

A photograph of two women standing in a modern, dark hallway. The woman on the left is wearing a long, form-fitting, light-colored dress covered in small sequins. She has long brown hair and is smiling and looking towards the right. The woman on the right is wearing a black, form-fitting, strapless dress covered in sequins. She has dark hair and is also smiling, looking towards the right. The hallway has dark walls and a glass door or partition in the background.

Nelly Group AB
**INVESTOR
PRESENTATION**

Q4 2022

03 February 2023

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

Nelly Group Q4 2022 Presentation



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AGENDA

- This is Nelly
- Profitability in focus
- Quarterly update
- Financial update
- Nelly on sustainability
- 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.COM



1.1M

ACTIVE
CUSTOMERS



1.3M

FOLLOWERS ON
SOCIAL MEDIA



2.3M

ORDERS PLACED
YEARLY

Continued focus on profitability

RIGHTS ISSUE

- Fully guaranteed rights issue
- Secures our liquidity during the transformation journey we are on to become a profitable business
- Fully guaranteed through Nelly's three largest shareholders

ASSORTMENT QUALITY

- Create a highly curated assortment built around "big bets" to drive volume and profitability
- Strengthen everyday fashion offer to build purchase frequency
- Retain only the most attractive and profitable external brands to complement own brand range

MARKETING EFFICIENCY

- Focus on building organic channels and increase their share
- Deliver directly sales-driving activations that also build the Nelly brand
- Continue to optimise paid marketing spend

WAREHOUSE & LOGISTICS EFFICIENCY

- Further improvements in cost per item handled
- Continued increase in freight income
- Focus on trimming and mitigating fixed cost base

OTHER COSTS

- Improve IT architecture to remove cost and drive efficiency
- Reorganisation of office-based team to reduce cost and reshape processes and ways of working
- Drive simplification in all areas of the business





Q4 2022 Summary

**4,9% net
revenue
decline in a
competitive
market**

**Assortment
reduction to
drive
profitability**

**Lower
marketing &
warehousing
costs**

**Cost savings
program
progressing
well**

Q4 2022 – Income statement

-4,9% revenue decline in weak and competitive markets
Gross margin decreases **2.3%p** due to higher campaign activity

SEK 7m lower fulfilment and distribution cost, new automated warehouse drives lower fulfilment costs

SEK 4m marketing spend decrease as lower paid traffic has been generated, but also more efficient ways of working

SEK 8m lower admin and other operating cost, mainly due to lower salary costs

(SEK million)	Q4 21	Q4 22	
Net revenue	407	387	
Gross profit	177	159	-17
<i>Gross margin</i>	43.4%	41.1%	
Fulfilment and distribution cost	-65	-58	+7
Marketing cost	-44	-41	+4
Admin and other operating cost	-71	-62	+8
Operating profit or loss	-3	-2	+1
<i>Operating margin</i>	-0,8%	-0,5%	

Δ = delta vs. 2021

Q4 2022 – Operational & Financials

Fewer orders
AOV growth
Lower returns

- **660k** Orders, -12% YoY
- **SEK 762** Average Order Value, +1% YoY
- **32.0%** - Reduction of 3%p. YoY

Lower operating costs in Q4

- Fulfilment & distribution cost as a share of net revenue at **15%** (16%)
- Admin and other operating costs at **62m** (71m)

Reduced cash position
No long-term interest-bearing debt

- **SEK 62m** (70m) net cash flow
- **SEK 0m** of credit lines used
- **SEK 97m** cash position
- No interest bearing debt apart from tax credits



Shaping a sound and sustainable Nelly, with her Selection of sustainability highlights 2022

- ✓ We exceeded our goal for Better Cotton, with over 60% of the cotton purchased for our own production being more sustainable cotton from Better Cotton
- ✓ As a step to reduce CO² emissions, we replaced all the washing instructions, labels and hangtags on garments from our own production during 2022, to 100% recycled materials
- ✓ Close collaboration, control and follow up with suppliers resulted in no products being destructed during 2022
- ✓ Continued the close work with our Turkish suppliers to set goals to achieve progress on climate and energy issues. A majority of our Turkish suppliers are now working actively towards using renewable energy



Q&A

A woman with long, dark, wavy hair is sitting on a staircase. She is wearing a black off-the-shoulder top, a black leather jacket with a white fur lining, and shiny, metallic silver pants. She has a thoughtful or grateful expression, looking slightly downwards. The staircase has ornate white balustrades and a dark wooden handrail. The background consists of a grey, paneled wall with a door. The lighting is dramatic, highlighting her features and the textures of her clothing.

THANKS!