

NELLY.COM

**DOCUMENTATION TO THE ANNUAL GENERAL
MEETING ON WEDNESDAY 31 MAY 2023**

The Nomination Committee's motivated opinion regarding its proposal for election of the Board

The Nomination Committee of Nelly Group AB (publ)

In accordance with the instruction for the Nomination Committee adopted by the 2021 Annual General Meeting, a Nomination Committee has been convened comprising members appointed by Nelly's largest shareholders who have wished to appoint a member. The Nomination Committee comprises Jonathan Sundqvist, appointed by Rite Ventures, Stefan Palm, appointed by ettfemsju själ AB, and Alexander Antas, appointed by Mandatum Life Insurance Company.

The Nomination Committee's proposal for election of the Board

The Nomination Committee proposes:

- That the Board shall consist of six (6) members.
- Re-election of the Board members Daniel Hörnqvist, Stefan Palm and Josephine Salenstedt. Mathias Pedersen, Sandra Backlund and Maj-Louise Pizzelli have declined re-election.
- Election of Ebba Ljungerud, Axel Medefelt and Lennart Sparud as new Board members.
- Election of Ebba Ljungerud as new Chair of the Board.

The Nomination Committee's proposal is thus that the following persons are elected to the Board of Nelly for the period until the end of the next Annual General Meeting:

- Ebba Ljungerud, Chair of the Board
- Daniel Hörnqvist
- Axel Medefelt
- Stefan Palm
- Josephine Salenstedt
- Lennart Sparud

The Nomination Committee's work

The Nomination Committee has held a number of meetings, with additional contact between meetings. The Nomination Committee has also been provided with an external review of the Board and its individual members, presented to the Nomination Committee by the Chair of the Board, as well as conducted interviews with the members of the Board. In its assessment of the degree to which the proposed Board meets the requirements placed on it, the Nomination Committee has reviewed the current and proposed Board members' ability to dedicate the time and commitment required for the Board work, as well as the balance and diversity of Board members' experience from different areas relevant to Nelly's strategic direction.

The Nomination Committee's motivated opinion regarding its proposal for election of the Board

The Nomination Committee proposes the re-election of the Board members who have not declined re-election, and the new election of Ebba Ljungerud, Axel Medefelt and Lennart Sparud. The Nomination Committee is of the opinion that the additions of Ebba Ljungerud, Axel Medefelt and Lennart Sparud will strengthen the Board's collective experience and expertise in several areas, in particular within consumer-focused technology, digital platforms as well as financial reporting and experience from Board and executive work in listed companies.

Ebba Ljungerud is a Board member of Canucci AB, STAR STABLE ENTERTAINMENT AB and Nordisk Games. She has also been proposed as a new Board member of RugVista Group AB (publ). Previously, she was the CEO of Paradox Interactive AB (publ), a Swedish listed gaming company, and held several

leading roles at Kindred Group PLC and Betsson AB (publ). Additionally, she was a Board member of Paradox Interactive AB (publ) and Bingo.com Ltd. Ebba holds a degree in economics from Lund University.

Axel Medefelt is an Investment Manager at Nelly's largest shareholder Rite Ventures, Board member of SoftCo Invest AB and a Board Observer at the listed company Heeros Oyj. Prior to joining Rite Ventures, he served as an Associate Partner at McKinsey & Company in Stockholm and Genève. Axel holds a master's degree in International Business from Stockholm School of Economics and a master's degree in International Management from CEMS.

Lennart Sparud is the CFO at Thunderful Group AB (publ), a group listed at Nasdaq First North Growth Market that develops, publishes and invests in games, as well as a Board member of SETEK Group AB, Havsskatten AB, Spencer Invest AB and in companies within the Thunderful group. He has previously served as a Board member of Alelion Energy Systems AB (publ) and CFO for, among others, Hexatronic Group AB (publ), Salinity Group AB, Vagabond International Aktiebolag and Profura AB. Lennart holds a bachelor's degree in economics and law from Gothenburg University.

The Nomination Committee considers that the proposed Board is balanced and has the strategic, operational and financial expertise and perspective required to further develop Nelly's platforms as well as to benefit from changing consumer behaviours and growth opportunities in the fashion industry. The Board further has extensive experience in leading consumer-oriented companies and, through an improved customer experience, create conditions for increased profitability as well as implementing the result-focused and cost-efficient transformation processes required to support Nelly's management in creating value for the shareholders. The proposed Board composition will thus constitute an important support to Nelly's management in the implementation of the continued transformation towards profitability.

In its work, the Nomination Committee has applied rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Nomination Committee has in particular considered the importance of an increased diversity in the Board, including gender, age and nationality, as well as experiences, professional backgrounds and business disciplines. The Nomination Committee believes the composition of the proposed Board is fit-for-purpose in respect of the various dimensions of diversity and will continue to pursue a high degree of diversity and gender balance in its efforts to compose the most capable Board.

Statement on independence

The Nomination Committee has evaluated each Board member's independence and has found that the proposed Board is in compliance with the Swedish Corporate Governance Code's requirements on independence.

April 2023

THE NOMINATION COMMITTEE

Nelly Group AB (publ)

Information on the proposed members of the Board

Ebba Ljungerud

Proposed new Chair of the Board
Swedish citizen
Born 1972

Ebba Ljungerud is a Board member of Canucci AB, STAR STABLE ENTERTAINMENT AB and Nordisk Games. She has also been proposed as a new Board member of RugVista Group AB (publ). Previously, she was the CEO of Paradox Interactive AB (publ), a Swedish listed gaming company, and held several leading roles at Kindred Group PLC and Betsson AB (publ). Additionally, she was a Board member of Paradox Interactive AB (publ) and Bingo.com Ltd. Ebba holds a degree in economics from Lund University.

Independent of the company, the executive management and major shareholders.

Shareholding (including closely related persons): 1,843 ordinary shares.

Daniel Hörnqvist

Board member
Swedish citizen
Born 1985

Daniel Hörnqvist has been a Board member of Nelly since 2022. He is the CEO of Frank Dandy and Chair of the Board of Nordic Net Stores, which operates jakt.se, fiske.se and hund.se. He was previously the CEO of Addnature and Regional Manager Nordic at internetstores. Daniel has a degree in sports marketing and leadership from IHM.

Independent of the company and the executive management, not of major shareholders.

Shareholding (including closely related persons): -

Axel Medefelt

Proposed new Board member
Swedish citizen
Born 1991

Axel Medefelt is an Investment Manager at Nelly's largest shareholder Rite Ventures, Board member of SoftCo Invest AB and a Board Observer at the listed company Heeros Oyj. Prior to joining Rite Ventures, he served as an Associate Partner at McKinsey & Company in Stockholm and Genève. Axel holds a master's degree in International Business from Stockholm School of Economics and a master's degree in International Management from CEMS.

Independent of the company and the executive management, not of major shareholders.

Shareholding (including closely related persons): -

Stefan Palm

Board member
Swedish citizen
Born 1970

Stefan Palm has been a Board member of Nelly since 2022. He has over 30 years of experience in the fashion and textile industries and is founder, Board member and CEO of Lager 157.

Independent of the company and the executive management, not of major shareholders.

Shareholding (including closely related persons): 5,062,605 ordinary shares (via company).

Josephine Salenstedt

Board member
Swedish citizen
Born 1984

Josephine Salenstedt has been a Board member of Nelly since 2020. Josephine is a partner in Rite Ventures. She is Chair of the Board of CDON AB, Softco Invest AB and Söder Sportfiske AB. Her previous positions include Chair of the Board of Skincity and Board member of Doro AB and Paradox Interactive AB. Josephine is a graduate in business administration from the Stockholm School of Economics.

Independent of the company and the executive management, not of major shareholders.

Shareholding (including closely related persons): Rite Ventures holds 7,723,912 ordinary shares.

Lennart Sparud

Proposed new Board member
Swedish citizen
Born 1969

Lennart Sparud is the CFO at Thunderful Group AB (publ), a group listed at Nasdaq First North Growth Market that develops, publishes and invests in games, as well as a Board member of SETEK Group AB, Havsskatten AB, Spencer Invest AB and in companies within the Thunderful group. He has previously served as a Board member of Alelion Energy Systems AB (publ) and CFO for, among others, Hexatronic Group AB (publ), Salinity Group AB, Vagabond International Aktiebolag and Profura AB. Lennart holds a bachelor's degree in economics and law from Gothenburg University.

Independent of the company, the executive management and major shareholders.

Shareholding (including closely related persons): -

The Board's Remuneration Report for 2022

Introduktion

This remuneration report describes how the guidelines for remuneration to senior executives of Nelly Group AB (publ) ("Nelly" or the "company"), adopted by the Extraordinary General Meeting in December 2020, were applied in 2022. The report also provides information on remuneration to the CEO and Board members (in addition to ordinary board remuneration) and a general description of outstanding and during the year ended share-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Stock Market Self-Regulation Committee's rules on remuneration of executive management and on incentive programmes.

The information required by Chapter 5, Section 40-44 of the Swedish Annual Accounts Act is provided in note 21 on the pages 100-109 in the 2022 Annual Report. Information regarding the work of the Remuneration Committee during 2022 is set out in the Corporate Governance Report on page 56 in the 2022 Annual Report.

Ordinary remuneration to the Board is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 21 on pages 100-109 in the 2022 Annual Report.

Key developments 2022

The CEO summarizes the company's overall performance in her statement on pages 3-4 in the 2022 Annual Report.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of Nelly's business strategy and safeguarding of its long-term interests, including its sustainability, is that Nelly is able to attract, motivate and retain senior executives. To this end, it is necessary that the company could offer competitive remuneration. The remuneration guidelines enable the company to offer a competitive total remuneration to senior executives. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, the possibility of participating in long-term share and share price related incentive plans resolved by the General Meeting and cash-based incentive plans, pension benefits and other customary benefits. The variable cash remuneration shall be linked to financial or non-financial criteria, which may be quantitative, qualitative, general and individualized objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability.

The applicable remuneration guidelines adopted at the Extraordinary General Meeting in December 2020 can be found on pages 100-101 in the 2022 Annual Report and on the company's website www.nellygroup.com.

During 2022, the company has complied with the applicable remuneration guidelines adopted by the General Meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed. The Auditor's report regarding the company's compliance with the guidelines is available on the company's website www.nellygroup.com.

In addition to remuneration covered by the remuneration guidelines, Nelly's General Meetings has resolved to implement long-term share-related incentive plans.

Remuneration to a Board member outside of his board assignment

Daniel Hörnqvist was elected Board member of Nelly at the Annual General Meeting on 12 May 2022. During 2022, Nelly has paid TSEK 300 in consultancy fees to Daniel Hörnqvist related to the period 1 January – 11 May 2022.

Total remuneration to the CEO in 2022 (TSEK)

	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary	Other benefits	One-year	Multi-year	Extraordinary items	Pension expenses	Total remuneration	Portion of fixed and variable remuneration *
Kristina Lukes ¹⁾	2,928	64	-	-	-	925	3,917	100% / 0%
Helena Karlinder-Östlundh ²⁾	455	0	-	-	-	132	587	100% / 0%
Ludvig Anderberg ³⁾	780	4	-	-	-	170	954	100% / 0%

1) CEO up until 13 June 2022.

2) Acting CEO during the period from 13 June 2022 up to and including 21 August 2022. The remuneration above only includes remuneration received by Helena Karlinder-Östlundh in her role as acting CEO.

3) CEO as from 22 August 2022.

* Pension expenses (column 4), which relates to base salary and is premium defined, has been counted entirely as fixed remuneration.

Outstanding and during the year ended share-related incentive plans

PSP 2022

Nelly's long-term four-year performance share plan ("PSP 2022") was adopted by the 2022 Annual General Meeting. At the end of 2022, there was two remaining participants in PSP 2022. Under PSP 2022, the participants have through a personal investment acquired ordinary shares in Nelly ("Savings Shares"). For each Savings Share, Nelly has, free of charge, allotted share rights entitling the participant to receive ordinary shares in Nelly free of charge ("Performance Shares") provided that, and to the extent, the performance-based condition for the period 1 April 2022 – 31 March 2026 (the "Measurement Period") is being fulfilled. The right to finally receive Performance Shares is also conditional upon the participant having retained the Saving Shares and, subject to certain exemptions, continued his or her employment with Nelly throughout the vesting period ending after the disclosure of Nelly's interim report for the period January-March 2026. If the participant's employment is terminated during the period 1 April 2025 – 31 March 2026, the participant shall however be entitled to one quarter of the Performance Shares provided that, and to the extent, the performance-based condition is fulfilled at the time of termination of employment. The performance-based condition is based on the total shareholder return on the ordinary share (including any dividends reinvested) during March 2022 to be compared to March 2026.

Nelly's current acting CEO Helena Karlinder-Östlundh does not participate in PSP 2022, the former CEO Kristina Lukes did not participate in PSP 2022 and the former CEO Ludvig Anderberg's participation in PSP 2022 has been terminated during 2023.

Ownership Plan 2020 (ended during 2022)

The Extraordinary General Meeting in December 2020 resolved to adopt a long-term incentive plan ("Ownership Plan 2020") for Nelly's former CEO Kristina Lukes and two other senior executives in the company. As none of the participants in the plan still were employed by Nelly, the Ownership Plan 2020 was terminated during 2022. Under Ownership Plan 2020, the participants acquired ordinary shares through a personal investment ("Investment Shares"). Based on the number of allocated Investment Shares the participants were entitled to be allotted shares in the company ("Ownership Shares") subject to the fulfilment of certain conditions. The vesting period for the Ownership Shares was from and including 1 January 2021 up to and including 31 December 2027 (the "Vesting Period"). After the Vesting Period had expired, allotted Ownership Shares and any related dividend or similar would be retained and freely disposed by the participants provided that the participant had acquired

and, during the Vesting Period, retained the number of Investment Shares corresponding to the number of Ownership Shares that had been allotted to the participant. If the participant had acquired a lower number of Investment Shares than the number of Ownership Shares allotted to the participant, the number of Ownership Shares would be reduced accordingly. The general rule was that the Ownership Shares vested linearly during the Vesting Period, meaning that at the end of each year under Ownership Plan 2020, one seventh of the total number of Ownership Shares that the participant was entitled to under the Ownership Plan 2020 would be vested. The total number of Ownership Shares that were allotted to the participants at the start of the plan amounted to 53,983, of which a total of 42,747 have been transferred back to Nelly free of charge and 11,236 have been vested and kept by the participants, of which 9,807 by the former CEO Kristina Lukes.

Nelly's current acting CEO Helena Karlinder-Östlundh and the former CEO Ludvig Anderberg did not participate in the Ownership Plan 2020.

PSP 2019 (ended during 2022)

Nelly's long-term three-year performance share plan ("PSP 2019") was adopted by the 2019 Annual General Meeting. Under PSP 2019, the participants acquired ordinary shares in Nelly through a personal investment ("Savings Shares"). For each Savings Share, Nelly allotted retention- and performance-based share rights to the participants free of charge. The share rights were divided into Class A (retention rights) and Class B (performance rights). Subject to fulfilment of certain retention- and performance-based conditions during the period 1 April 2019 – 31 March 2022 (the "Measurement Period"), each share right entitled the participant to receive one (1) ordinary share free of charge. The right to finally be awarded shares was also dependent on that the participant had retained the Savings Shares, and, with certain exceptions, still was employed by Nelly at the time of the publication of Nelly's interim report for the period January-March 2022. The retention- and performance-based conditions for PSP 2019 were (a) Class A: that the total shareholder return on the ordinary share during the Measurement Period would exceed 0 percent, and (b) Class B: that the average annual total shareholder return on the ordinary share during the Measurement Period would be 10 percent to reach the entry target and 20 percent or more to reach the stretch target. The retention and performance-based share rights could be exercised after publication of the interim report for the period January-March 2022. None of the retention and performance-based conditions under PSP 2019 were fulfilled during the Measurement Period, and therefore all share rights that the company had allotted to the participants of PSP 2019 lapsed and the plan was ended during April 2022.

Nelly's current acting CEO Helena Karlinder-Östlundh and the two former CEOs Ludvig Anderberg and Kristina Lukes did not participate in PSP 2019.

Additional information

Additional information on outstanding and during the year ended share-related incentive plans may be found on the pages 101-104 in the 2022 Annual Report.

Application of performance criteria for variable remuneration

The performance criteria for the CEO's variable cash remuneration for 2022 were set during the first quarter of 2022. In the selection of performance criteria, Nelly's strategic objectives and short-term and long-term business priorities for 2022 have been taken into account.

Performance of the CEO during 2022: variable cash remuneration

	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) has the target been reached? b) actual remuneration outcome
Kristina Lukes	Net sales growth after returns (B2C)	25%	a) no b) TSEK 0
	EBIT	25%	a) no b) TSEK 0
	Discretionary evaluation	50%	a) no b) TSEK 0
Helena Karlinder-Östlundh ¹⁾	Net sales growth after returns (B2C)	25%	a) no b) TSEK 0
	EBIT	25%	a) no b) TSEK 0
	Discretionary evaluation	50%	a) no b) TSEK 0
Ludvig Anderberg	Net sales growth after returns (B2C)	25%	a) no b) TSEK 0
	EBIT	25%	a) no b) TSEK 0
	Discretionary evaluation	50%	a) no b) TSEK 0

1) The remuneration above only includes remuneration received by Helena Karlinder-Östlundh related to her role as acting CEO.

Comparative information on the changes of remuneration and the company's performance

	Financial year				
	2020	2020 vs. 2021	2021	2021 vs. 2022	2022
Total remuneration to the CEO (MSEK)*	10.5	-7.0	3.5	2.0	5.5
The Group's operating profits (MSEK)	-45.9	7.3	-38.6	-17.5	-56.1
The Group's profit after tax for continuing and discontinued operations (MSEK)**	512.1	-559.9	-47.8	-23.9	-71.7
Average remuneration on a full-time equivalent basis of employees of the Group*** (TSEK)	424	77	501	-18	483

*During 2020 Nelly (previously Qliro Group AB (publ)) had three CEOs: Marcus Lindqvist (1 January – 31 May 2020), Mathias Pedersen (1 June – 5 November 2020) and Kristina Lukes (from 6 November 2020). The total remuneration for 2020 refers to the total remuneration to the three CEOs. Further, Nelly had three CEOs during 2022: Kristina Lukes (1 January – 13 June 2022), Helena Karlinder-Östlundh (13 June – 21 August 2022) and Ludvig Anderberg (from 22 August 2022). The total remuneration for 2022 refers to the total remuneration to the three CEOs.

** The consolidated income statement may be found on page 63 in the 2022 Annual Report.

*** The average remuneration has been calculated by dividing the remuneration for all employees in the Group (excluding the CEO and other senior executives) with the average number of employees during 2022.

Auditor's statement according to Chapter 8, Section 54 of the Swedish Companies Act



Translation from the Swedish original

Auditor's opinion under Chapter 8 Section 54 of the Swedish Companies Act (2005:551) as to whether the guidelines of the annual general meeting on the remuneration of senior executives have been followed

To the annual general meeting of Nelly Group AB (publ.), Corporate identity No 556035-6940

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Nelly Group AB (publ.) during the year 2022 have followed the guidelines on remuneration of senior executives adopted at the extra general meeting on 16 December 2020.

Responsibility of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the guidelines being followed and for the internal control that the Board of Directors and the Chief Executive Officer deem necessary to ensure that the guidelines are followed.

Responsibility of the auditor

Our responsibility is to issue an opinion, based on our audit, to the annual general meeting as to whether the guidelines have been followed. We have conducted the audit in accordance with FAR recommendation RevR 8 *Audit of remuneration of senior executives in some public limited companies*. This recommendation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the guidelines adopted by the annual general meeting are followed in all material aspects. The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of Nelly Group AB accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit has covered the company's organization for and documentation of remuneration issues for senior executives, the new decisions on remuneration that have been taken and a selection of the payments made during the financial year to the senior executives. The auditor chooses what procedures are to be performed, in part by assessing the risk of the guidelines not being followed in all material aspects. In making those risk assessments, the auditor considers internal control relevant to compliance with the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

We consider that the Board of Directors and Chief Executive Officer of Nelly Group AB (publ.) during 2022 have followed the guidelines on remuneration of senior executives adopted at the extra general meeting on 16 December 2020.

Göteborg 2023-04-28

KPMG AB