Nelly Group INVESTOR PRESENTATION

Q4 2023 02 February 2024

NELLY.COM



Nelly Group Q4 2023 Presentation



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AGENDA

- This is NELLY
- Continuing the path towards long-term 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

Still primarily an eCommerce business, but now with one flagship store in Stockholm

Helping 1 million active customers look & feel their best









Continuing the path towards long-term profitability

A profitable quarter & a profitable year

- Third profitable quarter, with a clear gross margin improvement
- Profitable on a full-year basis despite a weak first quarter
- Further work remains to secure long-term profitability

Assortment strength

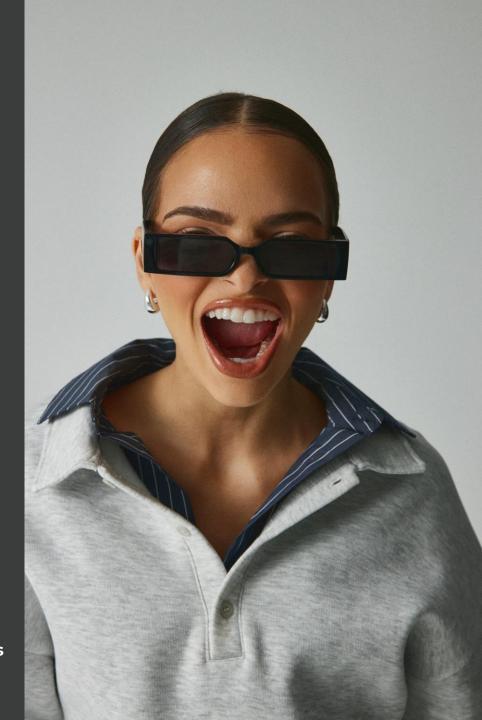
- Continued to optimise assortment breadth & sold significantly higher quantities of top sellers
- Further strengthened position in key "everyday categories"
- Increased own brand share, for the quarter & on a full-year basis
- Higher sell-through & full-price share on the A/W season
- Lower return rate on a full-year basis

Customer activation

- Closely managed spend on paid traffic & continued focus on organic traffic
- Successful product drops & capsule collection launches, with further potential to scale
- Positive customer response to our first Flagship Store

Next phase of transformation

- Continued disciplined cost control, which must be maintained
- Several key projects launched to strengthen core IT architecture
 - Intensified focus on turning around traffic and conversion rate as next milestone on the transformation journey



Q4 2023 – Income statement

-22% revenue decline in competitive markets
Gross margin +8.9%p partly due to reduced campaign activity & increased own brand share of sales

SEK 12m lower fulfilment and distribution cost, mainly due to lower volumes

SEK 15m marketing cost decrease as a result of more efficient marketing spend

SEK 7m lower admin and other operating cost, mainly due to lower salary costs

(SEK million)	Q4 23	Q4 22	
Net revenue	302	387	
Gross profit	151	159	-8
Gross margin	50.0%	41.1%	
Fulfilment and distribution cost	-46	-58	+12
Marketing cost	-26	-41	+15
Admin and other operating cost	-55	-62	+7
Operating profit or loss	24	-2	+26
Operating margin	8.0%	-0.5%	

Δ = delta vs. LY

Q4 2023 – Operational & Financials

Reduction in orders
Higher own brand share
Small increase in returns

- **512k** Orders, -22% YoY
- **36.3%** Share of own sales increase of +3.4%p. YoY
- 33.0% Returns increase of +1.0%p. YoY

Lower operating costs in Q4

- Fulfilment & distribution cost down 12m YoY, as a share of net revenue at 15.1% (15.0%)
- Marketing cost as a share of net revenue **8.6%** (10.5%)
- Admin and other operating costs at 55m (62m)

Improved cash position

- SEK 50m (62m) net cash flow from operations
- SEK 0 m of credit lines used
- SEK 151m (94m) cash position, excl. credit facility



