cost, mainly due to lower volumes

**SEK 7m** marketing cost decrease as a result of more efficient marketing spend

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

(SEK million)	Q3 22	Q3 23	
<b>Net revenue</b>	<b>284</b>	<b>236</b>	
<b>Gross profit</b>	<b>118</b>	<b>120</b>	<b>+2</b>
<i>Gross margin</i>	41.5%	50.7%	
Fulfilment and distribution cost	-44	-34	+10
Marketing cost	-28	-21	+7
Admin and other operating cost	-58	-52	+6
<b>Operating profit or loss</b>	<b>-12</b>	<b>+13</b>	<b>+25</b>
<i>Operating margin</i>	-4.2%	+5.4%	

Δ = delta vs. 2022

# Q3 2023 – Operational & Financials

Reduction in orders  
Higher own brand share  
Lower returns

- **393k** Orders, -17% YoY
- **39.4%** Share of own sales increase of +5.2%p. YoY
- **34.3%** Returns reduction of -1.9%p. YoY


Lower operating costs in Q3

- Fulfilment & distribution cost down **10m** YoY, as a share of net revenue at **14.3%** (15.5%)
- Marketing cost as a share of net revenue **8.9%** (9.8%)
- Admin and other operating costs at **52m** (58m)

Improved net cash flow  
Improved cash position

- **SEK -14m** (-63m) net cash flow
- **SEK 0 m** of credit lines used
- **SEK 120m** (41m) cash position, excl. credit facility



A woman wearing a white hijab and a grey, belted, double-breasted coat stands leaning against the trunk of a large tree. She is wearing dark sunglasses and looking off to the side. The background features a vast green field under a cloudy sky, with a paved road visible on the right side. The text "Q&A" is overlaid in the center of the image.

Q&A

A person is shown from the back, wearing a black, short-sleeved, backless top and blue denim jeans. The person's back is exposed. The word "THANKS!" is written in large, white, bold, sans-serif capital letters across the lower back and waist area. The background is a solid, dark grey color.

**THANKS!**