ANNUAL REPORT 2024

NELLY

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Nelly

Nelly is one of the best-loved fashion destinations for young women in the Nordic region. We offer a vibrant world of fashion and every day we inspire our target group with trends and head-to-toe looks from our own brand Nelly and carefully selected brands from an international portfolio.

ANNUAL REPORT 2024

The Nelly brand

Nelly is one of the best-loved fashion destinations for young women in the Nordic region. Nelly was founded in 2004 in Borås, the heartland of the Swedish textile and e-commerce industries, as a pioneer in influencer marketing and direct digital sales to customers. We now have a committed customer base consisting mainly of young women in the Nordic region. We have 1.3 million followers of our social media profiles.
We offer our community daily inspiration in terms of trends and looks from our own brands and carefully selected supplementary brands from an international portfolio.

Men's clothes have been part of our offer since 2008. The men's department was separated out in 2014, and the NLY Man site was launched, a fashion destination for young men offering clothes, shoes and accessories from the most popular brands for all occasions.

Efficient operations enable the customer experience

Our target audience has grown up with digital media, and e-commerce is second nature. We have 0.9 million active customers in the Nordic region who place 1.8 million orders a year via our website or our app. They choose Nelly because of our trend-conscious and attractive range at good prices. Our fashion and customer-focused organisation analyses and engages with our target audiences daily from our hub in Borås. Here, we have invested in a high-capacity automated warehouse, which has reduced delivery and distribution costs, improved the delivery experience and reduced our environmental footprint.

Celebrating the Nelly generation of young women

Nelly is not only a fashion brand. Nelly.com is not only a fashion destination. We are an integral part of young women's everyday life, giving them inspiration to find their entire look both for everyday wear and special occasions.
Our success is based on a keen nose for trends and a high level of engagement among the target group. We are the fashion destination for a million customers in the Nordic region. We are always looking for new ways to inspire our target group and boost our attractiveness to them.

Business model

The core of Nelly's business is the collections of our own designs, supplemented with selected products from external brands from an international portfolio. Clothing and accessories are purchased from manufacturers both globally and in local markets. Relationships with manufacturers are governed in part by the code of conduct for business partners.

The products are transported to Nelly's logistics centre in Borås, marketed primarily digitally and mostly sold via our own stores at Nelly.com and NLYMan.com. Our investments in our brand, assortment and logistics have allowed us to make things easy for our customers.

Strategy & offer

Nelly offers fashion and beauty products to young women via Nelly.com and our Flagship Store, and fashion to young men via NLYMan.com. We have a direct-to-consumer strategy with a strong own brand combined primarily with digital sales directly to our target group. Our aim is to offer high-quality products that fit well at competitive prices. The assortment comprises Nelly's own trend-aware brands, supplemented by a carefully selected range from brands that our customers find attractive.

Market

We sell directly to our target group so we can control the entire customer experience and focus on the Nordics.

"For the first time since we began our sweeping transformation of the company in the autumn of 2022, we have delivered both profitability and net revenue growth for a full year"

Helena Karlinder-Östlundh, CEO of Nelly Group

1.1
billion in net revenue in the Nordic region

88
million visits in the Nordics

1.8
million purchases in the Nordics

0.9
million customers in the Nordics

Comments by the CEO

2024 CAN BE SUMMARISED AS AN IMPORTANT TURNING POINT for Nelly. For the first time since we began our comprehensive transformation of the company in the autumn of 2022, we have delivered both profitability and net revenue growth for the full year. 2024 was also the year in which the transformation of the company made it possible for a dividend to be paid to shareholders for the first time on account of the company's strong financial position. Both these milestones confirm that we have built a more stable, healthy business and that we can now focus on growing profitably going forward.

During the year, we continued to strengthen and develop our assortment via both Nelly's own brands, the share of which grew to 44.2% (38.2%), and the portfolio of carefully selected external brands that are most sought-after in our target group. The number of variants fell further and several partnerships were ended to allow us to focus on creating an extremely attractive, curated customer offer. We also launched new partnerships in 2024 and created joint products and small collections with brands including True Religion and Neo Noir. Nelly's own collections and these initiatives were well received by customers, and the assortment performed well during the year. We achieved higher sell-through rates, a higher proportion of full-price sales and a much lower return rate than in the previous year. We strengthened and further consolidated our position in several key categories, with our own products gaining market share. This gives us confidence for the coming seasons, and we have continued to refine our purchasing processes to ensure adequate depth of inventory for campaign products.

In 2024, the effectiveness of our marketing improved, which, combined with the stronger assortment, helped grow the customer base. More new customers were acquired and the negative trend in the number of active customers we had previously seen was reversed towards the end of the year. In addition to this positive development, profitability per order in paid advertising improved, creating excellent conditions to drive traffic growth going forward. In 2025, the focus will be on boosting conversion, raising the average order value and driving more brand-building marketing activities.

Our Flagship Store on Drottninggatan in Stockholm has now been open for 18 months, and the store performed better than expected in 2024. It has established itself as a natural destination for our target group and has become an important part of our business, both for continuously displaying the best of our assortment and for creating unique experiences that inspire and engage customers. In the previous year, for example, we held several well-attended events with external brands such as adidas, Hunter and True Religion, and there is also great interest from other partners to use the store in partnership with us. We continue to see great potential in supplementing our e-commerce business with physical meeting places in both Sweden and our other core Nordic markets.

Major progress was made in upgrading our system landscape in 2024. Several new business-critical systems were implemented at the end of Q2, giving us far greater flexibility in how we optimise the entire customer experience and streamline internal processes. This was an important step in the long-term plan adopted at the end of 2023 to make a gradual transition from Nelly's proprietary solutions to more modern, stable third-party systems. As previously communicated, this work will continue unabated for much of 2025.

Sustainability is an integral part of our business

Sustainability remains an important area for us and an integral part of how we want to do business. In 2024, work began to update Nelly's materiality assessment in accordance with the upcoming EU requirements and prepare ourselves for the new reporting formats that will form a common framework for greater transparency and traceability in the future. There is still much uncertainty about the details of how the new EU rules will be applied, but we view the setting of clearer standards that apply to everyone who operates in Europe positively.

Given that Nelly's highest climate impact is in product manufacturing, the development of our assortment continues to be central to our sustainability work as well. Having a curated, more targeted assortment allows us to maintain high sell-through rates and a lower return rate. If our customers are satisfied with their clothes and want to wear them repeatedly over an extended period of time, this is positive for both the climate and our business. The reduction in variants implemented in the past two years means that every decision we make regarding choices of materials for a specific product has a major effect on our overall sustainability targets. In this context, it is pleasing news that the proportion of more sustainable materials increased in 2024.

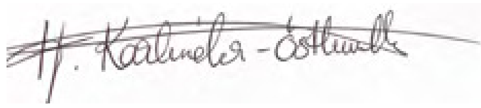
Having fewer variants in Nelly's own production has also made it possible to work even more closely with a smaller number of suppliers, giving us more opportunities both to influence the transition to renewable energy and ensure compliance with regulations, such as working conditions.

A new phase of Nelly's development

We delivered significantly improved earnings in 2024 and have now created a more stable core business in which many crucial cornerstones are in place. This means the start of a new phase for Nelly's development, with an even clearer focus on growth, still with the fundamental requirement for profitability, of course. The groundwork has been well laid to continue to expand the customer base in 2025 and drive more traffic both online and to our physical store. It is now up to us to make the most of each of these customer visits by boosting conversion and increasing average order value. We will be able to offer our customers several exciting new products both in our own assortment and from our external brands during the year. We will also continue to work to make the purchasing experience at Nelly even more inspiring and easy.

We have fantastic customers and brilliant employees, and I would like to thank you all from the bottom of my heart for such a strong 2024. We now look forward to continuing to build Nelly into an even stronger company in 2025.

SEK million	2024	2023
Net revenue	1,094.3	1,060.8
Gross profit	581.4	507.9
Gross margin (%)	53.1%	47.9%
Operating profit/loss	93.1	10.9
Operating margin (%)	8.5%	1.0%



Helena Karlinder-Östlundh
CEO of Nelly Group AB

Financial review

The year in brief

- Net revenue was SEK 1,094.3 (1,060.8) million, corresponding to an increase of 3.2% (-18.3%)
- Gross profit amounted to SEK 581.4 (507.9) million, corresponding to a gross margin of 53.1% (47.9%)
- Operating profit amounted to SEK 93.1 (10.9) million, corresponding to an operating margin of 8.5% (1.0%)
- Profit after tax amounted to SEK 83.4 (-1.5) million, corresponding to earnings per share of SEK 2.78 (-0.06).
- Cash flow from operating activities was SEK 154.6 (59.3) million

Significant events during the year

- On 5 February, Niklas Lingblom assumed his role as CFO for Nelly Group.

- On 26 April, Nelly Group announced in a press release that the principal shareholder Rite Internet Ventures Holding AB (via the wholly owned subsidiary Rite Ventures SPV AB) ('Rite Ventures') had disclosed that it had acquired shares in Nelly, increasing its holding to the equivalent of 30.11% of shares and votes, thus passing the threshold for the obligation to make a bid.

- On 22 May, Nelly Group announced that the company's independent Bid Committee had unanimously recommended Nelly Group shareholders not to accept the bid offer of SEK 17.00 per share made by Rite Internet Ventures Holding AB on 8 May 2024 via the wholly owned subsidiary Rite Ventures SPV AB.

- On 7 June, Rite Internet Ventures Holding AB announced that, on the acceptance deadline for the bid offer published on 8 May 2024, shareholders corresponding to approximately 3.94% of the total number of shares and votes in Nelly Group AB had accepted the bid.

- In Q4, Nelly Group AB (publ) held an Extraordinary General Meeting, which resolved that the company would pay a dividend of SEK 0.83 per ordinary share in December 2024. The Extraordinary General Meeting also resolved to establish a share programme for senior executives of Nelly, and the number of shares and votes in Nelly Group AB (publ) increased by 10,847 in December following the private placement that was resolved upon.

Five-year summary

SEK million	2024	2023	2022	2021	2020
Operating income and earnings					
Net revenue	1,094.3	1,060.8	1,299.0	1,428.4	1,394.1
Gross profit	581.4	507.9	566.2	638.7	612.1
Operating profit (EBIT)	93.1	10.9	-56.1	-38.6	-45.9
Profit/loss before tax	82.3	-2.3	-71.6	-47.2	-47.5
Profit/loss after tax (profit/loss for the period)	83.4	-1.5	-71.7	-47.8	-71.1
Profitability and related key ratios					
Gross margin, %	53.1%	47.9%	43.6%	44.7%	43.9%
Operating margin, %	8.5%	1.0%	-4.3%	-2.7%	-3.3%
Return on capital employed, %*	39.3%	6.1%	Neg	Neg	Neg
Return on equity, %**	35.2%	Neg	Neg	Neg	Neg

**Return on capital employed, % = Operating profit/loss (EBIT)/Equity and any liabilities classified as interest-bearing, excluding lease liabilities*

***Return on equity, % = Profit/loss after tax (profit/loss for the period)/Equity*

Financial and operational information

SEK million	2024	2023	Change, %
Net revenue	1,094.3	1,060.8	3.2%
of which Nordics	1,077.7	1,043.3	3.3%
of which outside Nordics	16.6	17.5	-5.1%
Cost of goods sold	-512.9	-552.9	-7.2%
Gross profit	581.4	507.9	14.5%
Gross margin, %	53.1%	47.9%	5.2 pp
Warehousing and distribution costs	-142.9	-171.3	-16.6%
Marketing costs	-117.0	-100.5	16.4%
Administrative expenses	-228.7	-223.1	2.5%
Other operating income	0.4	0.7	-42.9%
Other operating expenses	-0.1	-2.8	-96.4%
Operating profit/loss	93.1	10.9	754.1%
Operating margin, %	8.5%	1.0%	7.5 pp
Opening inventory balance	152.3	225.6	-32.5%
Closing inventory balance	172.6	152.3	13.3%
Inventory share of net revenue, rolling twelve-month period	15.8%	14.4%	1.4 pp
Percentage of sales of own brands	44.2%	38.2%	6.0 pp
Return rate	29.9%	35.8%	-5.9 pp
No. of active customers in the Nordics, thousand	926	973	-4.8%
Number of visits in the Nordics, thousand	88,125	88,185	-0.1%
Number of orders in the Nordics, thousand	1,751	1,876	-6.7%
Average order value in the Nordics, SEK	789	777	1.5%
Conversion rate Nordics	2.0%	2.1%	-0.1 pp
No. of employees	151	158	-4.4%
Proportion of women employed	62%	61%	1.0 pp

*Definitions of alternative performance measures are on page 111.

Sustainability report

Nelly Group AB (Nelly) works hard to take even more responsibility for sustainable development from economic, social and environmental perspectives.

THE 2024 SUSTAINABILITY REPORT includes Nelly Group AB (publ) (Nelly) and its wholly owned subsidiary Nelly NLY AB. This is Nelly's eighth sustainability report prepared as per Chapters 6 and 7 of the Swedish Annual Accounts Act. The sustainability report contains non-financial information, including work relating to environmental issues, human rights and anti-corruption. The auditor's opinion on the statutory sustainability report is on page 110. Nelly reports on its sustainability work in the focus areas Respect the Planet, Fair & Equal and Empower Femininity.

Sustainability work is overseen operationally by the Head of Sustainability & Production in collaboration with the sustainability team, which consists of key individuals from several departments to ensure that all areas of operations focus on sustainability. The management team has ultimate responsibility for sustainability work.

Nelly's management team consists of the Chief Executive Officer, Chief Financial Officer, Chief Sales Officer, Chief Assortment Officer, Chief Technology Officer and Chief Operations Officer.

The CEO is responsible for administrative compliance with the Board's guidelines. The CEO and management are responsible for strategy, financing, financial control, risk management, internal and external communication, reporting and other tasks.

"When we summarise our sustainability work in 2024, we can see both progress and the challenges that lie ahead. During the year, we also focused on preparing ourselves for new ways of reporting, and performed a double materiality assessment to ensure that we address relevant issues and consider the most important areas and risks."

Helena Karlinder-Östlundh, CEO

Nelly's sustainability initiatives

Nelly sells clothes and accessories, primarily via e-commerce and to a target group comprising young women. The Nordic region is the principal market. Nelly also caters for a male target group via NLY MAN. The business model is based on own-design products from its own brands and a supplementary assortment of products from external brands. Nelly's own brand products are purchased from manufacturers in China, Turkey, India, the UK, Bangladesh and Cambodia. The products are transported to Nelly's logistics centre in Borås, marketed mainly digitally and sold mostly via Nelly.com and NLYMAN.COM.

NELLY'S THREE FOCUS AREAS

Nelly's business model comprises manufacturing, transport and warehousing, which have a major impact on people and the environment. This means that Nelly needs to assume responsibility to reduce negative impacts and help build a more sustainable society. The work on sustainability in textiles is complex, and Nelly is awaiting clarity on the approach that will be taken in EU regulation in future. Nonetheless, Nelly's aim is to measure and report its sustainability measures in a clear and transparent manner. The company is working to reduce its environmental impact by offering a more curated assortment and by promoting more conscious consumption that is not primarily discount-driven. The company is working with the entire value chain to implement sustainability measures through three focus areas:

• **Respect the Planet** – to reduce our impact on the environment and climate, and to offer products made from materials that have a smaller carbon footprint and/or production of which involved better working conditions.

•**Fair & Equal** – to act responsibly towards people throughout the value chain.

•**Empower Femininity** – to create a community in which the company's principal target group, young women, feels respected and celebrated.

Nelly's risk and materiality assessment was carried out in 2020 and forms the basis of the company's sustainability work. The aim of the risk and materiality assessment was to identify the most important sustainability matters and define the sustainability-related risks that may affect the company. It is very important to understand stakeholders' requirements and expectations in relation to sustainability work to ensure the correct focus. Investors, customers, suppliers and other partners are examples of stakeholders that are important to the company. Dialogue with stakeholders linked to requirements for and expectations of the company's sustainability work is conducted through forums such as board meetings, supplier meetings, collaboration forums and customer contact. The work on the risk and materiality assessment was started by representatives of management and the sustainability team. Risks were identified and the materiality assessment was used to establish Nelly's goals and KPIs. A number of sustainability issues were identified based on The Textile Exchange, SASB Materiality Map, the company's stakeholders and other actors in the industry. Thereafter, the most material sustainability matters that should be addressed by the company were determined.

A double materiality assessment was performed in 2024 to validate that the company addresses relevant issues and considers the most important areas and risks. The double materiality assessment is also part of the preparations for the upcoming CSRD reporting. The assessment was initiated by the management team and the sustainability team and performed with the assistance of the external sustainability agency Impact Finder. Dialogue with the company's stakeholders such as shareholders, employees, suppliers and partners contributed to the assessment. As an initial measure, this led to the company clarifying its sustainability goals and reporting for 2024 to further increase transparency. The double materiality assessment will form the basis of Nelly's sustainability work and reporting from 2025.

In 2024, all products from the company's own production have been issued with a QR code on the care label. The code is an inspiring way of providing customers with additional information about where the garment was produced and the materials used. The ambition is to expand the information contained in the QR code ahead of future legal requirements for a digital product passport.

MATERIAL SUSTAINABILITY ISSUES FOR NELLY

The sustainability issues identified as material for Nelly's operations and their impact are listed below. The sustainability issues are linked to the focus areas Respect the Planet and Fair & Equal and are monitored with KPIs for each issue. Initiatives in the Empower Femininity area are carried out based on one or more of the company's principles for the area and are not measured using fixed KPIs (see page 40).

RESPECT THE PLANET:

Greenhouse gas emissions
Choice of materials
Chemicals management
Packaging
Returns and transport
End-of-life waste

FAIR & EQUAL:

Gender equality, diversity and equal treatment
Responsible supply chain
IT security & customer privacy
Anti-corruption and transparency

EMPOWER FEMININITY

NELLY'S OVERALL SUSTAINABILITY GOALS:

Annually – Nelly's own production, that is, products offered under our own brands, will only take place at factories inspected by external inspectors. 2024 Result: 98% (98% in 2023). Read more on page 35 (Responsible supply chain chapter).

2025 – Achieve net zero in our own operations (Scopes 1&2). Base year 2018. **2024 Result: -64%** (2023: -68%)*

2025 – 50% of all materials purchased by Nelly from suppliers should be produced with lower environmental impact (i.e. recycled fibres, organic cotton, Viscose LENZING™ EcoVero™, TENCEL™ Lyocell, TENCEL™ Modal) and/or be produced using better farming methods (i.e. Better Cotton). **2024 Result: 36%** (2023: 26%)**

2030 – Reduce absolute greenhouse gas emissions by at least 50% by 2030 (Scope 3), in accordance with STICA requirements. Base year 2020.**2024 Result: -34%** (2023 -41%)

**To increase transparency, in 2024 the company changed the methods for Scope 1 and 2 emissions and excluded purchased certificates of origin (electronic certificates that show a certain amount of electricity originates from renewable energy sources such as wind, solar or hydro power). Under the method used previously, Scope 1 and 2 emissions declined by 87% (89% in 2023) compared with the base year 2018.*

***Previously, Nelly measured the proportion of more sustainable materials as the proportion of products containing more sustainable materials. To increase transparency, in 2024 Nelly changed method to measure more sustainable materials as a proportion of total weight. According to the method based on quantity previously used by the company, the proportion was 48% (2023: 38%) and the company therefore achieved it original target of 45%.*

THE UN SUSTAINABLE DEVELOPMENT GOALS

Collaboration between actors from the public sector, the business community and civil society is needed to achieve the UN Sustainable Development Goals. Nelly's day-to-day work mainly concerns six of the UN Sustainable Development Goals:

Focus area	Sustainability issues	Link to UN Sustainable Development Goals
Respect the Planet	· Greenhouse gas emissions · Transport · Packaging · Returns · Chemicals management · Choice of materials · Product quality · Product life cycle	Goals 12, 13 and 17
Fair & Equal	· Psychosocial working environment · IT security and customer privacy · Anti-corruption and transparency · Responsible supply chain · Gender equality, diversity and equal treatment	Goals 3, 5, 8 and 17
Empower Femininity		Goals 3 and 5

GOAL 3: GOOD HEALTH AND WELL-BEING.

Nelly actively promotes employee well-being. The company does this in part by offering a contribution to preventive health-care, ergonomic workplaces and recreational activities. Regular digital employee surveys are conducted for all employees to monitor health and safety and be able to take rapid action where necessary. See page 31 in the Employees chapter. The company also wants to help boost the self-esteem of its target group (see page 40 in the Empower Femininity chapter).

GOAL 5: GENDER EQUALITY.

Nelly carries out both promotion and prevention activities to prevent discrimination in the workplace. The company promotes the equal value of employees and ensures that everyone is treated with respect and dignity, as stipulated by the Swedish Discrimination Act. See page 31 in the Employees chapter. Nelly is a member of Amfori BSCI, a key focus of which is to combat discrimination and harassment in the production chain. See page 35 in the Responsible supply chain chapter. The company works actively to create a community in which its principal target group, young women, feels respected and celebrated. This involves designing collections and offering products that communicate joy, warmth and self-esteem to inspire young women to feel good about themselves and dare to be themselves. See page 40 in the Empower Femininity chapter.

GOAL 8: DECENT WORK AND ECONOMIC GROWTH.

Nelly works to maintain long-term supplier relationships and create economic growth with decent working conditions. See page 35 in the Responsible supply chain chapter.

GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION.

By increasing the proportion of more sustainable materials in its products and offering more environmentally-friendly packaging, the company contributes to more sustainable consumption and production. See page 23 in the More sustainable materials chapter and page 27 in the Packaging chapter.

GOAL 13: CLIMATE ACTION.

Nelly works with STICA (Scandinavian Textile Initiative for Climate Action) to reduce climate impact. Greenhouse gas emissions are calculated for the company's own operations (Scopes 1, 2) and the entire value chain (Scope 3). See page 19 in the Climate impact chapter.

GOAL 17: PARTNERSHIPS FOR THE GOALS.

The Sustainable Development Goals are easier to achieve with global partnership and collaboration. Nelly is involved in global partnerships through strong involvement in the international initiatives Amfori, Better Cotton, STICA and The International Accord. See page 17 in the Partnerships chapter.

RISKS

A risk and materiality assessment was carried out in 2020 to identify the sustainability-related risks that may have a negative impact on the company and to establish the main sustainability issues. With additional risks identified, these then formed the basis of the company's continued sustainability work and are reported with the measures taken by the company.

RISKS FOR EACH SUSTAINABILITY AREA

Focus area	Risk	Action
Respect the Planet	Production, warehousing and transport involve risks of environmental and climate impact, in part as a result of energy consumption, resource usage, waste and greenhouse gas emissions. Requirements from investors and customers to report on the company's climate impact need to be met. There is a risk of Nelly becoming a less attractive choice unless there is a clear action plan to reduce climate impact in place.	Nelly applies a continuous environmental strategy to reduce emissions and reports on climate impact in Scopes 1, 2 and 3.
Respect the Planet	Sustainably produced products and associated sustainability labels are becoming increasingly common among competitors and there is a risk of Nelly not offering sufficient more sustainable alternatives to customers and business partners.	Based on its sustainability strategy, Nelly is working to increase the proportion of more sustainable materials in its range and to ensure a sustainable supply chain for the products it produces. The company has also improved the transparency of its sustainability communication with customers and other stakeholders via the company's website and sustainability reporting.
Respect the Planet	Increased demand for more sustainable materials may result in scarcity, with increased costs as a result.	Nelly has reduced variant breadth in favour of deeper purchasing. This entails better opportunities for negotiation and the ability to secure access to more sustainable materials.
Respect the Planet	E-commerce means that products cannot be tried on in advance, which may result in returns and increased transport and emissions. In addition, there may be greater use of packaging, leading to unnecessary resource use.	Nelly takes a range of strategic actions to reduce unnecessary returns and the use of packaging. Clear product descriptions and presentations, and acting on recurring reasons for returns are a couple of examples of Nelly's continuous strategic work to reduce unnecessary returns.
Respect the Planet	Chemicals requirements are constantly becoming stricter, and there is a risk that they are not complied with by all suppliers. This entails a risk of Nelly not being able to meet the stricter requirements for safe products.	Suppliers to Nelly make a contractual undertaking to comply with EU chemicals legislation and to ensure that products supplied to Nelly comply with existing legislation. Random sample tests are also carried out for Nelly's own brand products to ensure compliance.
Respect the Planet	Nelly's business concept is based on sales of clothes and products made in other countries. There is a risk of production being interrupted on account of unforeseen factors such as pandemics or strikes in the transport sector.	Nelly's production is spread across several countries and continents to reduce the company's vulnerability to unforeseen production disruption or stoppages.
Respect the Planet	Future requirements for reduced clothing production as a result of consumer requirements, statutory requirements or materials shortages may entail risks for the company in its current form.	Nelly has started to explore a more circular business model by inviting collaboration and relevant partners in this area, e.g. resell sites and charity organisations.
Fair & Equal	Nelly's value chain includes a large number of brands, suppliers and factories. Nelly owns no factories, and there is a risk of violations of human rights in the supply chain, for example child labour, forced labour and harassment. In addition to the harm caused to those affected, this may entail risks for Nelly linked to the company's reputation and result in reduced sales.	Nelly communicates regularly and works closely with its suppliers and has a comprehensive Code of Conduct to prevent violations of human rights. To manage risks in the supply chain and ensure that human rights requirements are met, our suppliers' operations are regularly subject to inspections by third parties such as Amfori and Sedex. On average, the factories have a rating of C on a scale from A (best) to E (fail). A C-rating is considered a passing score. If Nelly learns of a breach of human rights by a supplier, action is taken immediately. Partnerships are ended in the event of serious violations.

Focus area	Risk	Action
Fair & Equal	If the company is unable to attract the right talent, offer them opportunities to develop and provide a good working environment, it may lose employees and individual employees may suffer from stress-related illness.	Nelly works continuously on well-being factors, welcomes whistle-blowers and regularly consults its employees to create a good working environment and find out what needs to be improved. This is done through both direct dialogue and anonymous recurring digital employee surveys.
Fair & Equal	Lack of gender equality and diversity may lead to less ability to understand the market and customers. There is also a risk of discrimination if initiatives to promote gender equality and non-discrimination fail. This may lead to psychosocial risks for employees.	Nelly aims to achieve gender equality and diversity in its Board of Directors and management team and among its other employees. The company has clear policies with associated action plans to ensure that harassment and bullying do not occur in the workplace and so that it can take corrective action if any such behaviour is identified.
Fair & Equal	Nelly conducts digital marketing and sales of clothing and other products. Data breaches, loss of customer data or public disclosure of data on individual customers may affect confidence in the company's ability to manage security and adversely affect business.	The company takes a structured approach to data security issues and secure processing of personal data in accordance with the General Data Protection Regulation (GDPR).
Fair & Equal	Nelly operates in an international environment with complex regulations. Among other things, there are a growing global focus on and initiatives concerning supervision in areas related to corruption. Many of Nelly's own products are produced in countries in which the risk of corruption may be deemed higher than in the Nordic region. There is a risk of Nelly's corporate governance, internal controls and compliance processes failing to prevent Nelly from being in breach of laws or regulations. If Nelly fails to comply with laws and regulations and other standards, the consequences may include fines and damage to Nelly's reputation. There is also a risk of individual employees not complying with Nelly's policies and guidelines, which may result in Nelly incurring expenses for non-compliance and Nelly's reputation being adversely affected. Nelly also depends on its suppliers and manufacturers complying with local laws and regulations, health and safety standards, human rights and laws to prevent corruption and discrimination, etc.	Nelly's producers of its own products have undertaken to follow Amfori BSCI's code of conduct and thus not be involved in any form of corruption. Suppliers are inspected regularly by an independent third party (approved according to Amfori) to ensure compliance with the code, and Nelly communicates continually with its suppliers on the areas contained in the code of conduct. To counteract corruption and promote good business ethics, Nelly has a code of conduct (ethics policy) with which all employees must be familiar. Employees sign the code of conduct before they join the company, and the code is available on the intranet.
Empower Femininity	Empower Femininity as a sustainability area must be managed carefully and intelligently to avoid the risk of criticism for so-called "Femwashing".	Nelly strives to be responsible, clear and honest in its communication. The company continually evaluates its initiatives and communication to minimise the risk of Femwashing.

Nelly's partnerships

Global improvements are driven by partnerships between different types of actor in many countries. Initiatives to achieve a more sustainable future have greater impact if they are implemented in collaboration with other actors.

Scandinavian Textile Initiative for Climate Action (STICA)

STICA supports the Nordic textiles industry in its work to reduce climate impact through cooperation, knowledge sharing and shared tools. Nelly has been a member since the start of 2019 and this membership forms the basis of Nelly's climate work. Nelly has undertaken to reduce its climate impact in line with the 1.5 degree target and report emissions in accordance with the GHG Protocol.

Sustainable Fashion Academy

Sustainable Fashion Academy (SFA) is a non-profit organisation under the Scandinavian Textile Initiative for Climate Action (STICA). Its mission is to accelerate progress towards science-based sustainability goals and the UN Sustainable Development Goals (SDG) by harnessing the strength and influence of the clothing and textile industries. A number of environmental regulations and social policies are being developed in the EU that set high standards for brands and manufacturers. SFA helps companies enhance their knowledge of future legislation and policies and leading practice in the area of sustainability and accelerate the process to reduce climate impact.

Amfori BSCI

Amfori BSCI works to improve the working conditions in the global supply chain. Amfori has 2,000 members and supports companies in their work to create an ethical supply chain through collaboration, knowledge sharing and shared tools. Nelly has been a member since 2018 and requires suppliers for its own production to sign Amfori's code of conduct. Membership gives Nelly the opportunity to influence decision-makers and legislators in the EU on fair trade and human rights.

The Better Cotton Initiative

Better Cotton is a global nonprofit organisation with the mission of helping cotton communities survive and thrive, while protecting and restoring the environment. Better Cotton supports cotton growers worldwide to continue to learn new cultivation methods that are in line with the principles and criteria of their standard. Some of these principles include factors such as reducing the use of harmful pesticides and synthetic fertiliser and understanding how to reduce water use. Nelly has been a member since 2019 and undertakes to report its targets and annual purchase volumes to the organisation.

CSR Västsverige

CSR Västsverige is a network for sustainability that offers its members help with processes for strategic and systematic sustainability work. It offers courses, seminars and network meetings to companies and organisations with the focus on exchange of experience.

Human Bridge

Human Bridge is an aid organisation working to help people worldwide in various crisis situations. Human Bridge collects textiles, which are then sorted. The money generated is donated to various aid initiatives. Nelly has been working with Human Bridge since 2018 by donating garments from sample management and/or with production defects.

Swedish Shoe Environmental Initiative

The Swedish Shoe Environmental Initiative (SSEI) is a network within the Swedish shoe industry. Its aim is to improve knowledge of environmental issues with a focus on shoe production. It organises seminars and network activities to permit discussion between actors in the industry.

Textilimportörerna

Textilimportörerna is a trade association for all companies trading in textiles, leather goods, clothing and shoes. It provides sector-specific service to member companies and helps them keep up to date with all aspects of trade in these goods, with focus areas in sustainability, textile labelling, customs issues and chemicals management.

The International Accord

The International Accord is an independent, legally binding agreement between brands and trade unions that contains commitments to ensure a safe, healthy textile industry in Bangladesh. The organisation also works to set up worker protection programmes in other countries that produce textiles and garments. These cover e.g. payment of wages, fire safety and building safety. The aim is to enable a working environment in which no employee needs fear fire, building collapse or other workplace accidents that can be prevented with adequate health and safety measures.

RESPECT THE PLANET

Climate impact

Nelly's environmental work focuses mainly on climate issues and mapping and monitoring the company's total climate impact. A key component of this work is our collaboration with other companies in the textile industry via the Scandinavian Textile Initiative for Climate Action (STICA). With its STICA partners, Nelly has analysed its climate impact, established long-term targets and taken action to reduce emissions. As a member of STICA, Nelly has undertaken to reduce its greenhouse gas emissions by 50% by 2030, with 2020 as the base year. This undertaking is in line with the UN Sustainable Development Goals to limit global warming to 1.5 degrees.

IN 2024 Nelly completed a climate report in which greenhouse gas emissions in Scopes 1, 2 and 3 were reported according to the Greenhouse Gas Protocol. For the fourth year in a row, the report also included total emissions for products purchased, Tier 1. A new feature for 2024 is that Nelly gathered data from Tier 2 suppliers in Turkey. Most of Nelly's climate impact continues to be in the production stage of the value chain, primarily in material production. This forms the foundation of Nelly's long-term climate goals for Scope 3 and governs the development of measures to reduce climate impact.

NELLY'S CLIMATE GOAL

Nelly's goal for its own operations is to achieve Net Zero by 2025 (base year 2018). This includes Scope 1 (direct emissions from owned sources, e.g. combustion of fuels) and Scope 2 (indirect emissions from purchased energy).

In line with STICA goals, Nelly's Scope 3 goal is to reduce absolute greenhouse gas emissions by 50% by 2030, compared with the base year 2020.

Scope 1	*Direct emissions from the company's own operations, e.g. company cars, direct emissions from offices/warehouses.*
Scope 2	*Indirect emissions from purchased electricity, heating or cooling used in stores, warehouses and offices.*
Scope 3	*Indirect emissions from the entire value chain, e.g. materials production, transport, business travel, waste.*
Tier 1	*Direct suppliers – those who supply goods or services directly to the company.*
Tier 2–4	*Subsuppliers to Tier 1 – further down the value chain.*

IMPACT REDUCTION MEASURES

Nelly works constantly to identify and implement materials with lower climate impact. By means of this work, Nelly encourages its suppliers to continue to investigate and offer more sustainable alternatives throughout the value chain. Read more about the goals in the strategy in the Sustainable materials and Packaging sections.

In 2024, the company continued to focus on reducing the breadth of products in favour of greater depth per purchase order. Reducing the variants of products reduces not only the administrative work and costs of warehousing and production changeovers, but also the company's environmental impact. By focusing on a smaller number of products and greater depth per purchase order, Nelly can optimise transport and logistics, resulting in fewer deliveries and lower greenhouse gas emissions. This strategy also contributes to reducing the risk of overproduction and wastage, while simultaneously encouraging a more conscious pattern of consumption through a more distinct and more long-term offering. It can also boost customer satisfaction by ensuring that demand can be met and products are available when they are needed. Nelly's aim is that the garments should be loved by our customers and used over and over again, which is much more sustainable than buying new items.

As the manufacture of textile materials and products is one of Nelly's major sources of climate impact, it is essential for companies in the supply chain to be powered by renewable energy. Nelly is actively involved in STICA's working groups on climate goals for Turkey and China, which are the company's main markets for own brands. Via this collaboration, companies exercise joint influence over their suppliers to make the transition to renewable energy. One of Nelly's largest suppliers in Turkey and two of its factories in China installed solar panels in 2024. In collaboration with STICA, the company is planning measures to increase information and training about energy use in 2025.

Nelly's warehouse facility is environmentally certified and energy-efficient and is designed for efficient logistics. The warehouse is run on renewable energy and district heating certified with Good Environmental Choice. The company's logistics facility is located close to its head office, minimising the need for internal transport. There is daily monitoring to make processes more efficient, reduce energy consumption and ensure efficiency in fork-lift usage, time use and capacity utilisation of trucks.

Nelly's internal travel policy urges employees to use trains and public transport where possible to reduce climate impact. All company cars are electric cars in accordance with the company's vehicle policy, and charging points for both private and company cars are available outside the head office and the warehouse. Despite travel having been resumed to some extent after the pandemic restrictions, lessons have been learned from the pandemic years about the importance of combining online meetings with in-person meetings.

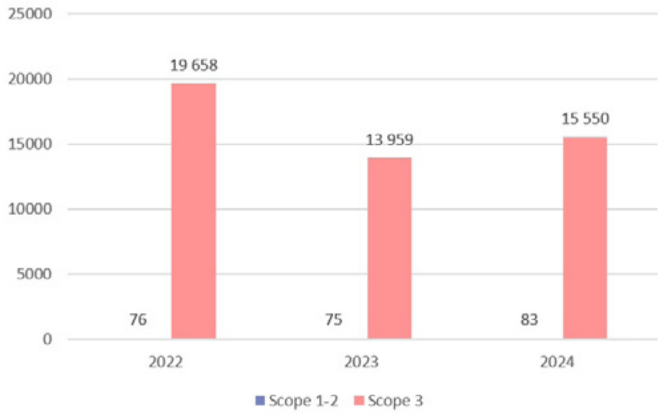
CLIMATE RESULTS

The Group’s climate results show that total emissions in 2024 were 15,634 tonnes of CO2e, an increase of 11% (1,599 tonnes) on 2023, and a decrease of 34% compared with the base year 2020. The majority of emissions are in Scope 3, with the largest category, purchased products, accounting for 94% of total emissions for the group, of which production (Tier 1) consists of 1,224 tonnes CO2e, materials (Tiers 2–4) 13,294 tonnes CO2e and packaging materials 187 tonnes CO2e.

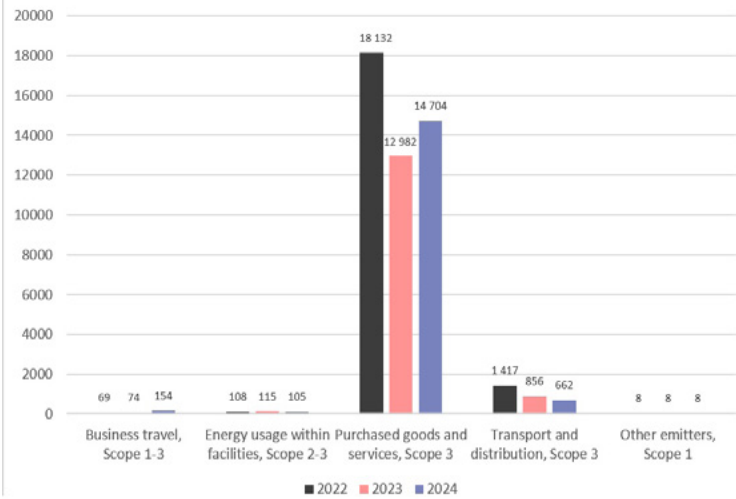
The second highest emissions category, transport and distribution, accounted for 4% of the Group’s total emissions in 2024 and fell by 77% on the base year. The decrease is on account of the transition to fossil-free transport options, and also a reduction in the proportion of air freight in favour of transport by sea and road. Emissions related to business travel increased by 306% compared with the base year, which is explained in part by a new calculation category having been added in 2021, and the base year being a pandemic year and there having been more business trips after the pandemic.

In 2024, the result for Scopes 1 and 2 was 83.1 tonnes of CO2e, which means that Nelly increased greenhouse gas emissions in its own operations compared with the previous year, but reduced them by 64% compared with the base year 2018. To increase transparency in accordance with new guidelines and directives (in preparation for the transition to the EU’s new Corporate Sustainability Reporting Directive, CSRD), in 2024 the company changed the methods for Scope 1 and 2 emissions and excluded purchased certificates of origin (electronic certificates that show a certain amount of electricity originates from renewable energy sources such as wind, solar or hydro power). Under the method used previously, Scope 1 and 2 emissions declined by 87% (89% in 2023) compared with the base year 2018. The increase compared with 2023 is mainly because Nelly opened a physical store in Stockholm in the autumn of 2023, adding to the number of premises that need electricity and heating.

Total emissions, tonnes of CO2e



Emissions per category, tonnes of CO2e



GREENHOUSE GAS EMISSIONS

KPI: Direct emissions from sources under the company’s control (Scope 1), in tonnes of CO2e: **10.2**

KPI: Indirect emissions from consumption of power, district heating and district cooling (Scope 2) in tonnes of CO2e: **72.9**

KPI:

1. Other indirect emissions from the value chain (Scope 3) (total) in tonnes of CO2e: **See chart**

2. Other indirect emissions from the value chain (Scope 3) (purchased products) in tonnes of CO2e: **See chart**

3. Other indirect emissions from the value chain (Scope 3) (transport) in tonnes of CO2e: **See chart**

Climate calculation method

Nelly’s climate calculations have been performed according to the GHG protocol, in which the company’s greenhouse gas emissions were divided into 3 scopes (1–3). Scope 1 comprises direct emissions from own operations, in Nelly’s case refrigerant leakage and business travel. Scope 2 includes indirect emissions from consumption of power and heating in own operations, in which the climate calculation method is market-based. Scope 3 represents indirect emissions related to production of materials and fuel for purchased products, transport beyond the control of Nelly, power-related activities not covered by Scope 2 and third-party activities.

The climate calculations were primarily based on actual data and supplemented by estimated sources where a need was identified. Emission factors applied for Scopes 1 & 2 and energy-related and fuel-related emissions in Scope 3 come from the Swedish Transport Administration, the Swedish Energy Markets Inspectorate (Ei), IEA and AIB European residual mixes. Emissions related to material and textile production and packaging material were calculated with emission factors from Higg MSI. For transport-related emissions, emission factors taken from Network of transport Measures (NTM) were applied. Emission factors for business travel come from ICAO Carbon Calculator (adjusted for RFI 2.7), the Swedish Transport Administration, Hertz Sustainability report 2019, the report "Branschläget 2018" (Industry Status 2018) by Svenska Taxiförbundet, NTM, and “Travel and climate, Methodology Report. Version 2.0,” by Larsson & Kamb (2019). Emissions related to outsourced warehouse operations were estimated with emission factors from AIB Residual Mixes 2018 and 2020, and Värmevärde: SNV 2018.

Estimated sources were used for the calculation of Scope 3 where the need for this was identified – this could be due to a lack of information from suppliers about e.g. energy and electricity consumption. Estimates were used for small suppliers (4) supplying fewer than 10,000 products, where data was not deemed to be relevant. A market average was used for these suppliers. Estimates were used for Tier 1 (of which 16% are estimated sources), external production Tier 2–4 (of which 14% are estimated sources) and own production Tier 2–4 (of which 13% are estimated sources).

RESPECT THE PLANET

More sustainable materials

Nelly is working actively to increase the proportion of more sustainable materials in its textile product range. Clear objectives have been set for Nelly's materials strategy up to 2026. When Nelly uses the term 'more sustainable materials', the company means materials produced with less climate and/or social impact than conventional equivalents. The materials that Nelly has currently chosen to classify as more sustainable are recycled fibres, EcoVero™, TENCEL®, organic cotton and cotton grown according to the principles of Better Cotton.

SUCCESSFULLY developing the textile value chain is the shared ambition of many actors involved in the textile industry, which permits close collaboration between companies. Nelly collaborates actively with several leading actors in the textile industry to jointly promote the use of more sustainable materials. The materials strategy contains criteria for sustainable material choices based on industry standards and international certifications.

Nelly's offer comprises both its own and external brands. In 2024, own brands accounted for around 44% of sales. Success in the area of sustainability depends not only on Nelly's work in its own operations, but also on that of external partners and their development. By communicating its sustainability goals and ambitions, Nelly encourages its external partners to promote their own sustainability initiatives. Nelly can exert influence by requiring the use of more sustainable materials and purchase less from those that do not meet the requirements.

Nelly classifies recycled fibres, organic cotton, Viscose LENZING™ EcoVero™, TENCEL™ Lyocell, TENCEL™ Modal and Better Cotton as more sustainable materials. By using recycled fibres, the company is using resources that have already been produced. Organic cotton and Better Cotton focus on better farming methods – read more about Better Cotton under Nelly's collaborations on page 17. Viscose LENZING™, EcoVero™, TENCEL™ Lyocell and TENCEL™ Modal consist of natural and renewable wood-based raw materials, and these fibres are certified according to the EU's official Ecolabel.

In 2024, Nelly changed its method* for calculating the proportion of more sustainable materials in the purchased product range and instead of measuring in terms of quantity, the company now measures the proportion in terms of weight. This resulted in a proportion of more sustainable materials of 36% in 2024, which was below the target of 45%. The proportion for Nelly's own brand products was 48%, while the proportion for externally produced products was 19%. The higher proportion of more sustainable materials in own production was primarily due to the fact that the company was to a greater extent able to influence materials purchasing. Among other things, Nelly increased the proportion of denim products made from Better Cotton and increased the production of viscose products made from Viscose LENZING™ EcoVero™ for own brand products. The percentage of cotton grown according to Better Cotton principles for own brand products was 86%, meaning Nelly achieved its target of 80%. Supplier purchases of Better Cotton are verified by Nelly via transactions on the organisation's platform.

In 2024, the proportion of recycled polyester in own production was 32%. This means that the target of 60% was not met. As a significant proportion of Nelly's products contain polyester, the transition from conventional polyester to recycled polyester will be given greater priority in future and, above all, the company will make use of the continued materials development in this area. The annual target of 50% Viscose LENZING™ EcoVero™ as a replacement for viscose in own production was exceeded with a percentage amounting to 59%. Nelly receives certification from suppliers or organisations for all purchase orders for own production containing recycled polyester and Viscose LENZING™ EcoVero™. Certification is also received for other materials classed as more sustainable, such as organic cotton and TENCEL™.

**Previously, Nelly measured the proportion of more sustainable materials as the proportion of products in its range containing more sustainable materials. To increase transparency, in 2024 Nelly changed method to measure more sustainable materials as a proportion of total weight. According to the method based on quantity previously used by the company, the proportion was 48% and the company therefore reached its original target of 45%.*

Nelly's materials strategy contains the following targets:

2024:
At least 45% of all materials purchased by Nelly from suppliers should be produced with lower environmental impact (i.e. recycled fibres, organic cotton, Viscose LENZING™ EcoVero™, TENCEL™ Lyocell, TENCEL™ Modal) and/or be produced using better farming methods (i.e. Better Cotton). 2024 Result: 36%, 369,157 kg)

At least 60% of the total weight of polyester used in own brand products should comprise recycled polyester. (2024 Result: 32%, 92,275 kg)

At least 50% of the total weight of viscose used in own brand products should comprise EcoVero™. (2024 Result: 59%, 62,415 kg)
At least 80% of the total weight of cotton used in own brand products should comprise Better Cotton. (2024 Result: 86%, 132,012 kg)

2025:
At least 50% of all materials purchased by Nelly from suppliers should be produced with lower environmental impact (i.e. recycled fibres, organic cotton, Viscose LENZING™ EcoVero™, TENCEL™ Lyocell, TENCEL™ Modal) and/or be produced using better farming methods (i.e. Better Cotton).

At least 80% of the total weight of polyester used in own brand products should comprise recycled polyester.
At least 80% of the total weight of viscose used in own brand products should comprise EcoVero™.

At least 100% of the total weight of cotton used in own brand products should comprise Better Cotton.

2026:
At least 55% of all materials purchased by Nelly from suppliers should be produced with lower environmental impact (i.e. recycled fibres, organic cotton, Viscose LENZING™ EcoVero™, TENCEL™ Lyocell, TENCEL™ Modal) and/or be produced using better farming methods (i.e. Better Cotton).

At least 80% of the total weight of polyester used in own brand products should comprise recycled polyester.

At least 80% of the total weight of viscose used in own brand products should comprise EcoVero™.

At least 100% of the total weight of cotton used in own brand products should comprise Better Cotton.

CHOICE OF MATERIALS
KPI: Percentage of more sustainable materials in the purchased assortment (clothing, underwear/swimwear, textile accessories): **36%, 369,157 kg)**

KPI: Percentage of more sustainable materials in own brand products (clothing, underwear/swimwear, textile accessories from Nelly's own brands purchased in 2024): **48%, 288,663 kg)**

KPI: Percentage of cotton from Better Cotton in own brand products (clothing, underwear/swimwear, textile accessories from Nelly's own brands purchased in 2024): **86%, 132,012 kg)**

RESPECT THE PLANET

Product quality and product safety

The company strives to offer products that meet social and environmental standards. Nelly carries out random sampling to ensure that products are free of harmful and toxic chemicals to protect humans, animals and nature. Close cooperation with suppliers is a key component of this work. Nelly carries out a number of measures to ensure that all products meet quality and chemicals requirements and further consolidates this by means of supplier agreements, random sampling of chemicals and third-party inspections of factories and products prior to delivery. Work promoting quality and safety is a top priority at all stages of the process, from product development to delivery.

Chemicals and quality

Chemicals are used in textile production, and it is essential that current legislation in the area is complied with. As a member of Textilimportörerna, Nelly is continually informed about chemicals legislation and any changes. To ensure that products are free of prohibited or environmentally hazardous chemicals, suppliers are kept updated and informed.
Suppliers undertake, by signing agreements, to comply with relevant chemicals restrictions, and Nelly sends out an updated chemicals guide annually with news, test methods and statutory requirements. Nelly receives the chemicals guide via Textilimportörerna and it follows REACH, the EU regulation that entered into force in 2007. Chemicals tests and quality controls are performed in the production process to guarantee both quality and safety. For own products, this is done via third-party audits, factory visits, tests in external laboratories and internal analysis.

Nelly evaluates products based on their risk level and chooses which are to be tested and scrutinised, while also monitoring results carefully. Regular spot checks are also performed to make absolutely sure that products meet the expected high standards.

In 2024, a total of 31 quality controls were carried out. The company's updated range strategy with its lower number of variants in the collections will also result in fewer inspections as the number of product variants produced will be lower. In 2025, Nelly will evaluate goals to increase the proportion of quality controls. Nelly has also performed several chemicals tests in production. Chemical testing of nickel is performed internally for all orders involving metal products, while other chemicals in production are tested by third parties in accordance with REACH Chemical Guidance. No products needed to be recalled during the year because they contained banned chemicals.

Nelly conducts a continuous dialogue with all suppliers to review production processes with the aim of making improvements. Amfori's Corrective Action Plans (CAPs) are used to ensure that improvements and developments are implemented. These action plans are crucial in ensuring that all suppliers are proactive and guarantee human rights, employee rights, environmental protection and compliance with anti-corruption standards. The action plans are established for specific time frames and action is taken in partnership with suppliers in an open, respectful manner. Examples of improvements implemented in 2024 include better production procedures to reduce overtime through open dialogues about e.g. production planning and delivery times. Nelly has also carried out visits to factories to check working conditions and safety equipment. STICA climate forms have been used to obtain information on electricity supply and water usage.

The complaint rate was 1 percent in 2024, which is in line with company targets.

Animal ethics

Nelly looks after the well-being of animals and therefore imposes requirements for products of animal origin by means of its Animal Welfare Policy. The company has endorsed the Swedish animal rights organisation Djurens Rätt's Fur Free Retailer Programme, which means that Nelly does not sell any products containing fur. Nelly's Animal Welfare Policy is available at https://nelly.com/se/hållbarhet/produkter/

CHEMICALS MANAGEMENT
KPI: Number of products withdrawn because they contained banned chemicals: **0**

PRODUCT QUALITY
KPI: Number of quality control inspections (own brand Nelly): **31**

"Work promoting quality and safety is an ambition of our sustainability work and an important message to both our suppliers and our customers. We strive to offer products that are as safe and sustainable as possible and we perform chemicals testing and quality control inspections throughout the process."

Maria Biederbeck, Head of Production & Sustainability

RESPECT THE PLANET

Packaging

E-commerce involves a large number of packaging units, and Nelly works actively to reduce the volume of packaging and improve existing packaging. In many cases, packaging is needed to protect goods and products during transport. Plastic is usually used to provide effective protection against moisture and mould for long-distance transport. However, there is potential to work more sustainably by improving materials choices and packaging methods.

NELLY continued to work during the year to minimise the volume of air that is transported because this is one way of reducing the climate impact. In 2024 the company only purchased fully recyclable e-commerce bags for dispatch to customers. In 2024, recycled plastic accounted for 90% of total plastic consumption for e-commerce bags because Nelly decided to use up its stocks of previously purchased bags. Recycled paper accounted for 100% of total paper consumption for e-commerce boxes.

PACKAGING
KPI:

1. kg recycled plastic/total plastic consumed, e-commerce bags (%): **90%**

2. kg recycled paper/total paper consumed e-commerce box (%): **100%**

RESPECT THE PLANET

Returns and shipments

Returns and shipments are an unavoidable part of e-commerce involving clothing. It is important to take a strategic approach to shipments and to minimise the number of unnecessary returns for both financial and environmental reasons. Since 2023, Nelly has been working throughout the company on a returns strategy to minimise the number of unnecessary returns.

CLOTHES SALES have historically had a higher return rate than many other products sold online. The company continuously takes strategic measures to help customers find the right fit, which is the main reason for returns. The aim is to increase the information available to customers on the website to make it easier to make better choices and thus reduce returns that are due to lack of information. During the year, Nelly continued to implement its returns strategy, addressing the issue from a 360-degree perspective.

Work on the returns strategy yielded good results in 2024. The return rate for 2024 as a whole was 29.9% as a proportion of sales, a decrease of 5.9 percentage points on 2023. A lower number of returns means that the company's customers are more satisfied with their products and reduces both outgoing and return transport. A lower return rate consequently has a positive effect on the environmental impact of transport.

In 2024, the company changed its returns platform, which partly explained the improvement in the return rate. The change also meant that the company transitioned to a fully digital returns process. This resulted in a reduction in the number of return labels of around 70%. The new returns platform also means improved insight into the ongoing returns work and allows the company to constantly improve its product offer.

INCOMING TRANSPORT

Nelly's own brand products are primarily shipped to the distribution centre in Borås by road and sea. Since 2018, the company only transports goods by air in situations such as delays or additional purchases. In 2024, flights were used for 10 incoming shipments of goods for resale on account of major disruption in global logistics chains, for example the situation in the Red Sea, which forced shipping to sail around Africa instead, resulting in extended lead times. In 2024, emissions from incoming shipments of goods were 35% lower than in the year before, despite the 58% increase in the number of own-produced goods purchased, which is explained by a reduction in emissions for air transport.

OUTGOING TRANSPORT

Nelly maintains a continuous dialogue with its distribution carriers to increase the proportion of fossil-free transport. Emissions for distribution to and from our customers fell by 30% in 2024, compared with 2023. Fossil-free options include vehicles driven entirely using HVO100 (Hydrotreated Vegetable Oil), which is a renewable fuel for diesel engines. Nelly does not ship deliveries by air to consumers in the Nordics.

RETURNS
KPI: The sales value of returned goods divided by total sales before returns (return rate): **29.9%**

TRANSPORT
KPI: Proportion of CO_2e emissions per means of transport for incoming shipments, distribution in %: **Air 30%, Sea 41%, Road 29%**

MINIMISE END-OF-LIFE WASTE

Garments that are returned are cleaned and repaired in the returns warehouse so they can be resold. Products that cannot be resold via the company's usual channels go primarily to trade buyers and also to charitable organisations and materials recycling. Garments from sample management and garments with minor defects that can no longer be sold via the company's channels were donated to the charitable organisation Human Bridge for reuse or recycling. 297 kg of garments were donated in 2024. 30 kg of garments needed to be sent for incineration in 2024 on account of mould during transport from production. Nelly aims to ensure a low proportion of garments are destroyed by working efficiently with producers, and by means of monitoring and inspection of production units.

END OF LIFE
KPI: Clothes (in kg) donated to Human Bridge: **297 kg**

KPI: Products (in kg) sent for destruction: **30 kg**

FAIR & EQUAL

Employees

Nelly works to foster a productive, healthy workplace. A good working environment is a prerequisite for good health, high employee satisfaction and good performance.

NELLY ATTACHES great importance to ensuring that all employees should be treated equally, with respect and dignity, and be given equal opportunities for development. Nelly works actively on the concept of employee participation to make clear that everyone is responsible for contributing to a safe, attractive working environment in which every employee is treated with respect.

The company has a policy and an action plan for gender equality and diversity that complement the code of conduct (the code of conduct is described in more detail on page 39). The company also has a health and safety policy, and a policy and action plan to combat bullying and harassment. These policies are important in the work to prevent social ill-health and are available on the company's intranet. Regular digital employee surveys are conducted to gauge the mood on and address issues that affect the working environment throughout the company and to be able to take action fast, where necessary.

All parts of the company are subject to collective agreements and the company takes a positive view of cooperation with trade unions. There are local union branches at the warehouse and the head office and they work well with the company. There are also health and safety committees in both these locations with which the company works on its systematic health and safety work. The stores do not currently have local shop floor committees – trade union cooperation at shop level takes place directly via the central trade union instead.

GENDER EQUALITY, DIVERSITY AND EQUAL TREATMENT

KPI: Gender distribution, employees: See table

KPI: Gender distribution, management team: See table

KPI: Gender distribution, Board of Directors: See table

KPI: Gender distribution, managers: See table

“We can see that strong, secure leadership contributes to sustainable employee participation. To enhance and develop leadership, we have implemented initiatives including a leadership programme for managers at our warehouse.”

Agneta Haglund, Head of People

Gender distribution of employees in Nelly Group [1]

	Proportion of women (2024)	Proportion of women (2023)
Total	65%	62%
Under 30	80%	72%
30–50	54%	54%
Over 50	58%	64%

Gender distribution, Board of Directors[1]

	Proportion of women (2024)	Proportion of women (2023)
Total	33%	33%
Under 30	-	-
30–50	33%	33%
Over 50	33%	33%

Gender distribution, management team[1]

	Proportion of women (2024)	Proportion of women (2023)
Total	50%	60%
Under 30	-	-
30–50	60%	60%
Over 50	0%	-

Gender distribution, managers[1]

	Proportion of women (2024)	Proportion of women (2023)
Total	72%	73%
Under 30	100%	50%
30–50	72%	73%
Over 50	67%	100%

1) Calculated on all employees during the year, reduced by the number of people who left during the year. The calculations are first carried out by month, and then an average is extrapolated for the full year of 2024. Both numbers and percentages have been rounded off.

FAIR & EQUAL

Responsible supply chain

Nelly strives to build strong, efficient relationships with its suppliers and sets clear standards for working conditions and human rights. The company wants to work with suppliers that share the same values and work actively to maintain good working conditions. Greater transparency in the supply chain depends on an open dialogue and a shared understanding of the importance of access to information and responsibility.

RESPONSIBLE SUPPLY CHAIN

Nelly operates in the clothing industry and has a value chain comprising several brands, suppliers and factories. This entails a risk of negative impact on social sustainability. Consequently, Nelly actively evaluates risks, sets standards, carries out audits and takes action to monitor that suppliers assume responsibility.

Nelly's own brand products are made by 25 suppliers that, in turn, use 43 production units (Tier 1). These include 42 in risk countries (according to Amfori's classification): China, Turkey, India, Bangladesh and Cambodia, as well as one factory in the UK. Nelly continued to focus on reducing variant breadth and increasing volume per variant instead, allowing it to work more closely with fewer suppliers. Nelly's ambition is to have long-term relationships with its suppliers to achieve an even level of quality and to monitor that human rights and decent working conditions are promoted strongly.

The company has no factories of its own. However, it implements third-party inspections to check working conditions and it demands action be taken if it discovers shortcomings. Nelly publishes an annual list of the production units (Tier 1 factories) used for its own brand products. In 2024, Nelly began to gather contact details for Tier 2 and Tier 3 (subcontractors of Tier 1) to start analysing the entire production chain.

RISK ANALYSIS AND ASSESSMENT BEFORE CONTRACTS ARE SIGNED WITH NEW SUPPLIERS

Risk assessment is carried out before contracts are signed with new suppliers for own brand products. This includes gathering information from the supplier, reviewing previous audits and action plans and, if possible, a site visit. Any risks are identified based on this analysis and, if necessary, an action plan is drawn up at the start of the partnership. If a supplier is either not prepared to follow the UN guiding principles on human rights or otherwise does not meet the requirements of the Code of Conduct, no partnership begins.

REQUIREMENTS FOR RESPECT FOR HUMAN RIGHTS IN CONDITIONS AND CODE OF CONDUCT FOR SUPPLIERS

Nelly has been an active member of Amfori BSCI since 2018 and, via its membership, works with other purchasing companies to improve the working conditions in the global supply chain. All suppliers that produce for Nelly's own brands have signed Nelly's agreement, which includes an annex containing Amfori BSCI's code of conduct. The suppliers undertake to follow the guidelines set out in the code of conduct and to forward it to their subcontractors when they start working with them. This is part of the independent audits carried out at factories on a regular basis.

The code of conduct is based on international guidelines such as the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. It includes bans on child labour, forced labour, discrimination, violence and harassment. It also governs issues such as fair pay, working hours, the right to trade union negotiations and health and safety in the workplace.

MONITORING SOCIAL RESPONSIBILITY IN THE SUPPLY CHAIN AND HANDLING NON-COMPLIANCE

To ensure compliance with the code of conduct, audits are conducted regularly by independent third-party companies. The audits are carried out according to Amfori's regulations, with a longer interval between audits for factories with an average rating of A or B, and annual audits for factories with an average rating of C. The audit reports identify both areas in which requirements are met and any non-compliance or violations. The audit companies have contracts with Amfori and are present in all countries where production takes place. If Nelly identifies a breach of human rights or inadequate working conditions at a supplier, action is taken immediately in partnership with Amfori and the manufacturer. In the event of serious violations, known as zero tolerance non-compliance, the partnership with the supplier may be terminated. Examples of zero tolerance non-compliance are forced labour, child labour, discrimination, violence, assault or bribery. No zero tolerance non-compliance was identified in the audits in 2024.

Nelly approves auditing based on the Amfori BSCI code of conduct and Sedex audits. For external brands, compliance with human rights is promoted using purchasing agreements that include an annex containing a code of conduct with clauses on working conditions and human rights. Many of the brands with which Nelly works have clear sustainability goals and high ambitions for their operations in terms of human rights and decent working conditions in the supply chain. In 2024, 98% of the factories making Nelly's own brand products were audited with third-party inspections in accordance with BSCI or Sedex within the specified audit cycle. Nelly prioritised the audit of manufacturing units in risk countries. Nelly's goal for the company's own brand products only to be produced in factories inspected by external inspectors is an annual goal, and the work is ongoing.

Amfori BSCI inspections are graded on a scale from A (highest) to E (lowest). All manufacturers are expected to strive to improve constantly, and Nelly promotes close dialogue to set joint targets for improvements. If the result is D or lower, an action plan is required from the manufacturer, followed by another inspection to ensure that action has been taken. The plan must be documented and have an end date. Should the supplier fail to implement the action plan or otherwise show improvement, the cooperation is terminated. The purpose of the action plan is to find the root cause of the non-compliance and identify measures or training that may lead to improvement. The 2024 audits identified non-compliance mainly in the areas of Decent working conditions, which may mean excessive working hours or too much overtime, and Health & safety, which may mean a lack of fire safety or use of protective equipment. Nelly prioritises improvement measures in these areas. (See chart)

The 2024 audits identified non-compliance mainly in the areas of Decent working conditions, which may mean excessive working hours or too much overtime, and Health & safety, which may mean a lack of fire safety or use of protective equipment. Nelly prioritises improvement measures in these areas.

COLLABORATION AND PARTNERSHIPS FOR BETTER CONDITIONS IN THE SUPPLY CHAIN

Nelly has well-established partnerships with Better Cotton, The International Accord and Amfori to promote human rights. In 2022, Nelly began a partnership with a factory in Bangladesh and signed The International Accord for Health and Safety in the Garment and Textile Industry. The International Accord is an independent, legally binding agreement between brands and trade unions containing commitments to promote a safe, healthy textile industry in Bangladesh. In 2024, Nelly continued to work with the factory in Cambodia. To promote decent conditions there, Nelly conducts a close dialogue with the supplier responsible.

RESPONSIBLE SUPPLY CHAIN

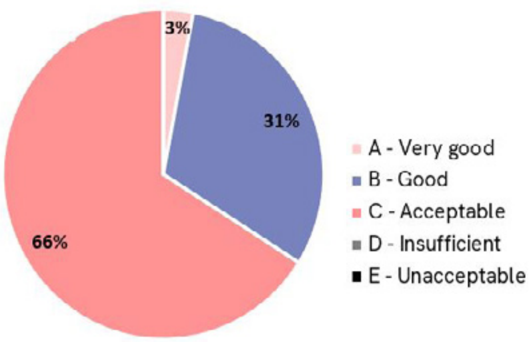
KPI: Percentage of factories with valid social third-party inspections (own brands): 98%

KPI: Audit results distributed over Amfori BSCI audits conducted (own brands): See chart

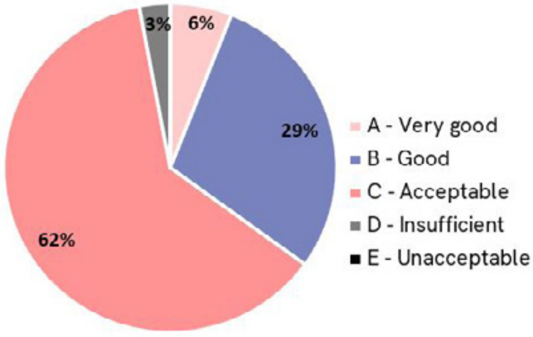
KPI: Number of suppliers (own brands): 25

KPI: Number of production units used in 2024 (own brands): 33

Audit results, 2024



Audit results, 2023



FAIR & EQUAL

Business ethics and IT security

Business ethics and IT security are crucial to Nelly as an e-commerce company. Nelly strives to achieve good results by systematically applying policies in this area.

NELLY WORKS with many suppliers and partners, and good business relationships are crucial. Personal data has to be processed for Nelly to fulfil its obligations to customers such as delivering goods and for billing, and to be able to improve offers and services via customer surveys and marketing. To ensure that any risks related to personal data processing are identified and managed responsibly in accordance with the EU General Data Protection Regulation (GDPR), Nelly takes a systematic approach to data protection that is supervised by the data protection officer and supported by the rest of the organisation. By establishing an internal personal data processing policy, which specifies the requirements made at Nelly to ensure that the Group complies with existing laws and rules linked to the processing of personal data, Nelly has increased the focus on how personal data must be processed.

To ensure good internal control over any risks related to personal data processing, Nelly continued to optimise the organisation working on issues related to personal data in 2024. The control framework was also adapted to Nelly's organisation during the year. The framework is designed in accordance with the provisions of the General Data Protection Regulation with regular reporting of the situation to management and the Board of Directors, and an action plan for any identified action required. For an e-commerce company such as Nelly, data security and privacy protection are business critical, which is why the company works to raise internal awareness of data security. Nelly works constantly to improve its approach to data security as the business environment and market change.

Nelly takes an active approach to managing personal data breaches. Depending on the risk posed to the data subject's privacy, such breaches are initially classified as low, medium or high risk breaches. In 2024, Nelly had a total of 22 personal data breaches, one of which was classified as medium risk and the remaining 21 as low risk. The medium risk breach was due to a ransomware attack at one of Nelly's suppliers and was reported to the Swedish Authority for Privacy Protection. The most common breaches are when order confirmations or packages are mistakenly sent to the wrong recipient, with the result that data relating to customer purchases is revealed to third parties such as another customer. Nelly constantly learns from the breaches that occur and uses the information to improve its work.

Nelly aims to practice a high level of business ethics and has zero tolerance for bribery and corruption. The company is aware of the risk of corruption and works to prevent corruption both in its own operations and in the company's international value chain. Nelly's producers of its own brand products have undertaken to follow Amfori BSCI's code of conduct and thus not be involved in any form of corruption. Suppliers are subject to regular inspections according to Amfori's rules based on average rating to ensure compliance with the code, and Nelly communicates continually with its suppliers on the areas contained in the code of conduct.

Nelly's code of conduct (ethics policy) for employees and its whistleblower policy are fundamental to the work to prevent corruption. The code of conduct for employees lays the foundation for good business relationships, describes the values employees must embody and discusses issues such as bribery, corruption, stock exchange rules, conflicts of interest, health and safety and human rights. The code of conduct is sent out with the contract of employment for signing before an employee joins Nelly and is available on the intranet.
To ensure a good internal environment in which employees and business partners feel confident about reporting suspicions of impropriety, Nelly has a whistleblower policy that describes the entire whisteblower process. Suspicions can be reported anonymously, and the information will be investigated. Whistleblowing is expected of employees when necessary. In 2024, Nelly received no reports of impropriety.

ANTI-CORRUPTION AND TRANSPARENCY
KPI: Number of confirmed whistleblower reports: **0**

IT SECURITY & CUSTOMER PRIVACY
KPI: Number of identified data leaks
1. Number of breaches reported to the Swedish Authority for Privacy Protection
(formerly the Swedish Data Protection Authority): **1**

2. Number of personal data breaches per risk classification: **High: 0, medium: 1, low: 21**

Empower Femininity

Nelly's principal target group is young women, and the company works within the framework of Empower Femininity to create a community in which young women feel respected and celebrated.

WITH ITS position as a fashion destination for young women, Nelly is able to make a difference and help boost the self-esteem of this target group. By adapting the expression and tonality of communication with the target group, Nelly wants to communicate joy, warmth and self-esteem to inspire young women to feel good about themselves, dare to be themselves and express themselves as they wish.

Nelly uses a large volume of User Generated Content (UGC) and Employee Generated Content (EGC) in its webstores and on social media. UGC is customers' own photos wearing the company's products and EGC is content created by/with the company's employees. This offers customers an opportunity to see the products in reality, not only on models in a photographic studio. In 2024, Nelly worked hard to increase the volume of EGC in its social media channels. According to Nelly's procedures, photos are not retouched to remove its models' natural marks such as stretch marks, scars, birth marks and cellulite.

Empower Femininity is aimed at the company's principal target group and customer group, young women in the Nordic region. Promotion of human rights, decent working conditions and gender equality and prevention of discrimination and harassment on the basis of gender affiliation among employees in the supply chain are of great importance to the company and are addressed in the Fair & Equal focus area. See page 31 in the Employees chapter and page 35 in the Responsible supply chain chapter. The company communicates actively with its partners based on its sustainability strategy with the aim of inspiring suppliers to pursue their own sustainability work.

Directors' report

Directors' report

Nelly Group AB (publ) (Nelly) offers fashion and accessories primarily to young women in the Nordic region. The Board of Directors has its registered office in Borås. The company's postal address is Box 690, 501 13 Borås, Sweden and the street address is Lundbygatan 1, 506 30 Borås, Sweden. The corporate identity number is 556035-6940. Company shares are traded on the Nasdaq Stockholm Small Cap list under the ticker symbol NELLY.

Operations

Nelly offers fashion to trend-conscious young consumers, primarily through Nelly.com and NLYMan.com. In 2024, net revenue was SEK 1,094.3 (1,060.8) million and operating profit was SEK 93.1 (10.9) million. Profit after tax amounted to SEK 83.4 (-1.5) million.

The sale of own brands amounted to 44.2 (38.2) percent of sales. The return rate amounted to 29.9 (35.8) percent. Nelly had an average of 151 (158) employees during the year, of whom 62 percent (61 percent) were women.

Financial position and earnings

SEK million	2024	2023
Net revenue	1,094.3	1,060.8
Gross profit	581.4	507.9
Gross margin (%)	53.1%	47.9%
Operating profit/loss	93.1	10.9
Operating margin (%)	8.5%	1.0%
Net financial items	-10.8	-13.2
Profit/loss before tax	82.3	-2.3
Profit/loss after tax	83.4	-1.5
Basic and diluted earnings per share (SEK)	2.78	-0.06
Total assets	871.5	799.8

Net revenue

Net revenue was SEK 1,094.3 (1,060.8) million, corresponding to an increase in net revenue of 3.2% (-18.3%). The change on the previous year is largely on account of an improved return rate. Of net revenue for the year, SEK 559.0 (548.9) million was in Sweden, SEK 518.7 (494.4) million in the rest of the Nordic region and SEK 16.6 (17.5) million in the rest of the world. In local currencies, revenue fell by 3.8% for the full year 2024.

Operating expenses

Cost of goods sold totalled SEK 512.9 (552.9) million, and the gross margin was 53.1% (47.9%). Lower campaign activity towards customers and a higher proportion of own-brand sales made a positive contribution to the gross margin compared with the full year 2023.

Warehousing and distribution costs amounted to SEK 142.9 (171.3) million in 2024. The lower warehousing and distribution costs were the result of improvements in warehouse processes, optimisation of distribution and lower sold volumes handled and returned.

Marketing expenses amounted to SEK 117.0 (100.5) million. The expenses are primarily attributable to paid advertising, but also include expenses for brand-building activities. The increase in expenses on 2023 is primarily attributable to new methods for managing paid advertising.

Administrative expenses amounted to SEK 228.7 (223.1) million, driven in part by higher expenses for rent for the store on Drottninggatan and expenses attributable to IT.

Operating profit amounted to SEK 93.1 (10.9) million with a stronger gross profit and lower warehousing and distribution costs as the main drivers of the improvement.

Net financial items

Net financial items for the full year 2024 amounted to SEK -10.8 (-13.2) million, with higher interest income and exchange rate fluctuations the contributing factors to net financial items for the year.

Tax

Recognised tax totalled SEK 1.1 (0.8) million.

Profit after tax

Profit after tax amounted to SEK 83.4 (-1.5) million as a result of higher operating profit. Net financial items also made a positive contribution to profit after tax compared with the same period in the previous year. As at 31 December, the number of shares was 30,494,832 (30,483,985), of which 30,026,125 (30,015,278) ordinary shares and 468,707 (468,707) Class C shares. Basic and diluted earnings per share amounted to SEK 2.78 (-0.06), based on the weighted average number of shares during the year. The class C shares and 42,747 class B shares are held by Nelly Group AB and are thus not outstanding.

Cash flow and financial position

Cash flow from operating activities before changes in working capital was SEK 140.0 (47.7) million for the year.

Cash flow from operations after changes in working capital amounted to SEK 154.6 (59.3) million for the year and the improvement on 2023 is attributable to higher earnings. Investments in non-current assets, primarily IT investments, totalled SEK -22.4 (-22.9) million for the year.

Cash flow from financing activities totalled SEK -56.4 (17.8) million for the year. Dividend to shareholders of SEK 24.9 million and higher repayment of lease liability of SEK 3.9 million made a negative contribution to cash flow from financing activities. A rights issue for SEK 47.4 million was held in 2023, making a positive contribution to the comparative year. Total assets were SEK 867.8 (799.8) million as a result of higher cash in hand.

Equity amounted to SEK 237.1 (178.6) million at the year-end. At the year-end, the Group had cash and cash equivalents of SEK 196.9 (121.1) million. During the year, SEK 30.0 million in blocked funds for a rent guarantee linked to the company's warehouse property were reclassified from cash and cash equivalents to deposits. The reclassification is intended to better reflect the company's actual financial situation. The payment respite for taxes and contributions was SEK 95.3 (108.7) million at the year-end and the amount is being repaid under an established repayment plan.

Environmental initiatives

Nelly's ability to take responsibility for sustainable development is the key to strengthening the confidence of our customers, the capital market, employees and the public in us. The business requires warehousing, packaging and transportation. Customers, owners, employees and the public expect environmentally conscious choices and that the business is operated in a manner that is sustainable in the long term. The Group is constantly searching for new ways to further reduce its environmental impact. Nelly's sustainability efforts focus on three selected areas. Through these efforts we aim to take even more responsibility for sustainable development. The sustainability report is prepared in accordance with Chapters 6 and 7 of the Swedish Annual Accounts Act and can be found on page 10 of this annual report.

Employees

Nelly recognises that its employees are crucial to its operations. Attracting, developing and retaining employees is necessary to achieve success and meet established targets for growth and business development. The average number of employees was 151 (158) during the year. Information on average number of employees and payroll expenses is available in Notes 20 and 21.

Parent company

Nelly Group AB (publ) is the parent company of the Nelly Group and owns and manages financial assets in the form of shares in the Group's subsidiaries. The parent company holds shares in the subsidiaries as specified in Note 10. The parent company has the same risks and uncertainties as the Group. Parent company sales totalled SEK 1.8 (1.9) million. Administrative expenses totalled SEK 10.1 (10.1) million and consist of expenses of a recurring nature, primarily related to running Nelly Group AB as a publicly listed company with expenses for central operations, board fees and auditing fees.

Nelly Group AB had sales of SEK 1.8 (1.9) million for the year. Profit before tax amounted to SEK 93.1 (11.4) million for the full year. Cash and cash equivalents in the parent company amounted to SEK 10.5 (7.9) million at the year-end.

Net financial items totalled SEK -0.6 (-0.3) million. The parent company received Group contributions of SEK 102.0 (20.0) million from subsidiaries. Profit before tax amounted to SEK 93.1 (11.4) million. Cash and cash equivalents in the parent company amounted to SEK 10.5 (7.9) million at the year-end.

As at 31 December 2024, Nelly Group AB had 30,494,832 shares issued, of which 30,026,125 were ordinary shares and 468,707 were class C shares. The share capital was SEK 30,494,832 and each share had a quotient value of SEK 1.00. The class C shares and 42,747 class B shares are held by Nelly Group AB and are thus not outstanding. These shares may not be represented at general meetings.

2024 Extraordinary General Meeting

In Q4 2024, Nelly Group AB (publ) held an Extraordinary General Meeting, which resolved that the company would pay a dividend of SEK 0.83 per ordinary share in December 2024. A total of SEK 24.9 million was paid to shareholders as dividend.

Proposed appropriation of profits

These amounts are at the disposal of the shareholders as at 31 December 2024 (SEK):

Share premium reserve	1,440,291,536
Retained earnings	-1,206,131,324
Profit for the year	93,117,194
Total	**327,277,406**

The Board proposes that the retained earnings, share premium reserve and profit for the year, a total of SEK 327,277,406, be carried forward.

As regards the company's earnings and position in general, please refer to the following financial statements with accompanying notes and comments.

Risk

Risk factors

Nelly is exposed to several risk factors. Some of the risks considered significant to the Group's future development are summarised below, in no particular order.

Industry and market risks
- E-commerce market trends
- Competition
- Seasonal variations
- Risks related to fashion trends
- Economic situation and consumer purchasing power

Operational risks
- Disruption in IT and control systems, including cyberattacks
- Supplier relationships
- Warehousing and distribution
- Expansion into new markets and new segments
- Ability to recruit and retain staff

Financial risks
- Currency risk
- Credit risk
- Interest rate risk
- Liquidity risk

Legal risks
- Legislation, regulations and compliance
- Intellectual property rights

Industry and market risks

The market

The market for e-commerce is undergoing change with continuous growth in recent years. There are no guarantees that the e-commerce market will continue to grow or that Nelly's products will continue to benefit from positive market developments.

Competition

Nelly's operations are highly competitive, and the actions of other players could affect demand and the requirements placed on our business. The Group has a strong position in selected segments of Nordic e-commerce and is continuously working to strengthen its competitiveness.

Seasonal variations

Nelly is exposed to seasonal variations and the second and fourth quarters are usually the strongest. Lower demand during a single quarter significantly affects net revenue and earnings negatively.

Risks related to fashion trends

Nelly is exposed to fluctuations in trends and fashion, as well as consumer preferences in terms of design, quality and price. Misjudging consumer preferences can lead to lower sales, surpluses of certain products and price cuts.

Economic situation and consumer purchasing power

Nelly's sales are affected by business cycles, developments in e-commerce and demand for the Group's products and services, especially in the Nordic region. The economy and consumers' purchasing power are affected by factors that are beyond the Group's control, such as interest rates, exchange rates, inflation levels, taxes, unemployment levels and other economic factors. A weakening of the economy with lower consumption may adversely affect financial position and earnings.

Operational risks

Disruption in IT and control systems and cyberattacks

Nelly's operations are dependent on reliable IT and control systems that are well suited to the business. The Group has made significant investments in IT and control systems. Even though improvements, maintenance, upgrades and support for these systems and processes are ongoing, it is not inconceivable that the systems may suffer malfunctions that could have a negative impact on financial position and earnings. There is also a risk of Nelly being exposed to cyberattacks which risk disrupting or stopping the company's online operations. The company works constantly to prevent and impede cyberattacks.

Supplier relationships

Nelly is dependent on hundreds of external suppliers. There are, however, alternatives to most of the current suppliers, which means that if the company loses one or more suppliers it will only have a limited negative impact.

Warehousing and distribution

If Nelly's warehouse were to be destroyed or to close, or if its equipment were to be damaged, the company might not be able to deliver products to its customers. The Group is dependent on transportation to and from the warehouse and is exposed to disruptions in its distribution network. In the event of a malfunction, the Group will attempt to repair the warehouse or use alternative warehouses or transportation. If this cannot be guaranteed, it could have a negative effect on financial position and profit. Nelly works continuously on risk prevention. The Group has insurance policies for property damage and production stoppages, but there is no guarantee that such amounts can be recovered in full or that the amounts recovered would cover potential losses.

Expansion into new markets and new segments

Nelly's long-term strategy is to grow. A careful analysis is made prior to each investment but any establishments in new geographical markets or new segments may lead to unforeseen costs or lower sales than expected.

Ability to recruit and retain staff

Nelly's success is highly dependent on its ability to recruit, retain and develop senior executives and other key individuals. The Group implements programs and initiatives for staff development, talent identification and succession planning for key individuals.

Financial risks

Currency risk

Currency risk consists of risks in transactions in various currencies (transaction exposure) and risks when translating foreign operations into Swedish krona (translation exposure). The Group's reporting currency is Swedish krona. A significant portion of net revenue is from outside Sweden, which gives rise to transaction exposure. Translation of foreign operations into Swedish krona means that the Group is also somewhat vulnerable to translation exposure. Currency risks in operating activities are not normally hedged using financial instruments. However, natural hedges are sought, for example, by purchasing and selling in the same currency. The most important currencies are NOK, DKK and EUR for sales. The most important purchasing currencies are SEK, USD, EUR and GBP.

Credit risk

Credit risk is defined as exposure to losses resulting from one party failing to fulfill its obligations. Exposure is based on the carrying amount of financial assets, of which the majority comprises trade receivables and cash and cash equivalents. Credit risk related to trade receivables is spread over many customers in small amounts, mainly private individuals. Trade receivables are sold to Qliro AB. Most of these trade receivables are sold with full transfer of the credit risk to the counterparty.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's financing costs.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to fulfil its commitments associated with financial liabilities. This risk is managed by ensuring that there is enough cash and cash equivalents and the ability to increase available financing. At the year-end, the Group had cash and cash equivalents of SEK 196.9 (121.1) million and unutilised credit facilities of SEK 60.0 (20.0) million.

Legal risks

Legislation, regulations and compliance

Nelly pursues operations in several countries with different legislation, fiscal regulations and regulations governing some of the goods that the Group sells. If the business is spread to new customers, services or markets, it may be subject to new regulatory requirements. The Group endeavours to comply with laws and regulations and enlists the help of external expertise when required.

Intellectual property rights

Nelly is proactive about protecting its brands, name and domain name in the jurisdictions in which the Group operates. It may, nevertheless, transpire that the measures the Group takes are insufficient, which may have an adverse effect.

Disputes, claims and litigation

Companies within the Nelly Group may be involved in disputes in the normal course of business. Disputes, claims, investigations and legal proceedings can be time-consuming, disrupt normal operations, entail liability for damages and involve significant costs. In addition, it can be difficult to predict the outcome of complex disputes and litigations.

Shares and shareholders

Share data

Nelly Group AB's shares are listed on the Nasdaq Stockholm Small Cap under the ticker symbol Nelly. Nelly Group's market capitalisation on Nasdaq Stockholm on the last trading day of 2024 was SEK 881.3 million.

Shareholders on 31 December 2024

	Capital (%)	No. of shares
Rite Ventures	34.0%	10,381,570
Stefan Palm**	16.6%	5,062,605
Mandatum Life Insurance Company	9.6%	2,928,332
Avanza Pension	4.0%	1,229,197
eQ Asset Management Oy	2.5%	748,223
Klas Bengtsson	1.7%	520,000
Nelly Group AB*	1.7%	511,454
Nordnet Pensionsförsäkring	1.6%	479,735
Alexander Eskilsson	1.3%	404,096
Handelsbanken Fonder	0.6%	178,554
Swedbank Försäkring	0.6%	169,630
SEB Investment Management	0.6%	169,610
Futur Pension	0.5%	151,588
Ebba Ljungerud	0.4%	121,667
Göran Nordlund (Fore C Investments)	0.4%	110,000
15 biggest	76.0%	23,166,261
Other	24.0%	7,328,571
Total	100.0%	30,494,832

* Includes 468,707 Class C shares held by Nelly. Own shares that are held by the company may not be represented at general meetings of shareholders. *Source: Modular Finance (Monitor's ownership summary for Dec. 2024)*

** Holds shares via the company ettfemsju själ AB

Share capital

As at 31 December, the number of shares and votes was 30,494,832, of which 30,026,125 ordinary shares and 468,707 Class C shares. The share capital was SEK 30,494,832 and each share had a quotient value of SEK 1.00. Each ordinary share and C share entitles the holder to one (1) vote. The Class C shares are held by Nelly Group. They are not entitled to dividends and may not be represented at a general meeting. Share capital in the Group amounted to SEK 30,494,832 million at the year-end. For changes in the share capital in 2023 and 2024, see note 14. As at 31 December 2024, there were 8,300 (24,900) outstanding share rights attributable to the company's share-based incentive plans. See Note 21 for more information. The company is not aware of any agreements between shareholders that would limit rights to transfer shares.

Dividend

The parent company paid out no ordinary dividend in 2024 for the 2023 financial year. However, an Extraordinary General Meeting resolved that the company would pay a dividend of SEK 24.9 (0.0) million to shareholders. The Board proposes no ordinary dividend for the 2024 financial year.

Share price trend

In 2024, the closing share price moved from its lowest level of SEK 15.12 on 24 June to its highest level of SEK 31.65 on 11 November. On the last trading day of the year, the closing price was SEK 28.90.
Source: Modular Finance

Trading volume

Average share turnover per day for all marketplaces was 66,774, and the total share turnover for the year was 16,760,325. *Source: Modular Finance*

Ownership

Swedish share ownership accounted for 83.5% of the capital and votes, and foreign ownership for 16.5% of the capital and votes. S*ource: Modular Finance*

Authorisation

In the period up to the 2025 Annual General Meeting, the Board of Directors may resolve to issue new ordinary shares, warrants and/or convertible instruments on one or more occasions. The increase in share capital, including the issue of, conversion to or new subscription for ordinary shares, may correspond to a dilutive effect of no more than 25 percent of share capital in Nelly at the time of the Annual General Meeting. The issue of new ordinary shares, warrants and/or convertible instruments is permissible with or without deviation from the shareholders' preferential rights.

The purpose of the authorisation and the reason for any deviation from shareholders' preferential rights is to increase the company's financial flexibility by making it possible to contribute new capital to the company to finance operations and the acquisition of companies, businesses or parts thereof.


TRUE RELIGION
BRAND JEANS
WORLD
TOUR
SECTION
ROW
SEAT

Corporate governance report

Corporate governance in Nelly Group is based on Swedish legislation and generally accepted good practice in the securities market. Nelly Group reported a deviation from the Swedish Corporate Governance Code (the Code) in relation to the composition of the Nomination Committee in 2024, as described in further detail under 'Nomination Committee' below. Otherwise, Nelly Group did not deviate from the Code or fail to comply with Nasdaq Stockholm's regulations for issuers or good stock market practice in 2024.

General meetings
General meetings are the highest decision-making body in Nelly Group, at which shareholders exercise their voting rights. The Swedish Companies Act and the Articles of Association detail procedures on how notice is given of the AGM and extraordinary general meetings, along with who is entitled to participate and vote at the meetings. There are no restrictions on the number of votes each shareholder can cast at the AGM. The company has ordinary shares and class C shares, both of which carry one (1) vote per share. The Board of Directors may also decide that shareholders may exercise their voting rights at general meetings by postal voting in advance.

The AGM must be held within six months of the end of the financial year. The AGM makes decisions on adoption of the income statement and balance sheet for the company and the consolidated income statement and balance sheet, appropriation of the company's profit or loss according to the adopted balance sheet, discharge of liability for the Board and CEO, election of the Board and its chair, election of auditors and certain other matters provided for by law and the Articles of Association. The AGM for the 2023 financial year was held on 13 May 2024 in Stockholm, Sweden. The minutes of the AGM are available on the website at www.nellygroup.com.

Nelly Group held an Extraordinary General Meeting in Stockholm on 12 December 2024. The Extraordinary General Meeting resolved to pay a dividend of SEK 0.83 per ordinary share and to establish a share programme for senior executives of Nelly Group, comprising a private placement of ordinary shares for participants in the programme, increasing the number of shares in the company by 10,847. The minutes of the Extraordinary General Meeting are available on the website at www.nellygroup.com. The annual general meeting for the 2024 financial year will be held in Stockholm on 23 May 2025. More information about the annual general meeting, including instructions on how to register, are included in the notice published in a press release on 23 April 2025 and is available on the website at www.nellygroup.com.

Shareholders
Information on Nelly's ownership structure, share capital and shares is available on page 49. The company's largest shareholder is Rite Ventures, with approximately 34.0 percent of shares and votes, and Stefan Palm (via ettfemsju själ AB), with approximately 16.6 percent of shares and votes. There are no other shareholders with a direct or indirect shareholding in the company representing at least one tenth of the number of votes for all shares in the company. Information to shareholders includes interim and full-year financial reports, financial statements and press releases on significant events. All such reports, press releases and other information can be found on the website at www.nellygroup.com.

Nomination Committee
Instructions for the Nomination Committee were adopted at the AGM on 13 May 2024. Under the instructions, which apply until the Annual General Meeting resolves otherwise, the Nomination Committee must comprise one representative of each of the three largest shareholders in Nelly Group, in terms of votes, based on the share register maintained by Euroclear Sweden AB as at the last trading day of September each year. The current instructions for the Nomination Committee are available on the website at www.nellygroup.com.

The Nomination Committee for the 2024 AGM consisted of Hugo Näslund, appointed by Rite Ventures, Stefan Palm, appointed by ettfemsju själ AB, and Alexander Antas, appointed by Mandatum Life Insurance Company. Hugo Näslund was the chair of the Nomination Committee. In its work, the Nomination Committee applied rule 4.1 of the Code as its diversity policy. The Nomination Committee thus considered the importance of increased diversity on the Board in terms of gender, age and nationality, as well as experience, occupational background and business areas. Further information is available in the Nomination Committee's reasoned statement to the 2024 AGM, which is available on the website at www.nellygroup.com.

In accordance with the Nomination Committee instructions adopted by the 2024 AGM, the Chair of the Board of Directors has convened a Nomination Committee to prepare proposals for Nelly Group's 2025 AGM. The Nomination Committee for the 2025 AGM consists of Axel Westphalen, appointed by Rite Ventures, Stefan Palm, appointed by ettfemsju själ AB, and Alexander Antas, appointed by Mandatum Life Insurance Company. Axel Westphalen has been appointed chair of the Nomination Committee. The composition of the Nomination Committee represents a deviation from rule 2.4 of the Code in that Board members Axel Westphalen and Stefan Palm constitute a majority of the members of the Nomination Committee, that Axel Westphalen is the chair of the Nomination Committee and that both Axel Westphalen and Stefan Palm are dependent in relation to the company's major shareholders. The Nomination Committee has explained that its composition is deemed to be in the interests of the company and all shareholders. The principal shareholders represented on the Nomination Committee consider it desirable for the representative of the largest shareholder, in terms of votes, also to be the chair of the Nomination Committee. The full proposals by the Nomination Committee for the 2025 AGM are included in the notice published in a press release on 23 April 2025 and are available on the website at www.nellygroup.com.

Board of Directors
The Board of Directors is elected at the AGM for the period up to and including the end of the following AGM. The Articles of Association do not include any restrictions regarding the eligibility of Board members or special provisions amending them. According to the Articles of Association, the Board should consist of a minimum of three and a maximum of ten members. The AGM on 13 May 2024 resolved to re-elect Daniel Hörnqvist, Ebba Ljungerud, Stefan Palm, Josephine Salenstedt, Lennart Sparud and Axel Westphalen for the period until the end of the 2025 AGM. The AGM also resolved to re-elect Ebba Ljungerud as Chair of the Board.

In 2024, the Board met the requirements of the Code for the majority of its members to be independent of the company and its management and for at least two members to also be independent of the company's largest shareholders. Further information on the Board members is available on pages 56–57.

Responsibilities and duties of the Board
The Board is the company's highest management body and its duties are governed by the Swedish Companies Act, the Articles of Association and the Code. The Board is responsible for the organisational structure of the company and management of the company's affairs. The Board must also monitor financial trends, ensure the quality of financial reporting and internal controls and evaluate operations against targets and guidelines established by the Board.

The Board also makes decisions on major investments and changes to the Group's organisational structure and operations. In the course of the year, it also discusses reports from the Audit and Remuneration Committees and reports on internal control, liquidity and financing.

The work of the Board is based on rules of procedure that are adopted every year. The rules of procedure govern the allocation of duties and responsibilities between Board members, the Chair of the Board and the CEO, and contain procedures for financial reporting and other instructions for the CEO. The Board also adopts instructions for the Board's committees.

The Board's duties

The Board held 11 meetings during the year, of which one statutory meeting. Board members receive a written agenda before each ordinary Board meeting. The agenda is based on the rules of procedure adopted by the Board. They also receive full documentation for the purposes of information and to enable them to make informed decisions.

The CEO reports to the meetings, as does the company's Chief Financial Officer. Other members of the company management also attend and report on particular matters. Attendance by the Board members at Board and committee meetings is shown in the table below. Important issues discussed by the Board of Nelly Group during the year include management of a takeover bid from the largest shareholder, Rite Ventures, liquidity and financing, dividend to shareholders, purchasing strategy, procurement of audit services and continued streamlining of internal procedures and governance processes.

Attendance at Board and committee meetings in 2024

Name	Board of Directors	Audit committee	Remuneration committee
Total meetings in 2024	**11**	**5**	**3**
Ebba Ljungerud	11/11	5/5	3/3
Daniel Hörnqvist	11/11	-	-
Stefan Palm	11/11	-	-
Josephine Salenstedt	10/11	-	-
Lennart Sparud	10/11	5/5	-
Axel Westphalen	11/11	5/5	3/3

Assessment of the Board of Directors and the CEO

The Chair of the Board of Directors initiates an annual assessment of the work of the Board, including the effectiveness of its working methods and how they can be improved. The assessment of the Board's work in 2024 was carried out by the Chair of the Board by means of a survey. The results of the assessment were presented to the Nomination Committee by the Chair of the Board and also reported in writing to the Nomination Committee. The Board also regularly assesses the work of the CEO. An assessment is performed at least once a year in the absence of the CEO.

Board committees

The Board has established two internal committees, an audit committee and a remuneration committee. These committees are preparatory bodies for the Board of Directors and do not limit the Board's responsibility for managing the company and the decisions made. Committee meetings are minuted and reported to the Board at the next Board meeting.

Remuneration Committee

The Remuneration Committee consists of Ebba Ljungerud (chair) and Axel Westphalen. The Remuneration Committee's tasks are described in section 9.1 of the Code. The main tasks of the Remuneration Committee are to: (i) prepare decisions for the Board on matters regarding remuneration principles, remuneration and other employment terms for the CEO and senior executives; (ii) monitor and evaluate ongoing programmes and programmes concluded during the year for variable remuneration (e.g. long-term share-based incentive plans) for the CEO, senior executives and other key individuals in Nelly Group; and (iii) monitor and evaluate application of the guidelines for remuneration of senior executives that the AGM, in accordance with the law, must decide upon, along with applicable remuneration structures and remuneration levels in the company.

Audit Committee

The Audit Committee consists of Lennart Sparud (chair), Ebba Ljungerud and Axel Westphalen. The audit committee's tasks are described in Chapter 8, Section 49b, of the Swedish Companies Act. The Audit Committee's responsibilities are to: (i) monitor the company's financial reporting; (ii) in respect of the financial reporting, monitor the efficiency of the company's internal controls, internal audits and risk management; (iii) stay informed on the audit of the annual report and consolidated financial statements; (iv) review and monitor the impartiality and independence of the auditor, paying special attention to whether the auditor provides the company with services other than auditing; and (v) assist with preparation of proposals for the AGM's resolution on election of an auditor.

The audit committee's work focuses on evaluating the quality and accuracy of the financial reporting, internal controls, internal audits and risk assessments.

Remuneration of Board members

The AGM on 13 May 2024 resolved that the fee for ordinary Board duties and duties on a Board committee for the period up to the 2025 AGM would be a total of SEK 2,105,000, of which SEK 650,000 for the Chair of the Board, SEK 250,000 for each of the other five Board members, SEK 75,000 for the Chair and SEK 30,000 for each of the other two members of the Audit Committee, and SEK 50,000 for the Chair and SEK 20,000 for the other member of the Remuneration Committee.

For additional information on remuneration of Board members, see Note 21 on page 97.

External auditors

Under the Articles of Association, the company must have at least one and at most three registered accountancy firms as its auditors. The duties of the auditor apply until the end of the AGM held after the year in which the auditor was appointed. At the AGM on 13 May 2024, KPMG AB was re-elected as auditor up to the end of the 2025 AGM. KPMG AB has been the company's external auditor since 1997. Mathias Arvidsson, authorised public accountant, has been auditor in charge since May 2021. Audit engagements involve examination of the annual report and financial accounting, administration by the Board and CEO, other tasks related to the duties of a company auditor and consultation or other services that may result from observations noted during such examination or implementation of such other engagements.

The auditor reports its findings to the shareholders by means of the auditor's report, which is presented to the AGM. In addition, the auditor reports its findings to the audit committee twice a year and to the full Board once a year, and annually provides written assurance of its impartiality and independence to the Audit Committee. KPMG also provided certain other services in 2024 in addition to the audit. These services comprised consultation on accounting and tax issues and other audit-related engagements. For more information, see Note 22 on page 104.

In accordance with the applicable rules on auditor rotation, the Audit Committee of the Board of Directors has conducted a tender procedure for the election of a new auditor at the 2025 AGM.

CEO and company management
The CEO is responsible for the ongoing administration of the company in accordance with the guidelines and directions established by the Board. In consultation with the Chair of the Board, the CEO prepares the information and documentation required for the Board's work and to enable the Board to make well-informed decisions.

The CEO is supported by the company management. The CEO and company management, supported by various staff functions, are responsible for the Group's adherence to overall strategy, financial and business controls, Group financing, capital structure, risk management and acquisitions. Among other tasks, this includes preparation of financial reports, communication with the investors etc. The company management team consists of Helena Karlinder-Östlundh, Niklas Lingblom, Madeleine Einarsson, Lotta Fermén, Anders Hellberg and Stefan Svensson. Further information on the members of the company management team is available on pages 58–59.

Guidelines for remuneration of senior executives
The AGM on 13 May 2024 adopted the following guidelines for remuneration of the CEO and other members of the management team (the 'senior executives') of Nelly Group ('Nelly') and of Board members, where they receive remuneration for tasks other than Board duties. The guidelines must be applied to remuneration that is agreed, and changes made to remuneration already agreed, after the guidelines were adopted by the 2024 AGM. The guidelines do not include remuneration adopted by the AGM such as ordinary Board fees and long-term share/share price-related incentive plans.

How the guidelines promote Nelly's business strategy, long-term interests and sustainability
Nelly operates nelly.com, which is one of the Nordic region's strongest fashion brands for young women, and nlyman.com. Nelly's business model is based on a core of its own brands and a supplementary range of curated brands from an international portfolio. Nelly will continue to strengthen its own brands and remain at the forefront of digital marketing and sales. The company will continue to inspire its target group with selected trends and fashion.

For Nelly to be able to realise its business strategy and safeguard the company's long-term interests, including their sustainability, it is essential that it can attract, motivate and retain senior executives in competition with comparable Nordic companies, primarily Nordic companies operating in e-commerce and retail with consumer brands. These guidelines must, therefore, allow senior executives to be offered a competitive package of remuneration. At the same time, Nelly's remuneration system must be compatible with and promote sound, effective risk management and discourage excessive risk-taking.

Remuneration of Nelly's senior executives must, in both the short and long term, reflect the individual's performance and responsibilities and the earnings of Nelly and its subsidiaries. It must also align the incentives for senior executives with the interests of shareholders. Consequently, the senior executives must be remunerated according to the principle of reward for performance.

The Board considers that the option of variable remuneration and participation in any long-term incentive plans, plus carefully balanced fixed remuneration, create the conditions for Nelly to be a competitive employer, while the design of and conditions for the variable remuneration promote responsible, sound risk-taking and the company's profitability and growth strategy, long-term interests and sustainability.

Types of remuneration
The remuneration must be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, the option to participate in long-term (i) share/share price-related incentive plans adopted by the AGM and/or (ii) cash-based incentive plans, pension benefits and other customary benefits.

Fixed cash salary
Senior executives' fixed cash salaries are revised each year. They must be competitive and based on the individual's skills, responsibilities and performance.

Variable cash remuneration
Senior executives' cash variable remuneration must be based on performance in meeting established targets for profitability, growth and value creation for their areas of responsibility and for Nelly. The outcome must be linked to measurable targets (qualitative, quantitative, general and individual) that are measured during one year. The targets within the senior executives' respective areas of responsibility are intended to promote Nelly's performance in both the short and long term and thus promote Nelly's business strategy and long-term interests, including the company's sustainability. The variable cash remuneration may not exceed 100 percent of the senior executive's fixed annual salary.

Additional cash variable remuneration may be paid in extraordinary circumstances, provided that such extraordinary arrangements are only made at individual level either to recruit or retain an executive or as remuneration for extraordinary performance above and beyond the person's ordinary duties. Such remuneration may not exceed an amount equivalent to 100 percent of fixed annual cash salary. Any decision on such remuneration must be made by the Board of Directors following a proposal by the remuneration committee.
The Board must also consider deciding that part of senior executives' variable cash remuneration must be invested in shares or share-related instruments in Nelly.

Long-term share-related and cash-based incentive plans
The senior executives may be offered incentive plans which must, in general, be share/share price-related and are, therefore, not subject to these guidelines but may also be cash-based. Long-term share/share price-based incentive plans must be designed to ensure the participants' long-term commitment to value growth in Nelly and align the interests of the senior executives with those of the shareholders.

Establishment of criteria for variable cash remuneration and long-term cash-based incentive plans and the right to demand repayment of such remuneration in certain cases
When the measurement period for meeting criteria for payment of variable cash remuneration and long-term cash-based incentive plans has ended, it is necessary to decide/establish the extent to which the criteria have been met. The Remuneration Committee is responsible for such assessment. Where financial criteria are concerned, the assessment must be based on the financial information most recently published by Nelly. The Remuneration Committee must, in its assessment, ensure that the remuneration is linked to Nelly's earnings. When determining the remuneration, the remuneration committee must also take relevant circumstances into account in relation to the environment, social conditions, corporate governance and anti-corruption (ESG criteria).

To ensure that performances on which the remuneration has been based are sustainable over time, Nelly must be entitled, with the restrictions that may be stipulated by law or contract, to demand repayment of all or part of remuneration other than fixed cash salary, pension and other customary benefits that has been paid incorrectly as a result of information that turns out to be obviously incorrect (claw-back).

Pension and other customary benefits
Pension commitments are defined contribution and secured through premiums paid to insurance companies. The amount of pension premiums is specified by Nelly's pension plan and must generally correspond to the provision levels applicable under the ITP 1 plan with the resulting restrictions in relation to fixed annual salary. No provisions are made for salary components in excess of 60 income base amounts calculated on an annual basis. Variable cash remuneration must generally not be pensionable. The retirement age is normally 65.

Other benefits should be customary and contribute to facilitating the executives' ability to perform their duties, for example, company car, occupational health services and medical expense insurance. The total of such benefits may not exceed 30 percent of the fixed annual cash salary.

Notice of termination and severance pay
On termination of employment, the notice period may not exceed twelve months. The total of fixed cash salary during the notice period and severance pay may not exceed an amount equivalent to the fixed cash salary for eighteen months for the CEO and twelve months for other senior executives. On termination by the employee, the notice period may not exceed six months and the employee is not entitled to severance pay.

Salary and terms of employment for employees
The salary and terms of employment of Nelly's employees were taken into consideration in the preparation of the Board's proposal for these remuneration guidelines. The guidelines do not deviate from the remuneration systems that are generally applied in Nelly to other employees. The remuneration, types of remuneration and salary trend of the senior executives are deemed to be in line with salaries and terms of employment of other employees in Nelly in other respects as well. The trend in the remuneration of senior executives and remuneration of other employees is reported in the Board's annual remuneration reports.

Remuneration of Board members
Members of the Board of Directors of the parent company, who are appointed at the annual general meeting, may, in special cases, receive remuneration for services performed within their respective specialist areas that fall outside their ordinary Board duties for the parent company. Remuneration for such services must be market-based and approved by the Board.

Decision-making process
The Board has established a remuneration committee. The duties of the committee include preparing the Board's decisions on proposals for guidelines for remuneration of senior executives. At least every four years, the Board must submit a proposal for guidelines for remuneration of senior executives to the annual general meeting for resolution. The guidelines must apply until new guidelines have been adopted by the annual general meeting.

The Remuneration Committee must also monitor and assess plans for variable remuneration of the company management, the application of these guidelines for remuneration of senior executives and the remuneration structures and levels of remuneration in the company.

The members of the Remuneration Ccommittee are independent of the company and the executive management. Senior executives do not take part in the Board's discussions and decisions on issues related to remuneration where the issues affect them personally.

Deviations from the guidelines
Where the Board finds that there are particular reasons in a particular case and to safeguard the company's long-term interests, including its sustainability, or to safeguard the company's financial position, the Board is entitled to deviate from the guidelines. If the Board deviates from the guidelines, it must report the reasons for this at the following AGM.

Description of important changes and how the shareholders' views have been taken into account
No important changes have been made to the remuneration guidelines adopted by the Extraordinary General Meeting on 16 December 2020. No material views about the remuneration guidelines have been put forward by shareholders.

For information about remuneration paid to senior executives in 2024, see Note 21 on page 97.

Internal control of financial reporting
Nelly Group's procedures for internal control, risk assessment, control activities and monitoring regarding financial reporting are intended to ensure reliable overall financial reporting and external financial reporting in accordance with International Financial Reporting Standards (IFRS), applicable laws, regulations and other requirements for companies listed on Nasdaq Stockholm. This work involves the Board, executive management and other staff.

Control environment
The Board's rules of procedure and instructions to the CEO and Board committees are designed to ensure a clear division of roles and responsibilities for effective management of operational risks. The Board also has several established basic guidelines that are important to its work with internal control activities. This includes control and monitoring of results as compared with plans and prior years. The Audit Committee assists the Board on various issues such as monitoring internal auditing and the accounting policies applied by the Group.

The responsibility for maintaining an effective control environment with risk assessment of ongoing activities and internal control over financial reporting is delegated to the CEO. Managers at different levels have this responsibility in their areas of responsibility. The company management regularly reports to the Board according to established procedures and in addition to the Audit Committee's reports. The control environment is made up of defined responsibilities and authority, instructions, guidelines, manuals and policies, together with laws and regulations. All employees are accountable for compliance with these guidelines.

Risk assessment and control activities
The company has prepared a model for assessing risks in all areas, in which several parameters are identified and measured. These risks are reviewed regularly by the Board and the audit committee and include both the risk of loss of assets as well as irregularities and fraud. Special attention was paid to designing controls for preventing and discovering shortcomings in these areas. There is regular monitoring of important areas such as purchasing, logistics and inventory processes, development and performance of the web platform and IT security.

Information and communication
Guidelines that are significant for financial reporting are regularly updated and distributed to the employees concerned. There are formal as well as informal information channels to the executive management and Board for employees to transmit information of significance. Guidelines for external communication ensure that the company applies the highest standards for providing accurate information to the financial market.

Monitoring
The Board continuously evaluates the information submitted by company management and the audit committee. The Board receives regular updates between meetings as to the Group's development. The Group's financial position, strategies and investments are discussed at every ordinary Board meeting. The Audit Committee reviews all interim reports prior to publication. The Audit Ccommittee is also responsible for monitoring internal control activities.

This work includes ensuring that action is taken to deal with any deficiencies and to implement proposed improvements emerging from the external audit. The external auditors report to the Audit Committee at ordinary committee meetings, where relevant.

Internal audit
The Board annually assesses the need for a specific internal audit function to ensure that the company complies with adopted policies, standards and other applicable laws relating to internal control and financial reporting. Against the background of the company's organisational structure, existing processes and internal control work, the Board has concluded that there is no need to establish an internal audit function. The matter of an internal audit function will be reviewed in 2025.

Board of Directors

Ebba Ljungerud
Chair

Ebba Ljungerud was elected to the Board of Directors at the 2023 AGM. Ebba is Chair of the Board of Directors of Canucci AB and a Board member of Enad Global 7 AB (publ). Ebba is also acting CEO and Chair of the Board of Directors of RugVista Group AB (publ).

Swedish
Born 1972

Her previous positions include being CEO of Paradox Interactive AB (publ), a Swedish listed gaming company, several executive roles at Kindred Group PLC and Betsson AB (publ) and being a member of the Board of Paradox Interactive AB (publ) and Bingo.com Ltd.

Ebba has a degree in economics from Lund University.

Independent of the company and executive management, and independent of the company's major shareholders

Shareholding (including any related person holding as at 31 December): 121,667 shares

Stefan Palm
Board member

Stefan Palm was elected to the Board of Directors at the 2022 AGM. Stefan has over 30 years of experience in the fashion and textile industries and is the founder, Board member and CEO of Lager 157.

Swedish
Born 1970

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

Shareholding (including any related person holding as at 31 December): 5,062,605 shares

Josephine Salenstedt
Board member

Josephine Salenstedt was elected to the Board of Directors at the September 2020 Extraordinary General Meeting. Josephine is a managing partner and Board member of Rite Ventures. She is a Board member of CDON AB and a Board member of Söder Sportfiske AB. Her previous positions include Chair of the Board of Directors of Skincity and Board member of Paradox Interactive AB.

Josephine is a graduate in business administration from the Stockholm School of Economics.

Swedish
Born 1984

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

Shareholding (including any related person holding as at 31 December): Rite Ventures holds 10,381,570 ordinary shares in Nelly Group

Axel Westphalen
Board member

Axel Westphalen was elected to the Board of Directors at the 2023 AGM. Axel is Investment Manager at Nelly's largest shareholder, Rite Ventures, and a Board member of the listed company Heeros Oyj.

Before he joined Rite Ventures, he worked as Associate Partner at McKinsey & Company in Stockholm and Geneva.

Axel has a Master's in International Business from Stockholm School of Economics and a Master's in International Management from CEMS.

Swedish
Born 1991

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

Shareholding (including any related person holding as at 31 December): Rite Ventures holds 10,381,570 ordinary shares in Nelly Group

Daniel Hörnqvist
Board member

Daniel Hörnqvist was elected to the Board of Directors at the 2022 AGM. Daniel is CEO of Söder Sportfiske and a former Board member of Söder Sportfiske, a position he left when he became CEO.

He was previously CEO of Frank Dandy and Addnature and Regional Manager Nordic at internetstores. Daniel has a degree in sports marketing and leadership from IHM.

Swedish
Born 1985

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

Shareholding (including any related person holding as at 31 December): 49,298 shares.

Lennart Sparud
Board member

Lennart Sparud was elected to the Board of Directors at the 2023 AGM. Lennart is CFO of Hjo Installation AB. Lennart is also a Board member of SETEK Group AB and Spencer Invest AB. He was previously a Board member of Alelion Energy Systems AB (publ) and CFO of companies including Hexatronic Group AB (publ), Thunderful Group AB (publ), Salinity Group AB, Vagabond International Aktiebolag and Profura AB.

Lennart has a Bachelor's degree in economics and law from the University of Gothenburg.

Swedish
Born 1969

Independent of the company and executive management, and independent of the company's major shareholders

Chair of the Audit Committee of Nelly Group.

Shareholding (including any related person holding as at 31 December): 6,488 shares

The current Board was elected until the AGM, which will be held on 23 May 2025.

Management

Helena Karlinder-Östlundh
CEO

Born 1981

Helena Karlinder-Östlundh has been permanent CEO of Nelly Group since 28 September 2023.

She started work at Nelly in March 2022. Helena had previously worked on issues relating to human resources and organisational development since 2005, first as a consultant at McKinsey & Company and then in senior positions in retail and the music industry. Her most recent role was as Chief People Officer at MECCA Brands in Australia and she previously also worked in the UK. She already has solid experience of transformation work, both in turnarounds and in hypergrowth companies.

Helena has a Master's of Science in organisational psychology from the London School of Economics and Political Science.

Shareholding (including any related person holding as at 31 December): 10,000 shares.

Niklas Lingblom
Chief Financial Officer

Born 1987

Niklas Lingblom took up the role of Chief Financial Officer (CFO) in February 2024.

Niklas has many years of experience in e-commerce. His previous role was as CFO of Inet, with broad responsibility for all financial processes.

He also has previous experience of public companies as he held the role of Finance Manager at Powercell Sweden AB (publ). Niklas was also Financial Controller at the IT distributor Exertis CapTech AB and Senior Auditor at EY.

Niklas has a Master's from the School of Business, Economics and Law at the University of Gothenburg.

Shareholding (including any related person holding as at 31 December): 11,670 shares.

Lotta Fermén
Chief Assortment Officer

Born 1986

Lotta Fermén became Acting Chief Assortment Officer (CAO) in June 2022. Since January 2023, she has held the role of CAO in a permanent capacity.

Lotta's most recent role was as Category Manager at Nelly, in which her responsibilities included the purchasing team for Nelly's own brands, and she has similar experience from Gina Tricot.

Lotta has a degree in textile economics from the University of Borås.

Shareholding (including any related person holding as at 31 December): 0 shares.

Madeleine Einarsson
Chief Sales Officer

Born 1993

Madeleine Einarsson became Chief Sales Officer (CSO) in August 2023.

Madeleine's previous role was as Head of Sales at Nelly, where her responsibilities included sales and performance marketing.

Madeleine has a Bachelor's degree in Business Administration from the School of Business, Economics and Law at the University of Gothenburg and a Bachelor's degree in Politics from the University of Gothenburg.

Shareholding (including any related person holding as at 31 December): 0 shares.

Anders Hellberg
Chief Technology Officer

Born 1971

Anders Hellberg became Chief Technology Officer (CTO) in September 2023.

Anders' previous role was as Client Director at Avensia, where he was responsible for partnerships with companies including Kappahl, Haglöfs, Nordic Nest, Bygghemma, Trademax and Chilli. Before that, he spent 12 years at Stena Line and was involved in managing digital business development.

Anders has a degree in engineering from Chalmers University of Technology in Gothenburg.

Shareholding (including any related person holding as at 31 December): 9,720 shares.

Stefan Svensson
Chief Operations Officer

Born 1980

Stefan became Chief Operations Officer (COO) of Nelly Group in August 2021.

Stefan previously worked at NetOnNet where he was in charge of the logistics department. Stefan has also worked in distribution in the consumer electronics industry and spent several years as a consultant in logistics development.

Stefan has an MSc in logistics from the University of Borås.

Shareholding (including any related person holding as at 31 December): 32,557 shares.

Consolidated income statement

(SEK million)	Note	2024	2023
Net revenue	4, 5	1,094.3	1,060.8
Cost of goods sold	13	-512.9	-552.9
Gross profit		**581.4**	**507.9**
Warehousing and distribution costs		-142.9	-171.3
Marketing costs		-117.0	-100.5
Administrative expenses		-228.7	-223.1
Other operating income	5	0.4	0.7
Other operating expenses	5	-0.1	-2.8
Operating profit/loss		**93.1**	**10.9**
Financial income	6	7.0	4.3
Financial expenses	6	-17.8	-17.5
Profit/loss before tax		**82.3**	**-2.3**
Tax	7	1.1	0.8
Profit after tax		**83.4**	**-1.5**
Attributable to:			
Parent company shareholders		83.4	-1.5
Profit/loss for the year		**83.4**	**-1.5**
Basic earnings per share (SEK)	26	2.78	-0.06
Diluted earnings per share (SEK)	26	2.78	-0.06

Consolidated statement of comprehensive income

(SEK million)	Note	2024	2023
Profit/loss for the year		**83.4**	**-1.5**
Other comprehensive income			
Items that have been or can be reclassified to profit or loss			
Translation differences for foreign operations for the year		-	-0.9
Other comprehensive income for the year	14	-	-0.9
Comprehensive income for the year		**83.4**	**-2.4**
Comprehensive income for the year attributable to:			
Parent company shareholders		83.4	-2.4
Comprehensive income for the year		**83.4**	**-2.4**

Consolidated statement of financial position

(SEK million)	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	8		
Goodwill		39.7	39.7
Domains		0.1	0.1
Capitalised expenditure for development		36.7	18.4
Projects in progress		1.5	9.5
Total intangible assets		**78.0**	**67.7**
Property, plant and equipment			
Leasehold improvements	9	4.3	4.7
Equipment	9	8.3	11.7
Right-of-use assets	19	238.4	267.0
Total property, plant and equipment		**251.0**	**283.4**
Financial assets			
Deferred tax asset	7	76.2	75.1
Deposits		38.0	38.0
Total non-current assets		**443.1**	**464.2**
Current assets			
Inventories	13		
Goods for resale		172.6	152.3
Total inventory		**172.6**	**152.3**
Current receivables			
Trade receivable	11	21.8	28.6
Current tax asset	7	3.7	-
Other current receivables, non-interest-bearing		7.6	7.3
Prepaid expenses and accrued income	12	25.7	26.3
Total current receivables		**58.8**	**62.2**
Cash and cash equivalents	18		
Cash and bank balances		196.9	121.1
Total cash and cash equivalents		**196.9**	**121.1**
Total current assets		**428.4**	**335.6**
Total assets		**871.5**	**799.8**

Consolidated statement of financial position, continued

(SEK million)	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	14		
Share capital		30.5	30.5
Other capital contributions		1,441.2	1,441.2
Retained earnings including profit for the year		-1,234.6	-1,293.1
Total equity attributable to parent company shareholders		**237.1**	**178.6**
Non-current liabilities			
Interest-bearing			
Lease liabilities	19	224.6	183.3
Total non-current interest-bearing liabilities		**224.6**	**183.3**
Non-interest-bearing			
Provisions	15	0.0	0.0
Other liabilities		42.9	-
Total non-current non-interest-bearing liabilities		**42.9**	**0.0**
Total non-current liabilities		**267.5**	**183.3**
Current liabilities			
Interest-bearing			
Lease liabilities	19	35.7	100.3
Total current interest-bearing liabilities		**35.7**	**100.3**
Non-interest-bearing			
Trade payables		85.4	90.3
Current tax liability		-	0.3
Other liabilities		84.7	110.3
Accrued expenses and deferred income	16	161.1	136.8
Total current non-interest-bearing liabilities		**331.2**	**337.7**
Total current liabilities		**366.9**	**438.0**
Total liabilities		**634.4**	**621.3**
Total equity and liabilities		**871.5**	**799.8**

For information on pledged assets and contingent liabilities, see Note 18.

Financial statements

Consolidated statement of changes in equity

(SEK million) *Note 14*	Equity attributable to parent company shareholders: Share capital	Other capital contributions	Translation reserve	Retained earnings including profit for the year	Total equity
Opening balance, 1 January 2023	**185.0**	**1,405.8**	**-3.8**	**-1,453.5**	**133.6**
Comprehensive income for the year					
Profit for the year	-	-	-	-1.5	-1.5
Other comprehensive income for the year	-	-	3.8	-4.7	-0.9
Comprehensive income for the year	**-**	**-**	**3.8**	**-6.2**	**-2.4**
Reduction in share capital	-166.5	-	-	166.5	-
New share issue	12.0	35.4	-	-	47.4
Incentive plan	-	-	-	0.0	0.0
Closing balance, 31 December 2023	**30.5**	**1,441.2**	**-**	**-1,293.1**	**178.6**
Opening balance, 1 January 2024	**30.5**	**1,441.2**	**-**	**-1,293.1**	**178.6**
Comprehensive income for the year					
Profit for the year	-	-	-	83.4	83.4
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-**	**83.4**	**83.4**
New share issue	0.0	-	-	-	0.0
Dividend	-	-	-	-24.9	-24.9
Incentive plan	-	-	-	0.0	0.0
Closing balance, 31 December 2024	**30.5**	**1,441.2**	**-**	**-1,234.6**	**237.1**

Consolidated statement of cash flows

(SEK million)	Note	2024	2023
Operating activities			
Profit/loss before tax		82.3	-2.3
Adjustments for items not included in cash flow	23	56.9	52.1
Income tax paid		0.8	-2.1
Cash flow from operating activities before change in operating profit/loss		**140.0**	**47.7**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		-20.4	73.3
Increase (-)/decrease (+) in other current receivables		7.1	12.7
Increase (+)/decrease (-) in accounts payable		-4.9	-52.8
Increase (+)/decrease (-) in other current liabilities		32.8	-21.6
Total cash flow from changes in working capital		**14.6**	**11.6**
Cash flow from operating activities		**154.6**	**59.3**
Investing activities			
Investments in intangible assets		-21.2	-14.7
Investments in property, plant and equipment		-1.2	-8.2
Cash flow from investing activities		**-22.4**	**-22.9**
Financing activities			
New share issue		0.0	47.4
Repayment of lease liability		-31.5	-27.6
Dividend		-24.9	-
Change in rental deposit		-	-2.0
Cash flow from financing activities		**-56.4**	**17.8**
Change in cash and cash equivalents		**75.8**	**54.2**
Cash and cash equivalents, start of year		**121.1**	**66.8**
Exchange rate difference for cash and cash equivalents		-	0.1
Cash and cash equivalents, end of year		**196.9**	**121.1**

Financial statements

Income statement – parent company

(SEK million)	Note	2024	2023
Net revenue		1.8	1.9
Gross profit		**1.8**	**1.9**
Administrative expenses		-10.1	-10.1
Operating profit/loss		**-8.3**	**-8.2**
Interest income and similar items		0.0	0.0
Interest expenses and similar items		-0.6	-0.3
Profit/loss after financial items	6	**-8.9**	**-8.6**
Group contributions received		102.0	20.0
Profit/loss before tax		**93.1**	**11.4**
Tax	7	-	-
Profit/loss for the year		**93.1**	**11.4**

Statement of comprehensive income – parent company

(SEK million)	2024	2023
Profit/loss for the year	**93.1**	**11.4**
Other comprehensive income		
Items that have been or can be reclassified to profit or loss	-	-
Other comprehensive income for the year	**-**	**-**
Comprehensive income for the year	**93.1**	**11.4**

Balance sheet – parent company

(SEK million)	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Financial assets			
Investments in subsidiaries	10	247.1	247.1
Deferred tax asset	7	71.7	71.7
Total financial assets		**318.8**	**318.8**
Total non-current assets		**318.8**	**318.8**
Current assets			
Current receivables			
Receivables, subsidiaries		38.8	-
Current tax asset	7	1.0	-
Other receivables		0.1	1.0
Prepaid expenses and accrued income	12	0.6	1.1
Total current receivables		**40.5**	**2.1**
Cash and bank balances	18	10.5	7.9
Total cash and cash equivalents		**10.5**	**7.9**
Total current assets		**51.0**	**10.0**
Total assets		**369.8**	**328.8**

Balance sheet – parent company, continued

(SEK million)	Note	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
Equity	14		
Restricted equity			
Share capital		30.5	30.5
Statutory reserve		0.8	0.8
Total restricted equity		**31.3**	**31.3**
Non-restricted equity			
Share premium reserve		1,440.3	1,440.3
Accumulated profit or loss		-1,206.1	-1,192.7
Profit for the year		93.1	11.4
Total non-restricted equity		**327.3**	**259.0**
Total equity		**358.6**	**290.3**
Provisions			
Other provisions	15	0.0	0.0
Total provisions		**0.0**	**0.0**
Current liabilities			
Trade payables		0.2	0.1
Liabilities to Group companies		-	26.8
Other liabilities		5.2	6.2
Accrued expenses and deferred income	16	5.8	5.4
Total current liabilities		**11.2**	**38.5**
Total liabilities		**11.2**	**38.5**
Total equity and liabilities		**369.8**	**328.8**

For information on pledged assets and contingent liabilities for the parent company, see Note 17.

Statement of changes in equity – parent company

	Restricted equity		Non-restricted equity			
(SEK million) *Note 14*	Share capital	Statutory reserve	Share premium reserve	Accumulated profit or loss	Profit for the year	Total equity
Opening balance, 1 January 2023	**185.0**	**0.8**	**1,404.9**	**-1,290.6**	**-70.0**	**230.1**
Comprehensive income for the year						
Profit for the year	-	-	-	-	11.4	11.4
Comprehensive income for the year	**-**	**-**	**-**	**-**	**11.4**	**11.4**
Reduction in share capital	**-166.5**	**-**	**-**	**166.5**	**-**	**0.0**
Appropriation of profits				-70.0	70.0	0.0
New share issue	12.0	-	35.4	-	-	47.4
Merger proceeds	-	-	-	1.5	-	1.5
Incentive plan	-	-	-	0.0	-	0.0
Closing balance, 31 December 2023	**30.5**	**0.8**	**1,440.3**	**-1,192.7**	**11.4**	**290.3**
Opening balance, 1 January 2024	**30.5**	**0.8**	**1,440.3**	**-1,192.7**	**11.4**	**290.3**
Comprehensive income for the year						
Profit for the year	-	-	-	-	93.1	93.1
Comprehensive income for the year	**-**	**-**	**-**	**-**	**93.1**	**93.1**
Appropriation of profits	-	-	-	11.4	-11.4	0.0
New share issue	0.0	-	-	-	-	0.0
Dividend	-	-	-	-24.9	-	-24.9
Incentive plan	-	-	-	0.0	-	0.0
Closing balance, 31 December 2024	**30.5**	**0.8**	**1,440.3**	**-1,206.1**	**93.1**	**358.6**

Cash flow statement – parent company

(SEK million)		2024	2023
Cash flow from operations			
Profit/loss after financial items		-8.9	-8.6
Adjustments for items not included in cash flow	23	0.0	0.0
Cash flow from operating activities before change in working capital		**-8.9**	**-8.6**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in other current receivables		63.6	0.2
Increase (+)/decrease (-) in accounts payable		0.1	-0.1
Increase (+)/decrease (-) in other current liabilities		-27.3	-40.7
Total cash flow from changes in working capital		**36.4**	**-40.6**
Cash flow from operating activities		**27.5**	**-49.2**
Investing activities			
Divestment of shares in subsidiaries	10	-	6.0
Cash flow from investing activities		**-**	**6.0**
Financing activities			
Divestment of subsidiaries/operations, net liquidity effect		-	1.5
New share issue	14	0.0	47.3
Dividend		-24.9	-
Cash flow from financing activities		**-24.9**	**48.8**
Cash flow for the year		**2.6**	**5.6**
Cash and cash equivalents, start of year		7.9	2.3
Cash and cash equivalents, end of year		**10.5**	**7.9**

Notes

Notes

Note 1 General information

Nelly Group AB has its registered office in Borås, Sweden. The company's address is c/o Nelly NLY AB, Box 690, SE-501 13 Borås, Sweden. The consolidated income statement and balance sheet as at 31 December 2024 include the parent company and its subsidiaries. Nelly Group is a limited company listed on the Nasdaq Stockholm exchange under the ticker symbol 'NELLY'. This annual report was approved for publication by the Board and CEO on 29 April 2025.

Note 2 Accounting policies and valuation principles

2.1 Accounting policies
The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the EU. The Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups was also applied when preparing the consolidated financial statements.

The parent company applies the same accounting policies as the Group, except where otherwise stated below in the parent company accounting policies section. The parent company's functional currency is the Swedish krona, which is also the reporting currency for the parent company and the Group. The financial statements are, therefore, presented in Swedish krona. All amounts are rounded off to the nearest million, unless otherwise specified.

The accounting policies specified below, with their detailed exceptions described below, were applied consistently to all periods presented in the consolidated financial statements.

2.1.1. Information on IFRS standards or interpretations that came into effect in 2024
The IFRS standards effective as of 2024 had no impact on the consolidated financial statements.

2.1.2 Information on IFRS standards or interpretations that have not yet come into effect
Changes to IFRS 18 that come into force in 2027 may affect the presentation of the consolidated financial statements.

2.2 Classification
Non-current assets and non-current liabilities are essentially expected to be recovered or paid 12 months or more after the end of the reporting period. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months of the end of the reporting period.

2.3 Operating segment reporting
An operating segment is a Group entity that engages in activities that may generate income and incur expenses, and for which separate financial information is available. An operating segment's earnings are regularly reviewed by the company's chief operating decision maker to assess performance and allocate resources to the operating segment. The Group does not report segments separately.

2.4 Consolidation principles and business combinations Subsidiaries
Subsidiaries are companies over which Nelly Group AB has control. Control means, directly or indirectly, the right to formulate a company's financial and operational strategies with the aim of receiving economic benefits. When assessing whether there is control, potential voting shares that can be used or converted immediately are considered.

Subsidiaries are recognised using the acquisition method. With this method, acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the fair value of acquired identifiable assets and assumed liabilities on the acquisition date, as well as any non-controlling interest. Transaction expenses, except for those transaction expenses attributable to issued equity or debt instruments, are recognised directly in profit/loss for the year.

Compensation transferred in connection with acquisitions does not include payments for the settlement of past business relationships. This type of settlement is recognised in profit/loss. Contingent considerations are recognised at fair value on the date of acquisition. In cases where contingent considerations are presented as equity instruments, no revaluation is done, and adjustments are made in equity. Other contingent considerations are revalued at each reporting date and the change is recognised in profit/loss for the year. Where the acquisition does not relate to 100% of the subsidiary, it constitutes a non-controlling interest. There are two options for recognising non-controlling interest. These are to recognise the non-controlling interest's share of proportionate net assets or to recognise the non-controlling interest at fair value, which means that the non-controlling interest is part of goodwill. Choosing between the different options for recognising non-controlling interest can be done individually for each acquisition.

For step acquisitions, goodwill is determined on the date control is taken. Previous holdings are assessed at fair value and changes in value are recognised in profit/loss for the year. In business combinations in which the transferred payment, any non-controlling interest, and fair value of previously held interest (for step acquisitions) exceed the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, it is recognised directly in profit/loss for the year.

Disposals that result in a loss of control but where a holding is retained are measured either as a financial asset at fair value through profit or loss or in accordance with the equity method if the remaining holding gives Nelly significant control. Acquisitions of non-controlling interest are recognised as a transaction in equity, that is, between the owners of the parent company (in retained earnings) and the non-controlling interest. Therefore, no goodwill arises in these transactions. The change in non-controlling interest is based on its proportionate share of net assets.

Transactions eliminated at consolidation
Intra-group receivables and liabilities, income or expenses, and unrealised gains or losses that arise from intra-group transactions between Group companies are eliminated in the preparation of the consolidated accounts.

2.5 Foreign currency
2.5.1 Foreign currency transactions
Foreign currency transactions are translated into the functional currency at the exchange rate that applied on the transaction date. The functional currency is the currency used in the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate applicable at the end of the reporting period. Non-monetary assets and liabilities are translated at the exchange rate applicable when the asset or liability was first recognised. Exchange differences arising are recognised in profit/loss for the year.

Note 2, continued

2.5.2 Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation to the Group's reporting currency, the Swedish krona, at the exchange rate applicable at the end of the reporting period. Income and expenses in foreign operations are translated to the Swedish krona at an average rate that approximates the exchange rates on the respective transaction date. Translation differences that arise from currency translation of foreign operations are otherwise recognised in comprehensive income and are accumulated in a separate component of equity called the translation reserve. If the foreign operation is not wholly owned, the translation difference is allocated to non-controlling interest based on its proportional participating interest. When divesting foreign operations, they are realised in the operation for accumulated translation differences, where they are reclassified from the translation reserve in equity to profit/loss for the year. In cases where divestment occurs but controlling interest is retained, the proportional share of cumulative translation differences is transferred from other comprehensive income to non-controlling interest.

2.6 Revenue

2.6.1 Sale of goods and rendering of services

Revenue from the sale of goods is recognised in accordance with the terms of sale, that is, when the goods are submitted to the transport agent, net of returns. Since most sales are made to consumers who, depending on the country, most often have a legal right to return goods in connection with distance selling, the deduction for returns is a relatively significant item. Consolidated revenue reflects seasonal variations. Fourth-quarter revenue usually exceeds the other quarters due to major e-commerce days and Christmas shopping.

2.6.2 Bartering

Bartering refers to the exchange of gift vouchers for other goods or services. Bartering is recognised at the fair value of the goods or services. The fair value is determined from existing contracts for the same type of services with other customers. Gift vouchers sold are entered as liabilities. When they are used, income and expenses are recognised.

2.7 Leasing

In the recognition of leases, the asset is recognised as property, plant and equipment in the consolidated statement of financial position and measured initially at cost, which consists of the initial value of the lease liability plus lease payments paid on or before the start date plus any initial direct expenses.

The lease liability, which is divided into a non-current part and a current part, is measured initially at the present value of outstanding lease payments during the estimated lease term. The lease liability comprises the present value of the following payments during the estimated lease term:

- Fixed payments
- Variable lease payments linked to an index or price (rate)
- Any residual value guarantees that are expected to be paid

The value of the debt increases by the interest expense for each period and decreases by the lease payments. The interest expense is calculated as the value of the debt multiplied by the discount rate. The lease liability for the Group's premises with index-linked rent is calculated on the rent payable at the end of each reporting period. At this time, the debt is adjusted by the corresponding adjustment of the carrying amount of the right of use asset.

The lease payments are discounted by the Group's marginal borrowing rate. However, where implicit interest can easily be established, that rate is used, and this is the case for some of the Group's vehicle leases.

No right-of-use asset or lease liability is recognised for leases that have a term of 12 months or less or an underlying asset of low value, under SEK 50,000. Lease payments for these leases are recognised as an expense in a straight line over the lease term. For more information about the Group's leases, see note 19.

2.8 Financial income and expenses

Financial income consists of interest income on cash and cash equivalents. Financial expenses mainly comprise interest expenses related to right-of-use assets. Exchange gains and exchange losses are recognised net, with operating-related in operating profit/loss and finance-related with financial items.

2.9 Taxes

Income taxes comprise current and deferred tax. Income taxes are recognised in profit/loss for the year, except when the underlying transaction is recognised in other comprehensive income or equity, in which case the related tax effect is recognised in other comprehensive income or equity.

Current tax is tax that is payable or receivable for the current year, according to the tax rates enacted or for all practical purposes enacted at the end of the reporting period. Current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and tax bases of assets and liabilities. Temporary differences are not considered in consolidated goodwill or for differences that arise in initial recognition of assets and liabilities that are not business combinations, which at the time of the transaction affect neither recognised nor taxable earnings. Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised if it is deemed probable that they can be used. The value of deferred tax assets is reduced when their use is no longer deemed probable. Any additional income tax that arises in conjunction with dividends is recognised as a liability when the dividend is recognised.

2.10 Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents and trade receivables among the assets and trade payables among the liabilities.

2.10.1 Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. A receivable is carried when the company has rendered a service or supplied a product and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are carried in the statement of financial position when an invoice is sent. Liabilities are carried when the counterparty has rendered a service or supplied a product and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are carried when an invoice is received. Financial assets are removed from the statement of financial position when the entitlements of agreements are realised, fall due or the company loses control of them. The same applies to part of a financial asset. Financial liabilities are removed from the statement of financial position when contractual obligations are fulfilled or are otherwise extinguished. The same applies to part of a financial liability.

In some cases, the Group sells receivables to external factoring companies. Normally, a full transfer of credit risk occurs, which means that all significant risks and rewards are transferred to the external party. The sold receivables are then derecognised from the statement of financial position. The difference between the carrying amount of the sold receivable and the price paid for the receivable by the factoring company is recognised in the income statement.

Notes

Note 2, continued

Financial assets and financial liabilities are offset and recognised at the net amount in the statement of financial position only when there is a legal offset right for the amounts and the intention is to (1) settle the items at a net amount, or (2) realise the asset and settle the liability simultaneously.

Acquisitions and disposals of financial assets are recognised on the settlement date, which is the date the asset is delivered to or from the company.

2.10.2 Classification and measurement
Financial instruments that are not derivatives are initially recognised at cost corresponding to the fair value of the instrument, plus transaction costs for all financial instruments apart from those in the category of financial assets at fair value through profit or loss; these are recognised at fair value excluding transaction costs. A financial instrument is classified at initial recognition based in part on the purpose for which it is acquired. The classification determines how the financial instrument is valued after initial recognition, as described below.

2.10.3 Trade receivables
Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are valued at amortised cost, which is determined based on the effective rate as calculated at acquisition. Trade receivables are recognised at the amounts expected to be received, that is, less bad debts.

2.10.4 Financial liabilities
Consolidated financial assets and liabilities are allocated to the categories described in Note 19 Financial instruments and financial risk management. Recognition of financial income and expenses is also described in section 2.8 above. This category contains loans and other financial liabilities, such as trade payables. Liabilities are valued at amortised cost.

2.11 Property, plant and equipment
Property, plant and equipment are recognised in the consolidated accounts at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly attributable to ensuring the asset is in place and in the right condition to be used as intended.

The carrying amount of an item of property, plant or equipment is derecognised from the statement of financial position upon retirement or sale or when no future economic benefits are expected from the asset's retirement/sale. Gains or losses that arise from an asset's retirement or sale comprise the difference between the selling price and the carrying amount, less direct selling expenses. Gain and loss are recognised as other operating income/expense.

2.11.1 Depreciation principles for property, plant and equipment
Depreciation occurs on a straight-line basis over the estimated useful life of the asset. Depreciation methods, residual values and useful lives are reassessed at each year-end.

Estimated useful lives:

Equipment and fixtures and fittings 3–10 years
Leasehold improvements 5–10 years

2.12 Intangible assets
2.12.1 Intangible assets with indefinite useful lives
2.12.1.1 Goodwill
Goodwill arising in connection with a business combination is the difference between the cost of the business acquisition and the fair value of identifiable net assets, assumed liabilities and recognised contingent liabilities.

Goodwill is valued at cost, less any accumulated impairment losses. Goodwill is divided between the cash-generating units and tested at least once a year for impairment, or when there is an indication of a need for impairment. Impairment of goodwill is not reversed. For more information about impairment, see accounting policy 2.14.

2.12.1.2 Brands
Trademarks are carried at cost, less any accumulated impairment losses. Trademarks are allocated to cash-generating units and are tested at least once a year for impairment. For more information about impairment, see accounting policy 2.14.

2.12.2 Intangible assets with defined useful lives
2.12.2.1 Development expenses
Development expenses for creating new or improved products or processes are recognised as assets in the statement of financial position if the product or process is technically and commercially viable and the Group has the resources to complete the development. The carrying amount includes direct costs and, where applicable, expenses for salaries and share of indirect expenses. Other expenses are recognised in the income statement as expenses when they arise. In the statement of financial position, capitalised development expenses are carried at cost, less accumulated amortisation and any impairment losses. Capitalised expenses refer mainly to software, software platforms and other IT-related investments.

2.12.2.2 Domains
Domains are recognised at cost less accumulated amortisation (see below) and impairment loss (see accounting policy 2.14).

2.12.3 Amortisation method for intangible assets
Amortisations are recognised in profit for the year on a straight-line basis over the estimated useful life of the intangible asset, provided such useful life is indefinite. Useful lives are reassessed at least once a year. Goodwill with an indefinite useful life is tested for impairment annually and when there are indications that the asset has lost value.

Intangible assets with determinable useful lives are amortised from the date on which they become available for use.
Estimated useful lives:

Development expenditure	3–5 years
Domains	10 years
Brands	10 years

2.13 Inventories
Inventories are valued according to the lowest value principle, which means the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of operating activities less the estimated selling expenses. The cost of inventory is based on weighted average prices and includes expenses incurred in the acquisition of goods and bringing the goods to their present state and location.

2.14 Impairment losses
The Group's recognised assets are assessed at the end of every reporting period to determine whether indications of impairment exist. IAS 36 is applied to impairment of assets other than financial assets, which are recognised as per IFRS 9.

2.14.1 Impairment of property, plant and equipment and intangible assets
The recoverable amount of the asset is calculated if there is indication of impairment (see below). The recoverable amount is also calculated annually for goodwill, trademarks and intangible assets that are not yet ready for use. If substantially independent cash flows to an individual asset cannot be

Note 2, continued

established, and if the asset's fair value less selling expenses cannot be used, then assets are grouped in impairment testing at the lowest level at which substantially independent cash flows can be identified – this grouping is called a cash-generating unit (CGU).

An impairment charge is recognized when the carrying amount of an asset or CGU (group of units) exceeds the recoverable amount. Impairment loss is recognised in profit for the year as an expense.

Nelly consists of one cash-generating unit and when a need for impairment has been identified for a cash-generating unit (group of units), the impairment amount is initially allocated to goodwill and, if the difference is higher than the goodwill amount, it is allocated proportionally to other assets in the unit (group of units).

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating value in use, future cash flows are discounted using a discount rate that accounts for risk-free interest and the risk associated with the specific asset.

2.14.2 Presentation of credit losses

For financial assets measured at amortised cost, provisions for credit losses are presented in the balance sheet as a reduction in the recognised gross value of the asset to obtain the recognised net value.

Changes in provisions for credit losses and write-offs are presented in the income statement as credit losses. Repayments of write-offs and recoveries of provisions are recognised as income in credit losses.

2.14.3 Reversal of impairment losses

Impairment losses on assets included in the scope of IAS 36 are reversed if there is (1) an indication that impairment has ceased and (2) a change in the assumptions that formed the basis of calculating the recoverable amount. Impairment losses on goodwill are never reversed. A reversal only occurs to the extent that the asset's carrying amount (after reversal) does not exceed the carrying amount that would have been recognised (less depreciation or amortisation, where applicable), had no impairment loss been recognised.

Impairment of trade receivables recognised at amortised cost is reversed if the previous reasons for impairment no longer exist and full payment from the customer is expected to be received.

2.15 Capital payments to shareholders

2.15.1 Dividends

Dividends are recognised as a liability after approval at the AGM.

2.15.2 Purchase of treasury shares

Acquisition of treasury shares is recognised as a deductible item from equity. Payment from divestment of such equity instruments is recognised as an increase in equity. Transaction expenses are recognised immediately in equity.

2.16 Earnings per share

The calculation of earnings per share is based on consolidated profit/loss for the year attributable to the parent company's shareholders and the weighted average number of shares outstanding during the year. In calculating diluted earnings per share, earnings and the average number of shares are adjusted to account for effects of diluted potential ordinary shares. For the reported periods, the parent company had instruments that may generate potential dilution in the future: treasury shares attributable to the Group incentive plans. The incentive plans had no dilutive effect in either 2024 or 2023.

2.17 Employee benefits

2.17.1 Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are rendered.

A liability is recognised for the expected cost of bonus payments when the Group has an applicable legal or constructive obligation to make such payments due to services being rendered by employees, and the commitment can be reliably calculated.

2.17.2 Defined contribution pension plans

Defined contribution plans are plans wherein the company's obligation is limited to the contributions the company has undertaken to pay. In such cases the size of the employee's pension depends on the contributions the company pays to the plan or to an insurance company and the contributions' return on capital. The employee thus bears the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will not suffice to pay out the expected remuneration). The company's obligations for contributions to defined contribution plans are recognized as an expense in profit/loss for the year at the rate earned by the employee performing services for the company over a period.

2.17.3 Termination benefits

An expense for remuneration paid on termination of employment is only recognised if the company is demonstrably committed – without realistic option of withdrawal – to a detailed formal plan to terminate an employment contract before the normal end date. If benefits are offered to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

2.17.4 Share-based remuneration

The Group has long-term performance share plans directed to certain employees that consist of share rights. The fair value of the plans is measured as of the grant date. The fair value includes social security contributions and is distributed over the vesting period, based on the Group's estimate of the number of share rights that will eventually be redeemed.

The expense is reported in the income statement as employee benefit expenses including the corresponding equity increase. Fair value is revalued each month for social security contributions and is adjusted in future periods to eventually reflect the number of share rights that will be redeemed. See Note 21.

2.18 Provisions

A provision differs from other liabilities because of prevailing uncertainty about payment date or the amount required to settle the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation due to a past event, and it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.
The amount allocated to a provision is the best estimate of what is required to settle the existing obligation on the reporting date. When the payment date has a material impact, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects (1) current market estimates of the time value of money and (2) where applicable, the risks associated with the liability.

2.19 Discontinued operations

A discontinued operation is a component of a company's operations that represents an independent business or a significant business within a geographical area or is a subsidiary acquired exclusively with a view to resell.

Notes

Note 2, continued

Classification as a discontinued operation occurs upon divestment or at an earlier date when the business meets the criteria for classification as held for sale.

Profit/loss after tax from discontinued operations is recognized on a separate line in the income statement and statement of other comprehensive income. When operations are classified as discontinued, the design of the comparative year's income statement and statement of other comprehensive income is changed so that recognition is as if the discontinued operations had been sold off at the start of the comparative year. The design of the statement of financial position for the current and previous year is not changed in the same way.

2.20 Contingent liabilities
A contingent liability is recognised when there is a possible obligation from past events, and the occurrence of the obligation is only confirmed by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision since it is not probable that an outflow of resources will be required.

2.21 Parent company accounting policies
The parent company prepared its annual accounts as per the Swedish Annual Accounts Act (1995:1554) and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR 2 means that, in the annual report for the legal entity, the parent company must apply all EU-approved IFRS and interpretations as far as possible within the framework of the Annual Accounts Act and the Act on Safeguarding of Pension Commitments, and regarding the connection between accounting and taxation. The recommendation states which exceptions from and additions to IFRS must be applied.

2.21.1 Differences between accounting policies of the Group and parent company
The differences between Group and parent company accounting policies are stated below.

2.21.1.1 Changes to accounting policies
Unless otherwise indicated below, changes to the parent company's accounting policies in 2024 were the same as stated above for the Group.

2.21.1.2 Subsidiaries
The parent company recognises participations in subsidiaries at cost, including transaction costs. Transaction costs are recognised as expenses in the consolidated financial statements when they arise. Contingent considerations are valued based on the probability that the purchase price will be paid. Any changes to the recognised additional purchase price is added to/deducted from the cost. In the consolidated financial statements, contingent considerations are recognised at fair value and changes in value are recognised in profit when they take place.

2.21.1.3 Group contributions and shareholder contributions for legal entities
The parent company recognises Group contributions received and paid as balance sheet appropriations in accordance with RFR 2. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in shares and participating interests of the issuer, to the extent impairment is not required.

Note 3 Estimates and assessments

Preparation of the financial statements using IFRS requires that the Board and company management make assessments, estimates and assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. These estimates and assumptions are mainly based on historical experience and other factors that are judged to be reasonable taking current conditions into consideration. The actual outcome may differ from these estimates and assessments. The estimates and assumptions are reviewed regularly. Changes to estimates are recognised in the period when the change is made – if the change only affected that period. If the change affects current and future periods, it is recognised in the period when the change is made and in future periods. The development of, selection of and disclosures regarding the Group's significant accounting policies and estimates and the application of these policies and estimates, are reviewed by Nelly Group's audit committee.

Note 8 contains information about the assumptions and risk factors regarding impairment testing of goodwill with indefinite useful lives.

Goodwill
Goodwill with an indefinite useful life is tested annually for impairment or when there is an indication of a need for impairment. The impairment test requires that management determine the fair value of cash-generating units based on projected cash flows and internal business plans and forecasts. Estimates and assessments are shown in Note 8 Intangible assets.

Deferred tax asset
The Group's deferred tax assets are based on loss carry-forwards in the Swedish operations. Management has made assumptions and assessments about the company's future earnings potential and, based on this, the scope for future utilisation of these loss carry-forwards is evaluated.

Inventory valuation
Inventories are evaluated at the close of accounts each month to determine their net realisable value. An impairment loss is recognised in cost of goods sold at the amount by which the net realisable value is lower than cost. If the actual decrease in value differs from estimates or if management make future adjustments to the assumptions, changes in valuation may affect the period's earnings and financial position.

Income – Assessment of return rate
At the close of accounts each month, the provision requirement associated with expected returns is assessed. The assessment is carried out based on historic outcome and actual sales. The provision requirement is recognised as a reduction in net sales, with the equivalent adjustment being made to cost of goods sold.

Provisions and contingent liabilities
Liabilities are recognised when there is a present obligation resulting from a past event, when it is probable that an outflow of economic benefits will occur, and a reliable assessment of the amount can be made. In these cases, a calculation of the provision is made and recognised in the statement of financial position.

A contingent liability is recognised in the notes when a possible obligation is incurred, but whose existence can only be confirmed by one or more uncertain future events beyond the Group's control, or when it is not possible to calculate the amount. Realisation of contingent liabilities that are not recognised or not included in the annual report can have a material effect on the Group's financial position.

The Group regularly reviews significant outstanding disputes to determine the need for provisions. Among the factors considered in such an assessment are the type of litigation or summons, the amount of any damages, the development of the case, perceptions of legal and other advisers, experience from similar cases and decisions of Group management regarding the Group's actions concerning these disputes. Estimates do not necessarily reflect the outcome of pending litigation and differences between outcome and estimate may significantly affect the company's financial position and have an unfavourable impact on operating profit and liquidity. For additional information, see Note 15 Other provisions.

Note 4 Sales by country and type

The Group's net sales and non-current assets are recognised below by geographical area because the countries have different business conditions. The geographical breakdown into Sweden, rest of the Nordics and rest of the world reflects where income is generated. Net revenue mainly comprises online sales of products. Sales are recognised by country of sale, that is, the country in which the consumer is located. No individual customer represents more than 10 percent of consolidated trade receivable.

Geographical distribution (SEK million)	Net revenue		Non-current assets	
	2024	2023	2024	2023
Sweden	559.0	548.9	443.1	464.2
Other Nordics	518.7	494.4	-	-
Rest of world	16.6	17.5	-	-
Total	**1,094.3**	**1,060.8**	**443.1**	**434.2**

Sales per type of income (SEK million)	2024	2023
Products	1,068.4	1,030.9
Services	25.9	29.9
Total net sales	**1,094.3**	**1,060.8**

Notes

Note 5 Other operating income and expenses

	Group		Parent company	
(SEK million)	2024	2023	2024	2023
Other operating income				
Other operating income	0.4	0.7	1.8	1.9
Exchange gains on operating receivables/liabilities	0.0	0.0	0.0	0.0
Total	**0.4**	**0.7**	**1.8**	**1.9**
Other operating expenses				
Loss on sale of non-current assets	-	0.0	-	-
Exchange losses on operating receivables/liabilities	-0.1	-2.8	0.0	0.0
Other operating expenses	0.0	0.0	0.0	0.0
Total	**-0.1**	**-2.8**	**0.0**	**0.0**
Total other operating income and expenses	**0.3**	**-2.1**	**1.8**	**1.9**

Note 6 Financial items

	Group		Parent company	
(SEK million)	2024	2023	2024	2023
Profit/loss from investments in subsidiaries[1]	-	-1.2	-	-
Profit/loss from investments in subsidiaries	**-**	**-1.2**	**-**	**-**
Interest income:				
- Interest income, other	5.7	3.1	-	-
Exchange gains/losses	1.3	2.4	-	-
Financial income	**7.0**	**4.3**	**-**	**-**
Interest expenses:				
- Interest expenses, leases	-10.8	-11.4	-	-
- Interest expenses, other	-6.5	-6.0	-0.6	-0.3
Other financial expenses	-0.4	-0.1	-	-
Financial expenses	**-17.8**	**-17.5**	**-0.6**	**-0.3**
Net financial items	**-10.8**	**-13.2**	**-0.6**	**-0.3**

[1]NLY Norge AS was liquidated as at 21 November 2023

Note 7 Taxes

	Group		Parent company	
Distribution of tax expenses (SEK million)	2024	2023	2024	2023
Current tax expense				
Current tax for the period	-	-0.5	-	-
Total	**0.0**	**-0.5**	**-**	**-**
Deferred tax				
Deferred tax on temporary differences	1.1	1.3	-	-
Deferred tax on temporary loss carry-forwards	-	0.0	-	-
Total	**1.1**	**1.3**	**0.0**	**0.0**
Total recognised consolidated tax expense	**1.1**	**0.8**	**0.0**	**0.0**

	Group				Parent company			
Reconciliation of tax expense (SEK million)	2024	%	2023	%	2024	%	2023	%
Profit/loss before tax	**82.3**		**-2.3**		**93.1**		**11.4**	
Tax as per applicable tax rate for parent company	-17.0	-20.6	0.5	-20.6	-19.2	-20.6	-2.4	-20.6
Non-taxable income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-deductible expenses	-1.4	-1.7	-0.2	8.7	-0.1	-0.1	-0.1	-0.5
Increase in loss carry-forward without corresponding capitalisation of deferred tax	19.5	23.7	-1.1	47.8	19.4	20.8	2.5	21.1
Effective tax/tax rate	**1.1**	**1.4**	**-0.8**	**35.9**	**0.0**	**0.0**	**0.0**	**0.0**

	Group		Parent company	
(SEK million)	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred tax asset				
Loss carry-forwards	71.7	71.7	71.7	71.7
Other	4.5	3.4	-	-
Total	**76.2**	**75.1**	**71.7**	**71.7**
Net deferred tax	**76.2**	**75.1**	**71.7**	**71.7**

Change in net temporary differences is recognised on the next page:

Notes

Note 7, continued

Group (SEK million)	2024 Opening balance, 1 January	Deferred tax income	Deferred tax expense	Divestment of subsidiaries	Recognised in equity	Other	Closing balance, 31 December
Temporary differences:							
Loss carry-forwards	71.7	-	-	-	-	-	71.7
Other	3.4	1.1	-	-	-	-	4.5
Total	**75.1**	**1.1**	**0.0**	**0.0**	**0.0**	**0.0**	**76.2**

Group (SEK million)	2023 Opening balance, 1 January	Deferred tax income	Deferred tax expense	Divestment of subsidiaries	Recognised in equity	Other	Closing balance, 31 December
Temporary differences:							
Loss carry-forwards	71.7	-	-	-	-	-	71.7
Other	2.1	1.3	-	-	-	-	3.4
Total	**73.8**	**1.3**	**-**	**-**	**-**	**-**	**75.1**

Parent company (SEK million)	2024 Opening balance, 1 January	Deferred tax income	Deferred tax expense	Recognised in equity	Closing balance, 31 December
Temporary differences:					
Loss carry-forwards	71.7	-	-	-	71.7
Total	**71.7**	**-**	**-**	**-**	**71.7**

Parent company (SEK million)	2023 Opening balance, 1 January	Deferred tax income	Deferred tax expense	Recognised in equity	Closing balance, 31 December
Temporary differences:					
Loss carry-forwards	71.7	-	-	-	71.7
Total	**71.7**	**-**	**-**	**-**	**71.7**

At 31 December 2024, recognised consolidated loss carry-forwards without an expiration date amounted to SEK 615.2 (708.9) million. For the year, the Group decided not to accumulate further deficits on recognised losses.

Note 8 Intangible assets

	Group	
Development expenditure and projects in progress (SEK million)	2024	2023
Opening accumulated cost	**72.5**	**105.8**
Investments	21.2	14.6
Sales/disposals	-4.6	-47.9
Closing accumulated cost	**89.1**	**72.5**
Opening accumulated depreciation/amortisation	**-44.6**	**-81.9**
Sales/disposals	4.6	47.9
Depreciation/amortisation	-10.9	-10.6
Closing accumulated depreciation/amortisation	**-50.9**	**-44.6**
Carrying amounts	**38.2**	**27.9**

The item includes projects in progress and development of 1.5 (9.5) that are not yet in service. The expenses are mainly attributable to the business's web platform and IT environment. Amortisation costs attributable to completed intangible assets of SEK -10.9 (-10.6) million are included in consolidated selling and administrative expenses.

Both internal and external expenditure was capitalised. No borrowing costs were capitalised. Projects in progress are not amortised.

	Group	
Domains (SEK million)	2024	2023
Opening accumulated cost	**4.4**	**4.4**
Closing accumulated cost	**4.4**	**4.4**
Opening accumulated depreciation/ amortisation	**-4.3**	**-4.3**
Depreciation/amortisation for the year	0.0	0.0
Closing accumulated depreciation/am-ortisation	**-4.3**	**-4.3**
Carrying amounts	**0.1**	**0.1**

	Group	
Goodwill (SEK million)	2024	2023
Opening accumulated cost	**39.7**	**39.7**
Closing accumulated cost	**39.7**	**39.7**
Carrying amounts	**39.7**	**39.7**

This items concerns goodwill from Nelly Group's previous acquisition of Nelly.

Note 8, continued

Impairment testing for the Group's cash-generating unit containing goodwill

The Group's cash-generating unit, Nelly, recognises significant goodwill:

(SEK million)	2024	2023
NLY Group	39.7	39.7
Total	**39.7**	**39.7**

Impairment testing

Impairment testing for goodwill for cash-generating units is based on the recoverable amount (value in use), calculated using a discounted cash flow model. The cash flow is projected over a five-year period and is based on the most recently adopted budgets and forecasts, which are based on actual historical outcomes of the business. The single most important variables associated with the preparation of the impairment tests are net sales, operating margin and working capital. The net sales forecast is the total of estimated performance within each area of operations and the operating margin forecast is an average of the product mix.

The cash flow is discounted for the cash-generating unit using an appropriate discount rate, taking into consideration the cost of capital and risk. The estimated cash flows were calculated at present value using a discount rate of 14.0 (14.5) percent after tax.

The impairment test does not indicate any impairment requirement. Impairment tests generally have a margin such that reasonable changes in individual parameters would not cause the recoverable amount to fall below the carrying amount. However, the cash flow forecasts are uncertain and may also be influenced by factors beyond the company's control. Even if the estimated growth rate applied after the forecast five (5)-year period had been zero, there would have been no need to recognise a goodwill impairment loss. Even if the estimated discount rate applied to the discounted cash flows had been one (1) percent higher, there would have been no need to recognise a goodwill impairment loss. Nor does the company deem that likely changes in other important assumptions would cause the recoverable amount to fall below the carrying amount.

Note 9 Property, plant and equipment

	Group	
Leasehold improvements (SEK million)	2024	2023
Opening accumulated cost	**5.3**	**1.7**
Investments	0.8	3.6
Closing accumulated cost	**6.1**	**5.3**
Opening accumulated depreciation	**-0.7**	**-0.3**
Depreciation for the year	-1.1	-0.4
Closing accumulated depreciation	**-1.8**	**-0.7**
Carrying amounts	**4.3**	**4.7**

Both internal and external expenditure was capitalised. No borrowing costs were capitalised.

Depreciation of SEK -1.1 (-0.4) million is included in consolidated selling and administrative expenses.

Note 9, continued

	Group		Parent company	
Equipment (SEK million)	2024	2023	2024	2023
Opening accumulated cost	**20.7**	**16.5**	**-**	**-**
Investments	0.3	4.5	-	-
Sales/disposals	-1.9	-0.3		
Closing accumulated cost	**19.1**	**20.7**	**-**	**-**
Opening accumulated depreciation	**-9.0**	**-6.0**	**-**	**-**
Sales/disposals	1.9	0.3	-	-
Depreciation for the year	-3.7	-3.3		
Closing accumulated depreciation	**-10.8**	**-9.0**	**-**	**-**
Carrying amounts	**8.3**	**11.7**	**-**	**-**

Depreciation of SEK -3.7 (-3.3) million is included in consolidated selling and administrative expenses. Depreciation for the parent company of SEK 0.0 (0.0) million is included in the parent company's selling and administrative expenses.

	Group	
Construction in progress (SEK million)	2024	2023
Opening accumulated cost	**-**	**-**
Investments	-	-
Reclassifications	-	-
Closing accumulated cost	**-**	**-**
Carrying amounts	**-**	**-**

Note 10 Investments in subsidiaries

Shares in subsidiaries, parent company (SEK million)	Corporate identity number	Registered office	No. of shares	Share capital (%)	Voting rights (%)	Carrying amount 31 Dec 2024	Carrying amount 31 Dec 2023
Nelly NLY AB	556653-8822	Borås	172,100	100.0	100.0	247.1	247.1
Total						**247.1**	**247.1**

Shares in subsidiaries, Group (SEK million)	Corporate identity number	Registered office	No. of shares	Share capital (%)	Voting rights (%)
Nelly NLY AB	556653-8822	Borås	172,100	100.0	100.0%

Notes

Note 10, continued

Shares and investments in subsidiaries (SEK million)	Parent company	
	2024	2023
Opening accumulated cost	**247.1**	**253.1**
Divestment of subsidiaries	-	-6.0
Closing balance, 31 December	**247.1**	**247.1**
Carrying amount, 31 December	**247.1**	**247.1**

Note 11 Trade receivables

Credit exposure

	Group	
(SEK million)	2024	2023
Trade receivable not overdue or impaired	21.3	20.1
Trade receivable overdue but not impaired	0.5	8.5
Trade receivable impaired	1.0	0.5
Provision for bad debts	-1.0	-0.5
Total trade receivable	**21.8**	**28.6**

The Group's trade receivables are mainly in SEK. Consequently, no material currency exposure is deemed to have arisen in consolidated trade receivables.

Credit risk in non-accrued or written-down trade receivables is considered insignificant. No individual customer represents more than 10 percent of consolidated trade receivable. See Note 18 for further details regarding credit risk.

Maturity structure

Receivables past due without provision for bad debts (SEK million)	31 Dec 2024	31 Dec 2023
<30 days	0.4	7.7
30–90 days	0.1	0.8
>90 days	-	-
Total	**0.5**	**8.5**

Receivables past due with provision for bad debts (SEK million)	31 Dec 2024	31 Dec 2023
<30 days	-	-
30–90 days	-	-
>90 days	1.0	0.5
Total	**1.0**	**0.5**

Provision for bad debts (SEK million)	31 Dec 2024	31 Dec 2023
Opening balance, 1 January	-0.5	-1.3
Provision for potential losses	-1.0	-0.5
Unutilised amount reversed during the period	0.5	1.8
Actual losses	0.0	-0.5
Exchange difference	0.0	0.0
Closing balance, 31 December	**-1.0**	**-0.5**

Note 12 Prepaid expenses and accrued income

	Group		Parent company	
(SEK million)	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Prepaid rent	6.9	8.1	-	-
Prepaid insurance expenses	0.3	0.4	0.3	0.4
Prepaid licensing costs	5.4	4.1	0.2	0.6
Accrued income	4.2	1.3	-	-
Other prepaid expenses and accrued income	8.9	12.4	0.1	0.1
Total	**25.7**	**26.3**	**0.6**	**1.1**

Note 13 Inventories

	Group	
Inventories (SEK million)	2024	2023
Finished goods and merchandise	124.4	120.1
Goods in transit	24.7	14.6
Value of expected returns	23.5	17.6
Total	**172.6**	**152.3**

Consolidated cost of goods sold includes SEK -2.1 (-9.9) million in impairment of inventories to net realisable value. There were no significant reversals of previous impairments in 2024 or 2023.

Note 14 Equity

At 31 December 2024, share capital comprised 30,494,832 (30,483,985) shares. Each share has a quotient value of SEK 1 (1).

Shares issued	No. of shares	Share capital (SEK million)
Ordinary shares	30,026,125	30.0
C shares	468,707	0.5
Total number of shares issued/total share capital at 31 December 2024	**30,494,832**	**30.5**

Change in number of shares/share capital

Date	Event	Change in share capital (SEK million)	Change in no. of shares	Share capital after change (SEK)	No. of shares after change
1936-12-11	Establishment	1,000,000	2,000	1,000,000	2,000
2010-09-24	Split	-	498,000	1,000,000	500,000
2010-09-24	Offset issue	131,090,244	65,545,122	132,090,244	66,045,122
2010-10-26	Cash issue	594,004	297,002	132,684,248	66,342,124
2011-05-31	Cash issue Class C shares	380,000	190,000	133,064,248	66,532,124
2012-05-30	Cash issue Class C shares	570,000	285,000	133,634,248	66,817,124
2013-06-14	Cash issue	66,342,124	33,171,062	199,976,372	99,988,186
2013-09-03	Cash issue Class C shares	1,400,000	700,000	201,376,372	100,688,186
2014-12-19	Cash issue	99,513,186	49,756,593	300,889,558	150,444,779
2018-04-30	Cash issue Class C shares	9,100,000	4,550,000	309,989,558	154,994,779
2019-05-23	Reduction in share capital	-154,994,779	-	154,994,779	154,994,779
2020-08-26	Cash issue	29,954,951	29,954,951	184,949,730	184,949,730
2020-12-30	Reverse split of a number of shares	-	-166,454,757	184,949,730	18,494,973
2023-04-20	Reduction in share capital	-166,454,757	-	18,494,973	18,494,973
2023-04-20	Cash issue	11,989,012	11,989,012	30,483,985	30,483,985
2024-12-18	Cash issue	10,847	10,847	30,494,832	30,494,832
Number of shares issued/share capital at 31 December 2024		**30,494,832**	**30,494,832**	**30,494,832**	**30,494,832**

On 18 December 2024, Nelly Group held a private placement for approximately SEK 10,847 less transaction expenses, which increased the total number of shares by 10,847 ordinary shares. The share capital thus increased by SEK 10,847, from SEK 30,483,985 to SEK 30,494,832.

On 27 June 2023, the Swedish Companies Registration Office registered the reduction in share capital in Nelly Group and the Swedish Financial Supervisory Authority's permission to implement the reduction in share capital.

On 20 April 2023, Nelly Group held a rights issue for approximately SEK 47.4 million after transaction expenses, which increased the total number of shares by 11,989,012 ordinary shares. The share capital thus increased by SEK 11,989,012, from SEK 18,494,973 to SEK 30,483,985.

On 26 August 2020, Nelly Group held a new share issue for approximately SEK 210 million less transaction expenses, which increased the total number of shares by 29,954,951 ordinary shares. The share capital thus increased by SEK 29,954,951, from SEK 154,994,779 to SEK 184,949,730.

On 16 December 2020, a reverse split was agreed upon for shares and votes in Nelly Group. On 30 December 2020, the number of shares and votes in Nelly Group decreased from 184,949,730, of which 179,729,730 ordinary shares and 5,220,000 C shares, to 18,494,973, of which 17,972,973 ordinary shares and 522,000 C shares. All 522,000 Class C shares are held by Nelly Group.

On 23 May 2019, the Swedish Companies Registration Office registered the reduction in share capital in Nelly Group and the Swedish Financial Supervisory Authority's permission to implement the reduction in share capital.

Notes

Note 14, continued

On 7 May 2019, Nelly Group's AGM decided to reduce the company's share capital.

On 29 April 2019, 80,000 C shares (held by the company) were converted into 80,000 ordinary shares. On 30 May 2018, 425,000 C shares (held by the company) were converted into 425,000 ordinary shares. A cash issue of Class C shares was implemented for distribution to participants in the Group's long-term incentive plans.

On 17 November 2014, the extraordinary general meeting of Nelly Group resolved to approve the Board's decision of 21 October 2014 to increase the company's share capital via an issue of new ordinary shares. Nelly Group's share capital increased by SEK 99,513,186 in connection with the cash issue.

On 14 May 2013, the extraordinary general meeting of Nelly resolved to approve the Board's decision of 16 April 2013 to increase the company's share capital via an issue of new ordinary shares. Nelly Group's share capital increased by SEK 66,342,124 in connection with the cash issue.

The cash issues of C shares in 2011, 2012, 2013 and 2018 were implemented for use in the Group's incentive plans. All Class C shares are held by Nelly Group.

C shares may be issued in an amount corresponding to the maximum total share capital and do not entitle the holder to dividends. C shares may be converted into ordinary shares at the request of the Board. Customary provisions on primary and subsidiary preferential rights for cash issues apply to C shares. Class C shares entail limited rights to assets on liquidation of the company.

The 2010 offset issue was implemented by offsetting previously issued loans from Modern Times Group MTG AB at a value corresponding to SEK 239,000,000. Nelly Group's share capital thus increased to SEK 132,090,244.

Other capital contributions/Share premium reserve

The share premium reserve is a balance sheet item that arises when shares are issued and subscribed for at a premium, that is, a price higher than the quotient value was paid for the shares.

Proposed dividend

The Board of Directors will propose to the 2025 annual general meeting that no dividend be paid to shareholders for the financial year ending 31 December 2024 and that retained earnings for the year be carried forward into the 2025 accounts.

Proposed appropriation of profits

	Parent company	
(SEK million)	2024	2023
Share premium reserve	1,440.3	1,440.3
Retained earnings	-1,206.1	-1,192.7
Profit for the year	93.1	11.4
Total	**327.3**	**259.0**

The Board proposes that the retained earnings, share premium reserve and profit/loss for the year of a total of SEK 327.3 (259.0) million be carried forward. The share premium reserve totals SEK 1,440.3 (1,440.3) million as a result of the new share issues in the previous year and the rights issue, which changed the share capital to 30,494,832.

Note 15 Other provisions

A provision for employee-related benefits is recognised in accordance with agreements entered into for long-term incentive plans. See Note 21 for further details regarding share-related remuneration.

Other provisions (SEK million)	Group		Parent company	
	2024	2023	2024	2023
Provisions for social security contributions on share-based remuneration	-	-	-	-
Other provisions	-	-	-	-
Total	**-**	**-**	**-**	**-**

Provisions for share-based remuneration (SEK million)	Group		Parent company	
	2024	2023	2024	2023
Carrying amount at start of period	**0.0**	**0.0**	**0.0**	**0.0**
Change in provision during the period	0.0	0.0	0.0	0.0
Carrying amount at end of period	**0.0**	**0.0**	**0.0**	**0.0**

See Note 21 for further details regarding share-based remuneration.

Total provisions (SEK million)	Group		Parent company	
	2024	2023	2024	2023
Total carrying amount at start of period	**0.0**	**0.0**	**0.0**	**0.0**
Increase in provision during the period	0.0	0.0	0.0	0.0
Dissolution of provision during the period	0.0	0.0	0.0	0.0
Total carrying amount at end of period	**0.0**	**0.0**	**0.0**	**0.0**
Of which total non-current portion of provisions	0.0	0.0	0.0	0.0
Of which total current portion of provisions	-	-	-	-

Payments (SEK million)	Group		Parent company	
	2024	2023	2024	2023
Amount for which payment is expected after more than 12 months	0.0	0.0	0.0	0.0

Note 16 Accrued expenses and deferred income

(SEK million)	Group		Parent company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Accrued employee benefit expenses	36.9	48.7	3.7	4.3
Accrued cost of goods sold	32.1	12.4	-	-
Accrued distribution costs	2.1	5.1	-	-
Accrued marketing costs	6.9	8.9	-	-
Accrued rental expenses	12.1	13.1	-	-
Return reserve	42.6	31.8	-	-
Accrued income	11.3	7.0	1.0	0.4
Other	17.1	9.8	1.1	0.7
Total	**161.1**	**136.8**	**5.8**	**5.4**

Note 17 Pledged assets and contingent liabilities

	Group		Parent company	
Contingent liabilities (SEK million)	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bank guarantees and sureties to external parties	17.0	24.8	-	-
Total	**17.0**	**24.8**	**-**	**-**

Bank guarantees for external parties relate to bank guarantees and sureties pledged to suppliers and other external parties for subsidiaries in the Group.

	Group		Parent company	
Pledged assets (SEK million)	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Floating charges	83.2	95.0	-	-
Total	**83.2**	**95.0**	**-**	**-**

There are no pledged receivables for the year.

Note 18 Financial instruments and financial risk management

Capital management
The Group's aim is to have a solid financial position that helps maintain the confidence of investors, creditors and the market, as well as form a solid foundation for the continued development of business operations and generating long-term investor returns. There are no explicit quantitative objectives for the debt/equity ratio. Capital is defined as total equity.

	Group	
Capital (SEK million)	31 December 2024	31 December 2023
Total equity	237.1	178.6

Finance policy
The aim of the Group's finance policy is to describe and specify common rules, the organisation and the mandate for the Group's general financial activities. The Board has established a financial policy for overall management of risks and for specific areas, such as liquidity risk, interest rate risk, currency risk, credit risk, insurance risk, the use of financial instruments and placement of excess liquidity.

Nelly is exposed to various types of financial risks through its operations, such as market risk, liquidity risk and credit risk. The parent company is responsible for financing and finance policy and regularly reviews its long-term need for accessible funding sources and strives to always have access to several such sources when needed. Each Group company is responsible for implementing and maintaining an efficient banking structure and bank accounts.

Liquidity risk
Liquidity risk is the risk of not being able to meet payment obligations as a result of a lack of cash and cash equivalents. The risk is managed by ensuring that it is always possible to increase the financing available to the company. Under the Group's finance policy, liquidity must be monitored by management and the Board on a weekly basis, with a forecast for at least six months ahead.

Credit risk
Credit risk is the risk of a contractual counterparty not being able to meet its payment obligations to Nelly. The maximum credit risk at Nelly comprises the carrying amount of financial assets such as trade receivable and cash and cash equivalents.

The inherent credit risk of trade receivable is spread over many customers, mainly private individuals. See Note 11 for further details regarding trade receivables.

Market risk – Interest rate risk
Interest rate risk is the risk that the value of a financial instrument may vary due to changes in market interest rates. The Group manages financial assets and liabilities with variable or fixed interest rates. Where fixed interest rates are applied, adequate consideration must be paid to the need for financial flexibility, including the cost of ending a fixed-rate term prematurely. Consolidated interest-bearing liabilities at the year-end amounted to SEK 260.3 (283.6) million and were attributable to finance leases.

In general, interest rate risk should be minimised using matching assets and liabilities. The interest rate risk is reviewed regularly to ensure that no limits have been exceeded. If the variable interest rate on the Group's interest-bearing loans in 2024 had increased or decreased by 1 percentage point, it would have affected the Group's net financial items by SEK -0.1 (-0.1) million. As at 31 December 2024, the Group had no utilised interest-bearing credit.

Market risk – Currency risk
Currency risk is the risk of fluctuations in exchange rates affecting recognised net profit, financial position and/or recognised cash flow. Currency risk may be divided into transaction exposure and translation exposure.

Transaction exposure
Transaction exposure is the risk of fluctuations in exchange rates affecting earnings. The transactions are not hedged using financial instruments. However, natural hedges are sought if possible, for example by purchasing and selling in the same currency.

Note 18, continued

Net cash flow in foreign currencies was as follows:

	Group	
Currency flows (SEK million)	2024	2023
NOK	287.1	182.3
DKK	74.5	51.5
EUR	-83.8	-64.5
USD	-85.9	-81.9
GBP	-1.1	-7.3
PLN	0.2	0.2

A five (5) percent (%) exchange rate fluctuation for each currency would affect operating profit by the following amounts:

	Group	
Sensitivity analysis (SEK million)	2024	2023
NOK	+/- 14.3	+/- 9.1
DKK	+/- 3.7	+/- 2.5
EUR	+/- 4.1	+/- 3.2
USD	+/- 4.3	+/- 4.0
GBP	+/- 0.0	+/- 0.3
PLN	+/- 0.0	+/- 0.0

Translation exposure
Translation exposure exists when the equity in a foreign business needs to be translated to the Group's reporting currency. This risk is very limited for Nelly Group. Financial instruments are not used to hedge translation exposure.
Net foreign assets including goodwill and other intangible assets acquired are distributed as follows:

	Group			
Currency (SEK million)	2024	%	2023	%
NOK	0.0	0.0%	0.0	100.0
Total	**0.0**	**0.0%**	**0.0**	**100.0**

A five (5) percent (%) exchange rate fluctuation for each currency would affect equity by the following amounts:

	Group	
Sensitivity analysis (SEK million)	2024	2023
NOK	-	-

Classification and categorization of financial assets and liabilities in the Group

Fair value may be calculated in different ways, depending on the type of data/information used for the purpose. The fact that different types of information are used for measurement means that financial assets and liabilities may be divided into different levels (a hierarchy), depending on the measurement method and the information used to measure them.

The three measurement levels consist of:

Level 1: Listed prices (unadjusted) on active markets for identical assets or liabilities, which the company has access to at the time of valuation.

Level 2: Other input data than the listed prices included in Level 1, which is directly or indirectly observable for the asset or liability. Level 2 can also include other data than observable listed prices of the asset or liability, such as interest rate levels, yield curves, volatility and multiples.

Level 3: Non-observable data for the asset or liability. At this level, assumptions that market participants would use when pricing the asset or liability must be considered, including risk assumptions. Nelly holds no financial assets and liabilities attributable to level 3. The financial instruments are attributable to levels 1 and 2.

For non-interest-bearing asset and liability items such as trade receivables and payables, the carrying amount for Nelly Group is deemed to reflect fair value.

The tables below show carrying amount compared with assessed fair value for each type of financial asset and liability.

Notes

Note 18, continued

2024 Group (SEK million)	Carrying amount Fair value through profit or loss	 Financial assets that are not measured at fair value	 Financial liabilities that are not measured at fair value	 Total	Fair value Total
Trade receivable		21.8		21.8	21.8
Other receivables		7.6		7.6	7.6
Accrued income		4.2		4.2	4.2
Cash and cash equivalents		196.9		196.9	196.9
Total financial assets	-	**230.5**	-	**230.5**	**230.5**
Lease liabilities			260.3	260.3	260.3
Trade payables			85.4	85.4	85.4
Other liabilities			84.7	84.7	84.7
Accrued expenses			161.1	161.1	161.1
Total financial liabilities	-	-	**591.5**	**591.5**	**591.5**

2024 Parent company (SEK million)	Carrying amount Fair value through profit or loss	 Financial assets that are not measured at fair value	 Financial liabilities that are not measured at fair value	 Total	Fair value Total
Other receivables		0.1		0.1	0.1
Cash and cash equivalents		10.5		10.5	10.5
Total financial assets	-	**10.6**	-	**10.6**	**10.6**
Trade payables			0.2	0.2	0.2
Liabilities to Group companies			-	-	-
Other liabilities			5.2	5.2	5.2
Accrued expenses			5.8	5.8	5.8
Total financial liabilities	-	-	**11.2**	**11.2**	**11.2**

Note 18, continued

2023 Group (SEK million)	Carrying amount Fair value through profit or loss	Financial assets that are not measured at fair value	Financial liabilities not measured at fair value	Total	Fair value Total
Trade receivable	-	28.6	-	28.6	28.6
Other receivables	-	7.3	-	7.3	7.3
Accrued income	-	1.3	-	1.3	1.3
Cash and cash equivalents		121.1	-	121.1	121.1
Total financial assets	**-**	**158.3**	**-**	**158.3**	**158.3**
Lease liabilities	-	-	283.6	283.6	283.6
Trade payables	-	-	90.3	90.3	90.3
Other liabilities	-	-	110.3	110.3	110.3
Accrued expenses	-	-	136.8	136.8	136.8
Total financial liabilities	**-**	**-**	**621.0**	**621.0**	**621.0**

2023 Parent company (SEK million)	Carrying amount Fair value through profit or loss	Financial assets that are not measured at fair value	Financial liabilities that are not measured at fair value	Total	Fair value Total
Other receivables	-	1.0	-	1.0	1.0
Cash and cash equivalents	-	7.9	-	7.9	7.9
Total financial assets	**-**	**8.9**	**-**	**8.9**	**8.9**
Trade payables	-	-	0.1	0.1	0.1
Liabilities to Group companies	-	-	26.8	26.8	26.8
Other liabilities	-	-	6.2	6.2	6.2
Accrued expenses	-	-	5.4	5.4	5.4
Total financial liabilities	**-**	**-**	**38.5**	**38.5**	**38.5**

Notes

Note 18, continued

Maturity structure of financial liabilities – undiscounted cash flows
Maturity structure of future contractual interest payments based on current interest rates and amortisation.

Group (SEK million)	2024				
	Total	0–6 months	6 months–1 year	1–5 years	>5 years
Lease liabilities	260.3	15.1	20.6	105.9	118.7
Trade payables	85.4	85.4			
Other liabilities	84.7	84.7			
Accrued expenses	161.1	161.1			
Total	**591.5**	**346.3**	**20.6**	**105.9**	**118.7**

Parent company (SEK million)	2024				
	Total	0–6 months	6 months–1 year	1–5 years	>5 years
Trade payables	0.2	0.2			
Liabilities to Group companies	0.0	0.0			
Other liabilities	5.2	5.2			
Accrued expenses	5.8	5.8			
Total	**11.2**	**11.2**	**-**	**-**	**-**

Group (SEK million)	2023				
	Total	0–6 months	6 months–1 year	1–5 years	>5 years
Lease liabilities	283.6	41.9	58.5	71.0	112.2
Trade payables	90.3	90.3			
Other liabilities	110.3	110.3			
Accrued expenses	136.8	136.8			
Total	**621.0**	**379.3**	**58.5**	**71.0**	**112.2**

Parent company (SEK million)	2023				
	Total	0–6 months	6 months–1 year	1–5 years	>5 years
Trade payables	0.1	0.1	-	-	-
Liabilities to Group companies	26.8	26.8	-	-	-
Other liabilities	6.2	6.2	-	-	-
Accrued expenses	5.4	5.4	-	-	-
Total	**38.5**	**38.5**	**-**	**-**	**-**

Note 19 Leases

Leases that have been signed but have not yet commenced total SEK 0.0 (0.0) million. For the Group as a lessee, IFRS 16 means in principle that all leases must be recognised as assets and liabilities in the balance sheet, representing the right to use the leased asset and the commitment to pay future lease charges. For leases, amortisation on the leased asset and interest expenses related to the lease liability are recognised in the income statement. The leases concerned primarily include leases for offices and premises, machines and vehicles.

Leases that have a term shorter than 12 months or terminate within 12 months of the transition date are classified as short-term leases and are, therefore, not included in the recognised liabilities or rights of use. In addition, the Group has decided not to recognise leases as assets with rights of use or lease liabilities where the underlying asset has low value.

A marginal loan rate of 4.5 percent (%) has been established. Where the implicit interest rate can easily be determined, however, that rate is used.

Lessees
The Group's property, plant and equipment consist of both owned and leased assets.

	Group	
Property, plant and equipment (SEK million)	2024	2023
Property, plant and equipment that is owned	12.6	16.4
Right-of-use assets, not investment property	238.4	267.0
Total property, plant and equipment	**251.0**	**283.4**

The leases concerned primarily include leases for offices and premises, machines and vehicles. No leases contain covenants or other restrictions apart from the security in the leased asset.

Note 19, continued

Right-of-use asset

2024 Right-of-use assets (SEK million)	Group				
	Premises	Vehicles	IT equipment	Other	Total
Depreciation/amortisation	-22.6	-0.2	-0.3	-13.6	-36.7
Closing balance, 31 December 2024	**175.6**	**0.4**	**0.1**	**62.3**	**238.4**

2023 Right-of-use assets (SEK million)	Group				
	Premises	Vehicles	IT equipment	Other	Total
Depreciation/amortisation	-19.2	-0.3	-0.3	-14.3	-34.1
Closing balance, 31 December 2023	**198.4**	**0.2**	**0.2**	**68.2**	**267.0**

Additions to right-of-use assets in 2024 amounted to SEK 8.1 (16.7) million. This amount includes the cost of rights of use acquired during the year and any additional amounts in connection with reviews of lease liabilities on account of changed payments following a change in the lease term.

Lease liabilities

Lease liabilities (SEK million)	Group	
	2024	2023
Current	35.7	100.3
Non-current	224.6	183.3
Lease liabilities included in the statement of financial position	**260.3**	**283.6**

Amounts recognised in profit or loss

Effect on profit (SEK million)	Group	
	2024	2023
Amortisation of right-of-use assets	-36.7	-34.1
Interest on lease liabilities	-10.8	-11.4
Expenses for short-term leases and/or low-value leases	-0.3	-0.3

Note 20 Average number of employees

The average number of employees was calculated based on the total number of hours worked (including paid leave and short-term absence), divided by normal annual working hours.

	Group		Parent company	
2024	Men	Women	Men	Women
Sweden, men/women	57	94	0	1
Total average no. of employees	**151**		**1**	

	Group		Parent company	
2023	Men	Women	Men	Women
Sweden, men/women	62	96	0	1
Total average no. of employees	**158**		**1**	

Distribution of men and women in executive management

	Group		Parent company	
2024	Men %	Women %	Men %	Women %
Board of Directors	67	33	67	33
CEO and other executives	50	50	0	100
Total	**58**	**42**	**57**	**43**

	Group		Parent company	
2023	Men %	Women %	Men %	Women %
Board of Directors	67	33	67	33
CEO and other executives	50	50	0	100
Total	**58**	**42**	**57**	**43**

Note 21 Salaries, other remuneration and social security contributions

Remuneration of senior executives

The AGM on 13 May 2024 adopted the following guidelines for remuneration of the CEO and other members of the management team (the 'senior executives') of Nelly Group ('Nelly') and of Board members, where they receive remuneration for tasks other than Board duties. The guidelines must be applied to remuneration that is agreed, and changes made to remuneration already agreed, after the guidelines were adopted by the 2024 AGM. The guidelines do not include remuneration adopted by the AGM such as ordinary Board fees and long-term share/share price-related incentive plans.

How the guidelines promote Nelly Group's business strategy, long-term interests and sustainability

Nelly operates nelly.com, which is one of the Nordic region's strongest fashion brands for young women, and nlyman.com. Nelly's business model is based on a core of its own brands and a supplementary range of curated brands from an international portfolio. Nelly will continue to strengthen its own brands and remain at the forefront of digital marketing and sales. The company will continue to inspire its target group with selected trends and fashion.

For Nelly to be able to realise its business strategy and safeguard the company's long-term interests, including their sustainability, it is essential that it can attract, motivate and retain senior executives in competition with comparable Nordic companies, primarily Nordic companies operating in e-commerce and retail with consumer brands. These guidelines must, therefore, allow senior executives to be offered a competitive package of remuneration. At the same time, Nelly's remuneration system must be compatible with and promote sound, effective risk management and discourage excessive risk-taking.

Remuneration of Nelly's senior executives must, in both the short and long term, reflect the individual's performance and responsibilities and the earnings of Nelly and its subsidiaries. It must also align the incentives for senior executives with the interests of shareholders. Consequently, the senior executives must be remunerated according to the principle of reward for performance.

The Board considers that the option of variable remuneration and participation in any long-term incentive plans, plus carefully balanced fixed remuneration, create the conditions for Nelly to be a competitive employer, while the design of and conditions for the variable remuneration promote responsible, sound risk-taking and the company's profitability and growth strategy, long-term interests and sustainability.

Types of remuneration

The remuneration must be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, the option to participate in long-term (i) share/share price-related incentive plans adopted by the AGM and/or (ii) cash-based incentive plans, pension benefits and other customary benefits.

Senior executives' fixed cash salaries are revised each year. They must be competitive and based on the individual's skills, responsibilities and performance.

Senior executives' cash variable remuneration must be based on performance in meeting established targets for profitability, growth and value creation for their areas of responsibility and for Nelly. The outcome must be linked to measurable targets (qualitative, quantitative, general and individual) that are measured during one year. The targets within the senior executives' respective areas of responsibility are intended to promote Nelly's performance in both the short and long term and thus promote Nelly's business strategy and long-term interests, including the company's sustainability. The variable cash remuneration may not exceed 100 percent of the senior executive's fixed annual salary.

Additional cash variable remuneration may be paid in extraordinary circumstances, provided that such extraordinary arrangements are only made at individual level either to recruit or retain an executive or as remuneration for extraordinary performance above and beyond the person's ordinary duties. Such remuneration may not exceed an amount equivalent to 100 percent of fixed annual cash salary. Any decision on such remuneration must be made by the Board of Directors following a proposal by the remuneration committee.

The Board must also consider deciding that part of senior executives' variable cash remuneration must be invested in shares or share-related instruments in Nelly.

Long-term share-related and cash-based incentive plans

The senior executives may be offered incentive plans which must, in general, be share/share price-related and are, therefore, not subject to these guidelines but may also be cash-based. Long-term share/share price-based incentive plans must be designed to ensure the participants' long-term commitment to value growth in Nelly and align the interests of the senior executives with those of the shareholders.

Establishment of criteria for variable cash remuneration and long-term cash-based incentive plans and the right to demand repayment of such remuneration in certain cases

When the measurement period for meeting criteria for payment of variable cash remuneration and long-term cash-based incentive plans has ended, it is necessary to decide/establish the extent to which the criteria have been met. The remuneration committee is responsible for such assessment. Where financial criteria are concerned, the assessment must be based on the financial information most recently published by Nelly. The Remuneration Committee must, in its assessment, ensure that the remuneration is linked to Nelly's earnings. When determining the remuneration, the remuneration committee must also take relevant circumstances into account in relation to the environment, social conditions, corporate governance and anti-corruption (ESG criteria).

To ensure that performances on which the remuneration has been based are sustainable over time, Nelly must be entitled, with the restrictions that may be stipulated by law or contract, to demand repayment of all or part of remuneration other than fixed cash salary, pension and other customary benefits that has been paid incorrectly as a result of information that turns out to be obviously incorrect (claw-back).

Note 21, continued

Pension and other customary benefits

Pension commitments are defined contribution and secured through premiums paid to insurance companies. The amount of pension premiums is specified by Nelly's pension plan and must generally correspond to the provision levels applicable under the ITP 1 plan with the resulting restrictions in relation to fixed annual salary. No provisions are made for salary components in excess of 60 income base amounts calculated on an annual basis. Variable cash remuneration must generally not be pensionable. The retirement age is normally 65.

Other benefits should be customary and contribute to facilitating the executives' ability to perform their duties, for example, company car, occupational health services and medical expense insurance. The total of such benefits may not exceed 30 percent of the fixed annual cash salary.

Notice of termination and severance pay

On termination of employment, the notice period may not exceed twelve months. The total of fixed cash salary during the notice period and severance pay may not exceed an amount equivalent to the fixed cash salary for eighteen months for the CEO and twelve months for other senior executives. On termination by the employee, the notice period may not exceed six months and the employee is not entitled to severance pay.

Salary and terms of employment for employees

The salary and terms of employment of Nelly's employees were taken into consideration in the preparation of the Board's proposal for these remuneration guidelines. The guidelines do not deviate from the remuneration systems that are generally applied in Nelly to other employees. The remuneration, types of remuneration and salary trend of the senior executives are deemed to be in line with salaries and terms of employment of other employees in Nelly in other respects as well. The trend in the remuneration of senior executives and remuneration of other employees is reported in the Board's annual remuneration reports.

Remuneration of Board members

Members of the Board of Directors of the parent company, who are appointed at the annual general meeting, may, in special cases, receive remuneration for services performed within their respective specialist areas that fall outside their ordinary Board duties for the parent company. Remuneration for such services must be market-based and approved by the Board.

Decision-making process

The Board has established a remuneration committee. The duties of the committee include preparing the Board's decisions on proposals for guidelines for remuneration of senior executives. At least every four years, the Board must submit a proposal for guidelines for remuneration of senior executives to the annual general meeting for resolution. The guidelines must apply until new guidelines have been adopted by the annual general meeting.

The Remuneration Committee must also monitor and assess plans for variable remuneration of the company management, the application of these guidelines for remuneration of senior executives and the remuneration structures and levels of remuneration in the company.

The members of the Remuneration Ccommittee are independent of the company and the executive management. Senior executives do not take part in the Board's discussions and decisions on issues related to remuneration where the issues affect them personally.

Deviations from the guidelines

Where the Board finds that there are particular reasons in a particular case and to safeguard the company's long-term interests, including its sustainability, or to safeguard the company's financial position, the Board is entitled to deviate from the guidelines. If the Board deviates from the guidelines, it must report the reasons for this at the following AGM.

Description of important changes and how the shareholders' views have been taken into account

No important changes have been made to the remuneration guidelines adopted by the Extraordinary General Meeting on 16 December 2020. No material views about the remuneration guidelines have been put forward by shareholders.

Note 21, continued

Share-based remuneration

The 2022 long-term incentive plans

The 2022 AGM adopted a new long-term performance share plan (PSP 2022) for the CEO and other members of Group management, a total of no more than around seven participants in Nelly Group.

PSP 2022

To participate in Performance Share Plan 2022, participants were required to make a personal investment in Nelly Group shares (Savings Shares). The savings shares could either be shares already held or shares purchased on the market in connection with the notification to participate in the PSP. For each savings share, Nelly Group allotted free retention and performance-based share rights to the participants. The share rights are 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 2022 – 31 March 2026 ('measurement period'), each right entitles the participant to receive one ordinary share in the company at no charge. The right to finally be awarded shares is also dependent on the participant retaining the savings shares, and, with certain exceptions, continuing their employment in Nelly Group during the vesting period ending at the release of the interim report for the period January-March 2026. If a participant's employment with Nelly Group ends during the period 1 April 2025-31 March 2026, the participant is still entitled to a quarter (1/4) of the performance shares provided and to the extent that the performance-based condition has been met when the employment ends.

The number of performance shares allotted to each participant based on the share rights depends on the extent to which the performance-based condition for PSP 2022 has been met during the measurement period. The performance-based condition is based on the total shareholder return (TSR) on Nelly Group's ordinary shares (including any reinvested dividend) during the measurement period. The total shareholder return is calculated as a TSR index based on the average closing price of Nelly Group's ordinary shares in March 2022 compared with the corresponding price in March 2026.

• If the total shareholder return on Nelly Group's ordinary shares in the measurement period is lower than 200 percent, no share rights will entitle participants to performance shares and all share rights will lapse without value.

• If the total shareholder return on Nelly Group's ordinary shares in the measurement period is equal to or higher than 200 percent but lower than 300 percent, the participants will be allotted three performance shares per share right.

• If the total shareholder return on Nelly Group's ordinary shares in the measurement period is equal to or higher than 300 percent but lower than 400 percent, the participants will be allotted six performance shares per share right.

• If the total shareholder return on Nelly Group's ordinary shares in the measurement period is equal to or higher than 400 percent, the participants will be allotted ten performance shares per share right.

	Group		Parent company	
Employee benefit expenses (SEK million)	2024	2023	2024	2023
Salaries	75.3	77.1	2.7	2.4
Social security contributions	24.6	24.6	0.9	0.8
Pension expenses – defined contribution plans	6.1	6.4	-	0.2
Expenses for share-based remuneration	-	-	-	-
Social security contributions on share-based remuneration	-	-	-	-
Total	**106.0**	**108.1**	**3.6**	**3.4**

The cost of share-based remuneration in 2024 totalled SEK 0.0 (0.0) million, excluding social security contributions.

	Group	
Basic salary and variable remuneration (SEK million)	2024	2023
CEO and senior executives, 6 (5) persons	9.8	6.9
Of which variable salary	2.2	1.0

Notes

Note 21, continued

Remuneration and other benefits, Group (SEK million)	2024					
	Basic salary	Variable remuneration	Other benefits	Pension expenses	Share right expenses	Total
Helena Karlinder-Östlundh, CEO	2.3	0.6	-	0.6	-	3.5
Senior executives, 5 persons	5.3	1.6	0.3	1.1	-	8.3
Total	**7.6**	**2.2**	**0.3**	**1.7**	**-**	**11.8**

The amounts reported for 2024 refer to full-year figures. Variable remuneration is accrued and relates to financial statement reserves and has not been paid in 2024. Variable remuneration relating to 2023 paid in 2024 amounted to SEK 0.8 million.

Remuneration and other benefits, Group (SEK million)	2023					
	Basic salary	Variable remuneration	Other benefits	Pension expenses	Share right expenses	Total
Ludvig Anderberg, former CEO	1.1	0.0	0.0	0.2	-	1.3
Helena Karlinder-Östlundh, CEO	2.2	0.4	0.0	0.5	-	3.1
Senior executives, 3 persons	2.6	0.6	0.1	0.6	-	3.9
Total	**5.9**	**1.0**	**0.1**	**1.3**	**-**	**8.2**

The amounts reported for 2023 refer to full-year figures. Variable remuneration is accrued and relates to financial statement reserves and has not been paid in 2023. Variable remuneration relating to 2022 paid in 2023 amounted to SEK 0.0 million.

	Parent company	
Parent company (SEK million)	2024	2023
Board and senior executives, 7 (11) persons	2.8	2.5
Of which variable salary	-	-
Other employees	-	-
Total salaries and other remuneration	**2.8**	**2.5**

Note 21, continued

Group and parent company (SEK million)	Basic salary/Board remuneration	For Board duties in subsidiaries	Variable remuneration	Other benefits	Pension expenses	Share right expenses	Total
Ebba Ljungerud, Chair of the Board	0.6	-	-	-	-	-	0.6
Stefan Palm	0.2	-	-	-	-	-	0.2
Daniel Hörnqvist	0.2	-	-	-	-	-	0.2
Josephine Salenstedt	0.2	-	-	-	-	-	0.2
Lennart Sparud	0.3	-	-	-	-	-	0.3
Axel Westphalen	0.3	-	-	-	-	-	0.3
Remuneration from parent company							
Helena Karlinder-Östlundh, CEO	1.0	-	-	-	-	-	1.0
Other senior executives, 5 persons	-	-	-	-	-	-	
Remuneration from subsidiaries							
Helena Karlinder-Östlundh, CEO	1.3	-	0.6	-	0.6	-	2.5
Other senior executives, 5 persons	5.3	-	1.6	0.3	1.1	-	8.3
Total	**9.4**	**-**	**2.2**	**0.3**	**1.7**	**-**	**13.6**

The amounts reported for 2024 refer to full-year figures. Accrued variable remuneration for the CEO is SEK 0.6 (0.4) million and for other senior executives SEK 1.6 (0.6) million. The Board receives its entire remuneration from the parent company.

Notice of termination of the CEO is maximum 12 months when terminated by the company and 6 months when terminated by the employee. The CEO is not entitled to severance pay.

Notes

Note 21, continued

	2023						
Group and parent company (SEK million)	Basic salary/Board remuneration	For Board duties in subsidiaries	Variable remuneration	Other benefits	Pension expenses	Share right expenses	Total
Mathias Pedersen, former Chair of the Board	0.3	-	-	-	-	-	0.3
Ebba Ljungerud, Chair of the Board	0.3	-	-	-	-	-	0.3
Stefan Palm	0.2	-	-	-	-	-	0.2
Daniel Hörnqvist	0.2	-	-	-	-	-	0.2
Josephine Salenstedt	0.2	-	-	-	-	-	0.2
Maj-Louise Pizzeli	0.1	-	-	-	-	-	0.1
Sandra Backlund	0.1	-	-	-	-	-	0.1
Lennart Sparud	0.1	-	-	-	-	-	0.1
Axel Westphalen	0.1	-	-	-	-	-	0.1
Remuneration from parent company							
Ludvig Anderberg, former CEO	-	-	-	-	-	-	-
Helena Karlinder-Östlundh, CEO	0.8	-	-	-	-	-	0.8
Other senior executives (3 persons)	-	-	-	-	-	-	-
Remuneration from subsidiary							
Ludvig Anderberg, former CEO	1.1	-	-	0.0	0.2	-	1.3
Helena Karlinder-Östlundh, CEO	1.4	-	0.4	0.0	0.5	-	2.3
Other senior executives (3 persons)	2.6	-	0.6	0.1	0.6	-	3.9
Total	**7.5**	**-**	**1.0**	**0.1**	**1.3**	**-**	**9.9**

The amounts recognised for 2023 are for the full year. Accrued variable remuneration to be paid after year-end totals SEK 0.4 (0.0) million for the CEO and SEK 0.6 (0.0) million for other senior executives. The Board receives its full remuneration from the parent company.

Notice of termination of the CEO is maximum 12 months when terminated by the company and 6 months when terminated by the employee. The CEO is not entitled to severance pay.

Share-based remuneration

Outstanding share rights/shares*	President	Senior executives	Key employees	Total
Long-term incentive plan, *PSP 2022*	0	0	8,300	8,300
Total outstanding as at 31 December 2024	**0**	**0**	**8,300**	**8,300**

* The Owner Plan PSP 2022 consists of share rights that are allotted and may generate performance shares depending on the extent to which performance-based conditions are met during the measurement period up to the end of March 2026.

Note 21, continued

	2024		2023	
	Number of shares, share rights and options	Weighted redemption price	Number of shares, share rights and options	Weighted redemption price
Outstanding rights and options as at 1 January	8,300	-	24,900	-
Rights and options issued during the year	-	-	-	-
Rights and options forfeited and redeemed during the year	-	-	-16,600	-
Total outstanding as at 31 December	**8,300**	**-**	**8,300**	**-**

Specification of long-term incentive plan	Number of shares, share rights or options	Number of participants	Maximum redemption price	Redemption period	Number of rights and options at 1 January	Allocated during the year	Forfeited during the year	Redeemed during the year	Outstanding rights and options at 31 December
Total allocation									
PSP 2022	24,900	1	-	2026	24,900	0	-16,600	0	8,300

	Group		Parent company	
Employee benefit expenses (SEK million)	2024	2023	2024	2023
Granted rights and options	0.0	0.0	0.0	0.0
Total expense recognised as employee benefit expenses	**0.0**	**0.0**	**0.0**	**0.0**

The cost of the plans during the year totalled SEK 0.0 (0.0) million, excluding social security contributions

Note 22 Fees and compensation to auditors

	Group		Parent company	
(SEK million)	2024	2023	2024	2023
KPMG				
Audit engagements	0.8	0.9	0.4	0.5
Audit-related services	0.1	0.2	0.1	0.2
Tax consulting	0.1	0.1	0.1	0.1
Other services	0.0	0.3	0.0	0.3
Total	**1.0**	**1.5**	**0.6**	**1.1**

Audit engagements refer to statutory audits of the annual report and accounting records and the administration by the Board and CEO, as well as other audits and reviews conducted in accordance with agreements or contracts.

This includes other duties that are incumbent on the company's auditor, as well as the provision of advice or other assistance resulting from observations in connection with such reviews or the performance of such other duties.

Note 23 Supplementary disclosures regarding the statements of cash flows

Items in profit for the year that do not generate cash flow from operations:

	Group		Parent company	
(SEK million)	2024	2023	2024	2023
Profit/loss from divestment of subsidiaries	-	1.2	-	-
Depreciation and amortisation of non-current assets	15.8	14.4	-	-
Amortisation of right-of-use assets	36.7	34.1	-	-
Change in other provisions	0.0	0.0	0.0	0.0
Incentive plan	0.0	0.0	0.0	0.0
Unrealised exchange differences	-	-2.5	0.0	0.0
Other items	4.4	4.9	0.0	0.0
Total	**56.9**	**52.1**	**0.0**	**0.0**
Other supplementary disclosures				
Interest received during the financial year	5.7	3.1	-	-
Interest paid during the financial year	-17.3	-17.4	-0.6	-0.3
Total	**-11.6**	**-14.3**	**-0.6**	**-0.3**

Note 24 Significant events after the end of the financial year

There have been no material events to report after the end of the financial year

Note 25 Operating expenses by expense type

	Group	
(SEK million)	2024	2023
Cost of goods sold	-512.9	-552.9
Warehousing and distribution costs	-142.9	-171.3
Employee benefit expenses	-81.0	-83.1
Depreciation/amortisation	-52.5	-48.5
Other expenses	-212.3	-194.8
Total expenses	**-1,001.6**	**-1,050.6**

Note 26 Earnings per share

	Group	
Basic and diluted earnings per share (SEK)	2024	2023
Earnings per share, Group total	2.78	-0.06

The numerator and denominator used in the above calculation are shown below.

	Group	
Basic and diluted earnings per share for the Group in total	2024	2023
Profit/loss for the year attributable to parent company shareholders (SEK million)	83.4	-1.5
Weighted average number of shares	29,972,946	26,129,478
Earnings per share, total, SEK	**2.78**	**-0.06**

The parent company's custodial Class C shares attributable to the Group incentive plan (see Note 21) may generate potential dilution in the future. These, together with Class B treasury shares, have not been included in the calculation of earnings per share.

Note 27 Transactions with related parties

Nelly purchased consultancy services during the year for SEK 0.2 million from Hörnqvist Consulting AB, which is owned by Board member Daniel Hörnqvist.

During the year, Nelly also purchased goods for SEK 0.1 million from Frank Dandy AB, a company in which Board member Daniel Hörnqvist has been active, and goods for SEK 0.1 million from Lager 157 AB, of which Board member Stefan Palm is an owner.

Certification by the Board

The Board of Directors and CEO declare that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual report and the consolidated financial statements provide a true and fair view of the parent company's and the Group's financial position and earnings. The directors' report for the parent company and the Group provides a true and fair view of the development of the parent company's and the Group's operations, financial position and earnings and describes significant risks and uncertainties to which the parent company and the companies in the Group are exposed.

Borås, 29 April 2025

Ebba Ljungerud
Chair of the Board of Directors

Stefan Palm
Board member

Lennart Sparud
Board member

Axel Westphalen
Board member

Daniel Hörnqvist
Board member

Josephine Salenstedt
Board member

Helena Karlinder-Östlundh
CEO

Our auditor's report was submitted on 29 April 2025

KPMG AB

Mathias Arvidsson
Authorised public accountant

The annual report and the consolidated financial statements were, as shown above, approved for publication by the Board of Directors and the CEO on 29 April 2025

Translation from the Swedish original

Auditor's Report

To the general meeting of the shareholders of Nelly Group AB (publ), corp. id 556035-6940

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nelly Group AB (publ) for the year 2024, except for the corporate governance statement on pages 51-55 and the sustainability report on pages 10-42. The annual accounts and consolidated accounts of the company are included on pages 43-106 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 51-55 and sustainability report on pages 10-42. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of deffered tax assets attributable to loss carry forward

See disclosure 7 and accounting principles on pages 79-80 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As of December 31, 2024, the Group reported deferred tax assets of SEK 76,2 (75,1) million attributable to loss carry-forwards. As of December 31, 2024, the corresponding amount for the Parent Company amounts to SEK 71.7 (71.7) million.

The presentation of deferred tax assets is based on the Group's assessment of the size and timing of taxable gains. The estimation of future profits requires both assessment and estimates of future market conditions as well as interpretation of tax legislation. The carrying amount of deferred tax assets may be over- or understated and may vary if other assumptions are applied when assessing future profits and if the possibilities of using the deficit deductions.

Response in the audit

We have tested and assessed the principles used and the Group's method for forecasting future profits. We have also evaluated the reasonableness of the key assumptions used in the calculation against business plans and taken into account the Group's historical ability to prepare fair forecasts.

We have also verified the information provided in the annual accounts and consolidated financial statements and assessed that it correspond to the information provided under IFRS.

Revenue recognition of goods sales with right of return

See disclosure 4 and accounting principles on pages 77 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Net sales for the Group as of December 31, 2024 amounted to SEK 1 094,3 (1 060,8) million. The Group recognises revenue in accordance with the terms of sale, i.e. when the goods have been handed over to transport agents, after deduction of returns.

Revenue recognition includes assessments and estimates of provision for expected returns. The provision is based on historical data and management experience. Hence, the statement of revenue of goods sales with a right of return is considered to be

Response in the audit

In our audit, we have assessed, among other things, the risks in the processes and procedures for revenue recognition and provision for expected returns. We have evaluated the design and implementation of internal controls and tested the effectiveness of the controls during the year.

Regarding sales, we have also conducted analytical review and random sampling against supporting documents for assessing the time of revenue recognision

Furthermore, we have assessed management's assumptions and model for provisioning returns.

Auditor's report

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We have also assessed the content of the information on revenue and rights of return presented in the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 10-42 and 112. The other information comprises also of remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of

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the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nelly Group AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Nelly Group AB (publ) for year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nelly Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Translation from the Swedish original

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit 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.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 51-55 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 10-42, and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

Our examination has been conducted in accordance with FAR´s standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 11908, 404 39 , Göteborg, was appointed auditor of Nelly Group AB (publ) by the general meeting of the shareholders on the 13 May 2024. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2003.

Göteborg

KPMG AB

Mathias Arvidsson
Authorized Public Accountant

Key ratios and alternative performance measures

Gross margin – *a measure of how well goods are sourced and sold in relation to net revenue*
Gross profit divided by net revenue. Gross margin is what Nelly Group previously described as product margin.

Return rate – *a measurement of the proportion of sales that customers return*
The sales value of returned goods divided by total sales before returns

Inventory share of net revenue LTM *– a measure of how efficiently the sourcing of goods is planned and executed*
Closing inventory balance divided by net revenue over a rolling 12-month period

Proportion of sales of own brands – *the proportion of sales of Nelly Group's own brands*

Calculated by dividing total sales of own brands before returns by total B2C and B2B sales before returns

No. of active customers Nordics LTM (000) – *a measure of how well Nelly Group attracts new customers and retains existing ones*
The number of unique customers in the Nordic countries who have shopped online from the Group during the last 12-month period

No. of sessions Nordics (000) –*a measure of how well Nelly generates traffic to the website*
The number of unique website visits from Nordic IP addresses to nelly.com or nlyman.com during a given period

No. of orders Nordics (000) – *a measure of how many orders Nelly generates during a given period*
The number of orders that Nordic customers have placed on nelly.com or nlyman.com during a given period

Average order value Nordics – *the average order value in SEK*
The number of items multiplied by average item value for orders placed on nelly.com or nlyman.com in the Nordics during a given period

Conversion rate Nordics – *a measure of the proportion of customers visiting the website who place an order*
The number of Nordic e-commerce orders divided by the number of Nordic sessions on nelly.com or nlyman.com

No. of employees *– a measure of the number of employees in the Group*
Calculated using the number of actual hours worked, together with paid holiday and other short-term absence, compared with the scheduled working time

Proportion of women employed *– a measure of the proportion of women in relation to the total number of employees*
The proportion of women divided by the total number of employees, calculated in the same way as number of employees above

Other information

Financial information

Financial information is published on the website and available via this link: https://www.nellygroup.com

Press releases

Press releases are available via https://www.nellygroup.com/en/releases

It is also possible to subscribe to press releases, interim reports and other information via this link: https://www.nellygroup.com/en/releases/subscribe/

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Financial calendar

The interim report for the first quarter of 2025 will be presented on 24 April 2025.

The annual general meeting will be held on 23 May 2025.

The interim report for the second quarter of 2025 will be presented on 15 July 2025.

The interim report for the third quarter of 2025 will be presented on 23 October 2025.

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ENGLISH TRANSLATION BY FLUID TRANSLATION AB