

NELLY.COM

DOCUMENTATION TO THE ANNUAL GENERAL MEETING ON WEDNESDAY 12 MAY 2021

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

Nelly Group AB (publ) Nomination Committee

In accordance with the procedure of the Nomination Committee adopted at the 2018 Annual General Meeting, a Nomination Committee has been convened consisting of members appointed by the largest shareholders in Nelly Group, who have wished to participate. The Nomination Committee comprises Christoffer Häggblom appointed by Rite Ventures, Alexander Antas appointed by Mandatum and Martin Jonsson appointed by Catella Fonder. At the Nomination Committee's first meeting, Christoffer Häggblom was appointed Chairman of the Nomination Committee by the members of the Nomination Committee, which constitutes a deviation from the Swedish Corporate Governance Code. The other members of the Nomination Committee have explained the appointment as being in the company's and its shareholders' best interests and a natural consequence of Christoffer Häggblom representing the company's largest shareholder.

The Nomination Committee's proposal for election of the Board

The Nomination Committee proposes the following:

- The Board shall consist of five members.
- Re-election of all current Board members except for Louise Nylén who declined re-election.
- Re-election of Mathias Pedersen as Chairman of the Board.

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

- Mathias Pedersen, Chairman of the Board
- Christoffer Häggblom
- Josephine Salenstedt
- Maj-Louise Pizzelli
- Stina Westerstad

The Nomination Committee's work

The Nomination Committee has held a number of meetings, with additional discussions between the meetings. Following Nelly Group's Extraordinary General Meeting on 16 December 2020 (at which several new Board members were elected in accordance with the Nomination Committee's proposal), the Nomination Committee's work has primarily focused on continuing to develop the Board's composition.

In its assessment of the degree to which the current Board meets the requirements placed on it, the Nomination Committee has reviewed the current and proposed Board members' ability to dedicate the time and commitment required for the Board work, as well as the balance and diversity of contributions of experiences from different business sectors and geographies relevant to Nelly Group's strategic direction.

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

The Nomination Committee proposes re-election of all current Board members except for Louise Nylén who declined re-election. The Nomination Committee is of the opinion that the proposed Board demonstrates the right skills and commitment needed to support Nelly Group's management in its work of creating shareholder value and possesses valuable insights and experiences from the fashion industry and technology-enabled consumer-facing sectors in the Nordics. The Nomination Committee believes the proposed composition of individuals on the Board will be of great support in Nelly Group's execution of the company's strategic initiatives.

In its work, the Nomination Committee has applied rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. Accordingly, the Committee has given particular consideration to the importance of an increased diversity on the Board, including gender, age and nationality, as well as depth of experiences, professional backgrounds and business disciplines. The Committee assess the composition of the proposed Board is adequately diverse in respect of its set of experiences and solid mix of relevant skill-sets matching the priorities of Nelly Group. As part of its efforts to find the most competent Board members the Committee will also continue to pursue an equal gender balance.

The Nomination Committee’s motivated opinion regarding its proposal for re-election of Chairman of the Board

Mathias Pedersen has been Chairman of the Board since December 2020 and was previously the CEO of the company until November 2020, Chairman of the Board for the subsidiary Nelly, and carried out the division of the group into three separate companies. Mathias Pedersen is an important component of the Board with his competence and experience of the company's operations. In view of the changes that the group has undergone, the Nomination Committee considers it to be particularly important to maintain continuity in the Board's work, and therefore proposes re-election of Mathias Pedersen as Chairman of the Board until the end of the next Annual General Meeting.

Statement on independence

The Nomination Committee has evaluated each Board member’s independence in the work of preparing its proposals for the 2021 Annual General Meeting, and has found that the proposed Board is in compliance with the Swedish Corporate Governance Code’s requirements for independence.

April 2021

THE NOMINATION COMMITTEE
NELLY GROUP AB (PUBL)

2. Information on the proposed members of the Board

Mathias Pedersen

Chairman of the Board
Swedish citizen
Born 1971

Mathias Pedersen has been Board member in Nelly Group since September 2020 and Chairman of the Board since December 2020. Mathias is the CFO of Niam AB. Mathias was CFO of Nelly Group (former Qliro Group) between August 2016 and June 2020 and then CEO from June until November 2020. His assignment before that was at Kinnevik AB, where he served as Investment Director. Prior to this, his positions included CFO for East Capital Group, East Capital Explorer and ETAC, and equity analyst at Investor AB and the Wallenberg foundations.

Mathias Pedersen holds a master's degree from the Stockholm School of Economics and has completed the Program for Management Development at Harvard Business School.

Chairman of the audit committee and member of the remuneration committee.

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

Shareholding (including related parties): 23,999 shares

Christoffer Häggblom

Board member
Finnish citizen
Born 1981

Christoffer Häggblom has been Board member since 2017 and was Chairman of the Board between May 2018 and December 2020. Christoffer is the founder and Managing Partner of Rite Ventures and has 20 years of experience with technology-focused growth companies, both as an entrepreneur and investor. Christoffer is Deputy Chairman of the Board of Verkkokauppa.com (Finland's largest e-commerce company listed on Nasdaq Helsinki Main Market), Chairman of the Board of Lemonsoft (a SaaS company) and is also a Board member of CDON (a leading online Nordic marketplace listed on Nasdaq First North Growth Market) and Acervo (an investment company focused on listed equities and bonds).

Christoffer is a graduate in business administration from Hanken School of Economics in Helsinki. Chairman of the remuneration committee and member of the audit committee.

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

Shareholdings (including related parties): Rite Ventures owns 4,634,348 shares.

Maj-Louise Pizzelli

Board member
Swedish citizen
Born 1963

Maj-Louise Pizzelli has been Board member of Nelly Group since December 2020. Maj-Louise is the founder, CEO and Board member of ATP Atelier (All Tomorrows Parties AB) and HOW Fashion Industry Aktiebolag, as well as Board member of the Swedish Fashion Association and was previously, inter alia, Board member of Stutterheim Raincoats (2017-2019), Assortment Director at JC / Brothers (2012-2013), Director Axstores Far East at Åhlens AB (2009-2012) and Product Director at Filippa K (1995-2008).

Maj-Louise studied at the Swedish School of Textiles in Borås.

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

Shareholding (including related parties): 0 shares.

Josephine Salenstedt

Board member
Swedish citizen
Born 1984

Josephine Salenstedt has been Board member of Nelly Group since September 2020. Josephine is partner at Rite Ventures. She is the Chair of the Board of CDON AB and Söder Sportfiske AB and serves on the boards of Paradox Interactive AB and Doro AB. In the past, she was the Chair of the Board of Skincity.

Josephine holds a master's degree in business administration from the Stockholm School of Economics.

Member of the remuneration committee.

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

Shareholdings (including related parties): Rite Ventures owns 4,634,348 shares.

Stina Westerstad

Board member
Swedish citizen
Born 1974

Stina Westerstad has been Board member of Nelly Group since December 2020. Stina is CEO of BabyBjörn AB and a member of the Board of SkinCity and was previously a Board member of Nelly Group's subsidiary Nelly NLY AB and CEO of Afound. Between 1999-2018, she held several senior positions in the H&M Group, most recently as Global Buying Director.

Stina is a graduate in business administration from Lund University.

Member of the audit committee.

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

Shareholding (including related parties): 1,500 shares.

3. Proposed wording of the Articles of Association

Articles of Association

Nelly Group AB (publ), reg. no. 556035-6940

Adopted by the Annual General Meeting on 12 May 2021.

N.B. This is an in-house translation of the authorised Swedish Articles of Association and for convenience only.

§ 1

The Company's name is Nelly Group AB. The Company is public (publ).

§ 2

The board of directors shall have its registered office in Borås.

§ 3

The primary purpose of the Company's business shall be to generate profit for its shareholders.

The object of the Company's business shall be to own and manage real property and movables, primarily through investments in businesses within the areas internet, online, e-commerce and retailing primarily with consumer brands and products. Furthermore, the object of the Company's business shall be to conduct business operations compatible with the above mentioned businesses.

The Company shall have the right to guarantee or otherwise pledge security for obligations assumed by other companies within the group.

§ 4

The Company's share capital shall be not less than SEK 100,000,000 and not more than SEK 400,000,000.

The number of shares in the Company shall be not less than 15,000,000 and not more than 60,000,000.

Shares may be issued in two classes, ordinary shares and Class C shares. Ordinary shares may be issued up to a maximum amount of 60,000,000 and Class C shares up to a maximum amount of 60,000,000.

Class C shares do not entitle to dividends. Upon the Company's liquidation, Class C shares carry an equivalent right to the Company's assets as the other classes of shares, however not to an amount exceeding up to the quota value of the share, annualised as per day of distribution with an interest rate of STIBOR 1M with an additional 1 percentage point calculated from the day of payment of the subscription price. STIBOR 1M is set on the first business day of each calendar month.

Should the Company resolve on an issue of new ordinary and Class C shares, against other payment than contribution in kind, each holder of ordinary and Class C shares has preferential rights to subscribe for new shares of the same class in proportion to the number of old shares held by such holder (primary preferential rights). Shares not subscribed for with primary preferential rights shall be offered for subscription to all shareholders in the Company (subsidiary preferential rights). If the number of shares so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of already shares held, or, to the extent that this is not possible, by lot.

Should the Company resolve on an issue of new shares solely of ordinary shares or Class C shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held.

The stipulations regarding preferential rights shall apply mutatis mutandis for new issues of warrants and convertible debt, and shall not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

If the share capital is increased by a bonus issue, where new shares are issued, new shares shall be issued in relation to the number of shares of the same classes already held. In such cases, old shares of a specific class shall entitle to new shares of the same class. Following a requisite amendment in the Articles of Association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

Reduction of the share capital, however not below the minimum share capital, may on request of holders of Class C shares or as resolved by the Company's Board of Directors or General Meeting, be made by redemption of Class C shares. A request from a shareholder shall be made in writing to the Company's Board of Directors and the Board of Directors shall promptly act on the matter. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the Company's equity reserves, if the required funds are available.

The redemption payment per Class C share shall correspond to the quota value of the share annualised per day with an interest rate of STIBOR 1M with additional 1 percentage point calculated from the day of payment of the subscription price. STIBOR 1M shall be initially set on the day of payment of the subscription price.

Following notice of the redemption resolution, holders having requested redemption shall promptly receive payment for the share, or, if authorisation from the Swedish Companies Registration Office or a court is required, following notice that the final decision has been registered.

Class C shares held by the Company, may upon decision by the Board of Directors be reclassified into ordinary shares, provided that the Class C shares are held by the Company. Immediately thereafter, the Board of Directors shall report the reclassification to the Swedish Companies Registration Office (Sw. Bolagsverket) for registration. The reclassification is effected when it has been registered and the reclassification been noted in the Swedish Central Securities Depository.

§ 5

The board shall consist of no less than three and no more than nine directors.

§ 6

The Company shall as Auditor have no less than one and no more than three registered accounting firms. The Auditors term of office shall last until the end of the first Annual General Meeting which is held after the year the Auditor was appointed.

§ 7

Notice of a general meeting of shareholders shall be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) as well as on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 8

To be entitled to participate in a general meeting, shareholders must give notice to the company no later than on the day stipulated in the notice of the meeting. This day may not be a Sunday, another public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and may not fall before the fifth business day prior to the meeting.

A shareholder attending a general meeting may be accompanied by an assistant, however only where the shareholder has provided notification hereof in accordance with the foregoing paragraph.

§ 9

The Board of Directors may collect powers of attorney in accordance with the procedure described in Chapter 7, section 4, second paragraph of the Companies Act (2005:551).

The Board of Directors has the right before a General Meeting to decide that shareholders shall be able to exercise their right to vote by post before the General Meeting.

§ 10

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 first paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

§ 11

General meetings shall be held in Borås or Stockholm.

§ 12

The Company's financial year shall be the calendar year.

4. Auditors' report in accordance with Ch 8, Sec 54 of the Swedish Companies Act whether the guidelines for remuneration to Executive Management as approved by the Annual General Meeting have been complied with



Translation from the Swedish original

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

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

Introduction

We have audited whether the Board of Directors and the Chief Executive Officer of Nelly Group AB (publ) (publ.) during the year 2020 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 7 May 2019 and the annual general meeting on 12 May 2020.

Responsibility of the Board of Directors and the Chief Executive Officer

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

Responsibility of the auditor

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

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

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

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

Opinion

We consider that the Board of Directors and Chief Executive Officer of Nelly Group AB (publ) (publ.) during 2020 have followed the guidelines on remuneration of senior executives adopted at the annual general meeting on 7 May 2019 and the annual general meeting on 12 May 2020.

Stockholm 21 april 2021

KPMG AB

Mårten Asplund

Authorized Public Accountant

5. Remuneration report for 2020

Nelly Group AB (publ) Remuneration report for 2020

Introduction

This remuneration report describes how the guidelines for executive remuneration of Nelly Group AB (publ) (former Qliro Group AB; hereafter "Nelly Group" or "the company"), adopted by the annual general meeting in May 2020¹, were implemented in 2020. The report also provides information on remuneration to the CEO:s (three persons) and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act (2005:551) and the Rules on remuneration of the board and executive management and on incentive programmes, issued by the Swedish Corporate Governance Board.

The information required by Ch. 5 Sec. 40-44 of the Swedish Annual Accounts Act (*Årsredovisningslagen*; 1995:1554) is provided in note 24 (Salaries, other remuneration and social security contributions) on pages 91-99 in Nelly Group's annual report for 2020. Information regarding work of the remuneration committee in 2020 is set out in the corporate governance report on page 44 in the annual report 2020.

Remuneration of the board of directors is not covered by this report. Such remuneration is decided yearly by the annual general meeting and disclosed in note 24 on page 97 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in her statement on pages 3-4 in the annual report 2020. During the year, the split-up of the former Qliro Group into three independent listed companies was completed. Shares in the company's former subsidiary Qliro AB were distributed to the company's shareholders and listed on Nasdaq Stockholm in the beginning of October 2020. Shares in the company's former subsidiary CDON AB were distributed to the company's shareholders and listed on Nasdaq First North Growth Market in the beginning of November 2020. After that Nelly remained as the Group's sole business; consequently, Qliro Group changed its company name to Nelly Group.

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

A prerequisite for the successful implementation of the Nelly Group's business strategy and safeguarding of its long-term interests, including its sustainability, is that Nelly Group can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability.

The remuneration guidelines that were adopted by the annual general meeting on 12 May 2020 are found at the company's website (<https://www.nellygroup.com/en/governance/corporate-governance/general-meetings/agm-2020/>). The current guidelines that were adopted by the extraordinary general meeting on 16 December 2020 are found on pages 45-46 in the annual report for 2020 and at the company's website (<https://www.nellygroup.com/en/governance/corporate-governance/remunerationguidelines/>).

During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on <https://www.nellygroup.com/en/governance/corporate-governance/general-meetings/agm-2021/>.

No remuneration has been reclaimed.

¹ The so-called consolidated situation between the parent company Nelly Group (former Qliro Group AB) and the credit market company Qliro AB ceased to exist after Qliro AB had left the Group in October 2020. Thus, the remuneration guidelines' special provisions regarding, inter alia, remuneration in credit market companies became obsolete for the remaining Nelly Group. Due to the changes that had occurred in the Group in the form of distribution of the former subsidiaries Qliro AB and CDON AB to Nelly Group's shareholders, Nelly Group's extraordinary general meeting adopted on 16 December 2020 new guidelines for remuneration to senior executives.

In addition to remuneration covered by the remuneration guidelines, Nelly Group's general meetings resolved to implement long-term share-related incentive plans.

Total remuneration to the CEO:s in 2020

Table 1
(tSEK)

| Name of the executive (position) | 1 Fixed remuneration | | 2 Variable remuneration | | 3 | 4 | 5 | 6 |
|---|----------------------|----------------|-------------------------|------------|---------------------|-----------------|--------------------|--|
| | Base salary | Other benefits | One-year | Multi-year | Extraordinary items | Pension expense | Total remuneration | Proportion of fixed and variable remuneration (%) **** |
| Marcus Lindqvist (CEO 1 January – 31 May 2020)* | 4,766 | 552 | 0 | - | 0 | 1,013 | 6,331 | 100/0 |
| Mathias Pedersen (CEO 1 June – 5 November 2020)** | 2,259 | 290 | 0 | - | 0 | 709 | 3,258 | 100/0 |
| Kristina Lukes (CEO since 6 November 2020) | 339 | 50 | 370*** | - | 0 | 109 | 868 | 57/43 |

* The executive was employed by the company and received compensation during the entire 2020.

** The executive was employed by the company until 20 November 2020.

*** Variable cash compensation earned during 2020 and paid out in Q1 2021.

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

Share-based remuneration

Outstanding and concluded (during the year) share-related and share price-related incentive plans

Ownership Plan 2020

Nelly Group's extraordinary general meeting held on 16 December 2020 resolved to adopt a new long-term incentive plan ("Ownership Plan 2020") for Nelly Group's CEO and two other senior executives in the company. Ownership Plan 2020 was launched in Q1 2021.

The purpose of Ownership Plan 2020 is to enable Nelly Group to retain key personnel in the company's executive management who are expected to contribute to the company's continued development. The proposed remuneration shall promote sustainable decisions to achieve results that are aligned with the company's vision and overarching strategy.

The Board wanted the participants to gain an increased ownership in the company through the incentive plan, for the purpose of aligning the interests of the participants and the shareholders, and therefore proposed a share-related remuneration where a condition for receiving the remuneration is that the participants invest in the company's shares and remain within the company in the long term. The intention is to create increased incentives for the participants to contribute to a long-term development of Nelly Group's results and shareholder value. An increase in the shareholdings of the company's senior executives is also expected to lead to increased loyalty towards the company, which is beneficial for the company and its shareholders.

In order to participate in Ownership Plan 2020, the participants must have made a personal investment in the company by acquiring shares in Nelly Group ("Investment Shares"). The Investment Shares may either be shares in Nelly Group that the participant already owns (and which had not already been allocated to Nelly Group's ongoing incentive plans) or shares acquired on the market by the participant in connection with the notification to participate in Ownership Plan 2020. The maximum amount of Investment Shares that all three participants may allocate to Ownership Plan 2020 shall correspond to a total value of SEK 1,950,000. Based on the amount of allocated Investment Shares the participants are entitled to be allotted shares in the company ("Ownership Shares") in accordance with certain terms and conditions. Up to 100,000 Ownership Shares may in total be allotted under Ownership Plan 2020.

The outcome of Ownership Plan 2020 for each participant is limited to the number of Ownership Shares that may be allotted (including any dividends or similar that accrue for such shares during the Vesting Period).

The participants may only retain the Ownership Shares pursuant to the terms and conditions set out in Ownership Plan 2020. Ownership Shares are vested during the period from and including 1 January 2021 up to and including 31 December 2027 (the "Vesting Period"). After the Vesting Period has expired, allotted Ownership Shares, and any related dividend or similar may be retained and freely disposed by the participants provided that the following condition have been fulfilled:

- the participant has acquired and, during the entire Vesting Period, retained the number of Investment Shares corresponding to the number of Ownership Shares that has been allotted to the participant. If the participant has acquired a lower number of Investment Shares than the number of Ownership Shares that has been allotted to the participant, the number of Ownership Shares shall be adjusted accordingly.

The main rule is that the Ownership Shares are vested linearly during the Vesting Period, meaning that at the end of each year under Ownership Plan 2020, 1/7 of the total number of Ownership Shares that the participant may be entitled to under the Ownership Plan 2020 will be vested.

The general meeting's complete resolution regarding Ownership Plan 2020 (including provisions on allocation, term for vesting and retaining of the Ownership Shares, costs for the plan etc.) is available on pages 92-94 in note 24 in Nelly Group's annual report 2020.

During the Q1 2021 the three participants allocated, in total, 53,983 Investment Shares to the Ownership Plan 2020 (whereof 34,323 Investment Shares were allocated by the CEO) and were allotted 53,983 Ownership Shares (whereof 34,323 Ownership Shares were allotted to the CEO) by the company. Thus, the Ownership Plan 2020 entails that the maximum dilution may amount to approximately 0.3 percent of the share capital and votes in the company.

PSP 2019

Nelly Group's long-term 3-year long performance share plan ("PSP 2019") was adopted by the annual general meeting 2019 and launched during the same year. The PSP 2019 initially comprised 22 senior executives and other key Nelly Group employees; at the end of 2020 there were five remaining participants in PSP 2019.

To participate in the PSP, the participants are required to make a personal investment in Nelly Group shares ("Savings Shares"). The Savings Shares may 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 2019 – 31 March 2022 (the "Measurement Period"), each share right entitles the participant to receive one ordinary share in the company free of charge. The right to finally be awarded shares is also dependent on the participant retaining the Savings Shares, and, with certain exceptions, still being employed in Nelly Group during the vesting period ending at the release of the interim report for the period January-March 2022. The number of shares that the participant can be awarded based on the share rights depends partially on the category to which the participant belongs and partly on the fulfilment of the following retention- and performance-based conditions: (a) Series A: total shareholder return (TSR) on Nelly Group's ordinary share during the Measurement Period shall exceed 0 percent; (b) Series B: the average annual TSR on Nelly Group's ordinary share during the Measurement Period shall be 10 percent to reach the entry target and 20 percent or more to reach the stretch target. The retention and performance-based rights can be exercised after publication of the interim report for the first quarter of 2022.

Please see note 24 in Nelly Group's annual report 2020 for a more detailed description of the PSP 2019.

The company's current CEO does not participate in PSP 2019. Also the former CEO:s' participation in PSP 2019 was concluded.

PSP 2018

Nelly Group's long-term 3-year long performance share plan ("PSP 2018") was adopted by the annual general meeting 2018 and launched during the same year. The PSP 2018 initially comprised 24 senior executives and other key Nelly Group employees; at the end of 2020 there were two remaining participants in PSP 2018.

PSP 2018 had a similar structure as PSP 2019. In PSP 2018 the "Measurement Period" for achievement of retention- and performance-based conditions (TSR and average annual TSR) was 1 April 2018 - 31 March 2021.

The allotted retention- and performance-based share rights could be exercised after the publication of Nelly Group's interim report for the first quarter of 2021. However, none of the retention- and performance-based

conditions was reached during the Measurement Period in PSP 2018 – therefore all share rights that the company had granted to the PSP 2018 participants lapsed and the plan was concluded during April 2021.

PSP 2017 & QOP 2017 – concluded during 2020

During the second quarter of 2020 the following two 3-year long incentive plans that had been adopted by the company’s annual general meeting 2017 and launched during the year 2017 were concluded. A performance share plan (“PSP 2017”) for Nelly Group’s (former Qliro Group’s) senior executives and other key employees, and a synthetic call option plan (“QOP 2017”) for management and other key employees in Nelly Group’s former subsidiary that offered financial services, Qliro AB; QOP 2017 was based on the underlying value growth in Qliro AB.

PSP 2017 had a similar structure as PSP 2018 and PSP 2019. The plan initially comprised approximately 30 senior executives and other key Nelly Group employees. None of the retention- and performance-based conditions was reached during the Measurement Period (1 April 2017 – 31 March 2020) in PSP 2017 – therefore all share rights that the company had granted to the PSP 2017 participants lapsed.

QOP 2017 comprised management and other key individuals in Nelly Group’s former subsidiary Qliro AB, a total of about 15 persons. To take part in QOP 2017, the participants were required to at market value acquire (from Nelly Group) synthetic call options linked to the underlying value growth in Qliro AB. The synthetic call options could be exercised three years after they had been issued (i.e. during 2020); an option gave its holder a right to receive an amount from Nelly Group calculated based on the change in value of Qliro AB, provided that the established value of Qliro AB at the end of QOP 2017 was at least 152 percent of the established value at launch of QOP 2017 (the exercise price).

QOP 2017 was concluded in June 2020. As the established value of Qliro AB determined at the end of the plan’s duration was lower than at least 152 percent of the established value of Qliro AB determined at launch of the call option plan (2017), all synthetic call options issued in QOP 2017 expired and became worthless.

Please see note 24 in Nelly Group’s annual report 2020 for a more detailed description of PSP 2017 and QOP 2017.

Application of performance criteria (for variable remuneration)

During the year 2020 the former CEO:s Marcus Lindqvist and Mathias Pedersen did not have the right to short-term variable remuneration.

The performance measures for the current CEO’s variable cash remuneration for the year 2020 were set during Q2 2020 when Kristina Lukes was CEO of Nelly Group’s subsidiary Nelly NLY AB (“Nelly”), i.e. before she was appointed as CEO of Nelly Group. The performance measures were therefore related to Nelly’s development and were selected to deliver Nelly’s strategy and to encourage behaviour which is in the long-term interest of Nelly. In the selection of performance measures, Nelly’s strategic objectives and short-term and long-term business priorities for 2020 had been taken into account.

Performance of the CEO during 2020: variable cash remuneration

Table 2

| Name of the executive (position) | 1 Description of the criteria related to the remuneration component* | 2 Relative weighting of the performance criteria | 3 a) has the target been reached? b) actual remuneration outcome |
|--|---|---|--|
| Kristina Lukes (CEO of Nelly since 1 April 2020 and CEO of Nelly Group since 6 November 2020) | EBITDA (2020) | 35 % | a) no b) 0 tSEK |
| | Sales after returns Nelly.com Nordics (during 2020) | 20 % | a) no b) 0 tSEK |
| | Change in average adjusted working capital (during 2020) | 25 % | a) yes b) 208 tSEK |
| | Inventory turnover (yearly average 2020) | 20 % | a) yes (97 % of max. outcome) b) 162 tSEK |

* All performance criteria are related to the subsidiary Nelly’s development during 2020.

Comparative information on the change of remuneration and company performance*

Table 3

| | Financial year 2020 |
|--|--|
| Remuneration to the CEO:s | See column 5 (Total remuneration) in the table 1 above |
| Group operating profit (MSEK) | -45.9 |
| Group profit after tax for continuing and discontinued operations (MSEK) ** | 512.1 |
| Average remuneration on a full-time equivalent basis of employees of the Group*** (tSEK) | 424 |

* Starting from the financial year 2020, which was the first financial year for which this type of remuneration report was prepared. The company has not earlier compiled data related to previous financial years in this respect; such data is going to be reported in forthcoming remuneration reports for comparison purposes.

** The consolidated income statement (for the Group) may be found on the page 52 in Nelly Group's annual report 2020.

*** In addition to the CEO, the parent company had only one more employee during 2020. The average remuneration has been calculated by dividing the remuneration for all employees in the Group (excluding the CEO and other senior executives) with the average number of employees during 2020 (see page 96, note 24 and page 90, note 23 in the annual report 2020).