

## **NOTICE TO ATTEND THE EXTRAORDINARY GENERAL MEETING**

**The shareholders of Nelly Group AB (publ), org. nr. 556035-6940, ("Nelly Group") are hereby invited to the Extraordinary General Meeting to be held on Wednesday, 16 December 2020. Due to the COVID-19 pandemic, the meeting will be carried out only through postal voting pursuant to temporary legislation. It will not be possible for shareholders to attend the general meeting in person or by proxy.**

### **RIGHT TO ATTEND THE MEETING**

Shareholders who wish to attend the Extraordinary General Meeting shall

- (i) be entered as shareholders in the share register maintained by Euroclear Sweden AB in relation to the circumstances on Tuesday, 8 December 2020 and
- (ii) give notice of their attendance at the general meeting no later than on Tuesday, 15 December 2020 by casting a postal vote in accordance with the instructions under the heading *Postal voting* below, so that the postal voting form is received by the company no later than on Tuesday, 15 December 2020.

In order to be entitled to participate in the Extraordinary General Meeting, shareholders who have their shares registered in the names of nominees must, apart from giving notice of their attendance at the general meeting, register their shares in their own name so that the shareholder is entered in the share register as per 8 December 2020. Such registration may be temporary (so called voting right registration) and request for such registration shall be made to the nominee in accordance with the nominee's routines in such time in advance as decided by the nominee. Voting rights registrations effected no later than the second banking day after 8 December 2020 will be considered in the preparation of the share register.

### **POSTAL VOTING**

Shareholders may exercise their voting rights at the general meeting only by voting in advance, through so called postal voting, in accordance with Section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

A special form shall be used for postal voting. The form is available on Nelly Group's website, [www.nellygroup.com](http://www.nellygroup.com). The postal voting form is considered as the notification of attendance at the general meeting.

The completed voting form must be received by Computershare AB (being the administrator of the forms for Nelly Group) no later than on Tuesday, 15 December 2020. The completed form shall be sent to Computershare AB, "Nelly Group EGM 2020", P.O. Box 5267, SE-102 46 Stockholm, Sweden. The completed form may alternatively be submitted electronically, either by signing using Bank ID as per instructions available on Nelly Group's website, [www.nellygroup.com](http://www.nellygroup.com), or through sending the completed voting form by e-mail to [info@computershare.se](mailto:info@computershare.se). If a shareholder votes in advance by proxy, a power of attorney shall be enclosed with the form. Power of attorney forms are available at the company's website, [www.nellygroup.com](http://www.nellygroup.com). If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed with the voting form. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote (i.e. the postal vote in its entirety) is invalid. Further instructions and conditions are included in the form for postal voting.

For information regarding the processing of your personal data, please see the privacy notice available on Euroclear Sweden AB's website: <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

**PROPOSED AGENDA**

1. Election of Chairman of the Extraordinary General Meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons to check and verify the minutes.
5. Determination of whether the Extraordinary General Meeting has been duly convened.
6. Determination of the number of members of the Board.
7. Election of new Board members:
  - a. Louise Nylén
  - b. Maj-Louise Pizzelli
  - c. Stina Westerstad.
8. Election of Chairman of the Board.
9. Determination of the remuneration to the members of the Board.
10. Resolution regarding adoption of new guidelines for remuneration to senior executives.
11. Resolutions on:
  - a. long-term incentive plan for certain senior executives; and
  - b. approval of transfer of shares to the participants.
12. Resolutions regarding:
  - a. amendment of the Articles of Association and
  - b. reverse share split.

## **PROPOSED RESOLUTIONS**

### **Election of Chairman of the Extraordinary General Meeting (item 1)**

The Board proposes that Tone Myhre-Jensen, member of the Swedish Bar Association, is elected to be the Chairman of the Extraordinary General Meeting.

### **Preparation and approval of the voting list (item 2)**

The voting list which is proposed to be approved under item 2 of the agenda shall be the voting list prepared by Computershare AB at the request of the company, based on the general meeting's share register and postal votes received. The list shall be controlled by the person verifying the minutes.

### **Election of one or two persons to check and verify the minutes (item 4)**

The Board proposes Sandra Backlund, representative for Rite Ventures, or, if she is unable to attend the meeting, the person otherwise assigned by the Board. The person verifying the minutes shall also verify the voting list and that the received postal votes are correctly reflected in the minutes.

### **Determination of the number of members of the Board (item 6)**

The Nomination Committee proposes that the Board shall consist of six members.

### **Election of new Board members (item 7 (a)-(c))**

The Nomination Committee proposes that Louise Nylén, Maj-Louise Pizzelli, and Stina Westerstad shall be elected as new members of the Board until the close of the next Annual General Meeting, and thereby replace Daniel Mytnik and Lennart Jacobsen who have informed the Board that they intend to resign as Board members of Nelly Group as per 16 December 2020. If the general meeting resolves in accordance with the Nomination Committee's proposal, the Board will consist of Mathias Pedersen, Christoffer Häggblom, Josephine Salenstedt, Maj-Louise Pizzelli, Louise Nylén and Stina Westerstad.

### **Election of Chairman of the Board (item 8)**

The Nomination Committee proposes that Mathias Pedersen shall be elected as Chairman of the Board.

### **Determination of the remuneration to the members of the Board (item 9)**

The Nomination Committee proposes a reduction of the remuneration that was approved at the Annual General Meeting 2020 for the work in the Board and its Remuneration and Audit Committee, for the period until the close of the next Annual General Meeting. Accordingly, the Nomination Committee proposes that:

- SEK 450,000 shall be allocated to the Chairman of the Board,
- SEK 200,000 shall be allocated to each of the other five members of the Board,
- SEK 75,000 shall be allocated to the Chairman and SEK 30,000 shall be allocated to each of the other two members of the Audit Committee, and
- SEK 50,000 shall be allocated to the Chairman and SEK 20,000 shall be allocated to each of the other two members of the Remuneration Committee.

The total remuneration (on an annual basis) for the work in the Board and its Committees amounts to SEK 1,675,000, i.e. a reduction of the previously resolved total remuneration (SEK 2,571,000) for the work in the Board and its Committees.

**Resolution regarding adoption of new guidelines for remuneration to senior executives (item 10)**

The Board proposes, due to the changes that have occurred in the Group in the form of distribution of the former subsidiaries Qliro AB and CDON AB to Nelly Group's shareholders, that the Extraordinary General Meeting resolves to adopt the following guidelines for remuneration to Nelly Group's CEO and other members of the executive management (together the "Senior Executives"), and for Board members to the extent they receive remuneration outside of their assignments as Board members.

The guidelines shall apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Extraordinary General Meeting on 16 December 2020. These guidelines do not apply to any remuneration decided by the General Meeting, such as ordinary Board remuneration and long-term share and share price-related incentive plans.

*The guidelines' promotion of the Nelly Group's business strategy, long-term interests and sustainability*

Nelly Group's only operative subsidiary Nelly has one of the leading Nordic online fashion brands among young women. Nelly's business model is based on a core of its own designs and labels and a complementary range of selected clothing and beauty products from 300 brands. Nelly shall continue to strengthen its own brands and constantly be at the forefront of digital marketing and sales. The company shall continue to inspire with selected trends and clothing for its target group.

A prerequisite for the successful implementation of Nelly Group's business strategy and the safeguarding of the Group companies' long-term interests, including their sustainability, is that Nelly Group is able to attract, motivate and retain senior executives in competition with comparable Nordic companies, primarily Nordic companies which are operating within e-commerce and retailing with consumer brands and products. These guidelines shall therefore enable for the Senior Executives to be offered a competitive total remuneration. At the same time, Nelly Group's remuneration system shall be in line with and promote sound and effective risk management and counteract excessive risk-taking behavior.

The remuneration to the Senior Executives in Nelly Group shall both short-term and long-term reflect the individual's performance and responsibilities and the results in Nelly Group, including in its subsidiary, and shall also link the Senior Executives' interests and rewards with the shareholders'. Therefore, the remuneration to the Senior Executives shall be based on the pay for performance principle.

The Board considers that the possibility of variable remuneration and participation in any long-term incentive plans together with a well-balanced fixed remuneration provides the conditions for Nelly Group to be a competitive employer, while the design of and conditions for the variable remuneration support a responsible and sound risk management as well as the company's growth strategy, long-term interests and sustainability.

*Types of remuneration*

The remuneration shall be on market terms and may consist of the following components:

- fixed cash salary,
- variable cash remuneration,

- the possibility of participating in long-term (i) share- and share price related incentive plans resolved upon by the General Meeting and / or (ii) cash-based incentive plans,
- pension benefits, and
- other customary benefits.

#### *Fixed cash salary*

The Senior Executives' fixed cash salary is revised each year and shall be competitive and based on the individual's competence, responsibilities and performance.

#### *Variable cash remuneration*

The Senior Executives' variable cash remuneration shall be based on fulfilment of established targets relating to growth and value creation for their respective areas of responsibility and for Nelly Group. The outcome shall be linked to measurable targets (qualitative, quantitative, general and individual) which shall be measured over a year. The targets within the Senior Executives' respective area of responsibility are defined to promote Nelly Group's development both in the short-term and long-term, and thus promote Nelly Group's business strategy and long-term interests, including the company's sustainability. Variable cash remuneration may not exceed 100 per cent of the Senior Executive's fixed annual salary.

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual level and either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performances in addition to the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 per cent of the fixed annual cash salary. Any resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

The Board shall also consider to resolve that a part of the Senior Executives' variable cash remuneration shall be invested in shares or share-price related instruments in Nelly Group.

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

The Senior Executives may be offered to participate in incentive plans which shall generally be share or share price-related and shall therefore not be covered by these guidelines, but may also be cash-based. Long-term share or share price-related incentive plans shall be designed to ensure the participants' long-term commitment to the value growth in Nelly Group and align the Senior Executives' interests with the shareholders.

#### *Establishment of criteria for payment of cash variable remuneration and long-term cash-based incentive plans and claw-back rights in certain cases*

When the measurement period for fulfilling the criteria for payment of variable cash remuneration and long-term cash-based incentive plans ends, the extent to which the criteria have been met shall be assessed/determined. The Remuneration Committee is responsible for the evaluation. With regard to financial criteria, the assessment shall be based on Nelly Group's most recently published financial information. In the assessment, the Remuneration Committee shall ensure that there is a link between the remuneration and Nelly Group's results. When determining the remuneration, the Remuneration Committee shall also take into account relevant circumstances relating to the environment, social conditions as well as corporate governance and anti-corruption (so-called ESG). To ensure that performances on which the remuneration have been based are sustainable over time, Nelly Group shall have the right, pursuant to applicable law or contractual provisions, subject to any

restrictions that may apply under law or contract, to in whole or in part reclaim remuneration other than fixed cash salary, pension and other customary benefits which have been paid on incorrect grounds, as a result of information which turns out to be apparently incorrect ("claw-back").

#### *Pensions and other customary benefits*

Pension commitments are premium defined and are secured through premiums paid to insurance companies. The size of the pension premiums shall be in accordance with Nelly Group's pension plan and shall in all material respects correspond to the provision levels that apply pursuant to the ITP 1 plan and thus have the limitations in relation to the fixed annual salary as stated therein. No provisions are made for salary components exceeding 60 income base amounts calculated on an annual basis. Variable cash remuneration shall, in general, not qualify for pension benefits. Under normal circumstances the retirement age is 65 years.

Other benefits shall be customary and facilitate that the senior executives can carry out their duties, for example a company car, company health care and health care insurance. Such benefits shall in aggregate not exceed 30 per cent of the fixed annual cash salary.

#### *Notice of termination and severance pay*

Upon termination of employment the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay may not together exceed an amount corresponding to the fixed cash salary for 18 months for the CEO and 12 months for other senior executives. When the termination is initiated by the senior executive, the notice period may not exceed six months, without any right to severance pay.

#### *Salary and employment conditions for employees*

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for Nelly Group's employees have been taken into account. The guidelines do not differ from the remuneration systems which are generally applied in Nelly Group for other employees. In other respects, the remuneration, the types of remuneration and the salary development for Senior Executives are considered to be in line with the salaries and employment conditions of other employees in Nelly Group. The development of the gap between the remuneration to the Senior Executives and remuneration to other employees will be presented in subsequent remuneration reports.

#### *Remuneration to Board members*

Board members in the parent company, elected at General Meetings, may in certain cases receive compensation for services performed within their respective areas of expertise, but which are outside of their Board duties in the parent company. Compensation for such services shall be paid on market terms and be approved by the Board.

#### *The decision-making process*

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board's decision to propose guidelines for remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting.

The Remuneration Committee shall also monitor and evaluate plans for variable remuneration for the executive management, the application of these guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company.

The members of the Remuneration Committee are independent of the company and its executive management. The Senior Executives do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

#### *Deviations from the guidelines*

The Board may, if it considers that special circumstances are at hand and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial position, deviate from the guidelines. In such a case the Board shall explain the reason for the deviation at the following Annual General Meeting.

Further information regarding remuneration to senior executives is presented in Nelly Group's annual report for 2019.

### **Resolutions on long-term incentive plan for certain senior executives and approval of transfer of shares to the participants (item 11 (a)-(b))**

#### ***Background and motive***

The Board proposes that the Extraordinary General Meeting resolves to adopt a long-term incentive plan ("**Ownership Plan 2020**") for certain senior executives in Nelly Group, in accordance with what is set out in item A below.

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 wants 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 has 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.

To ensure that the company can fulfil its commitments under Ownership Plan 2020, the Board proposes that the Extraordinary General Meeting resolves upon approval of transfer of shares in accordance with what is set out in item B below.

#### ***A. The Board's proposed resolution to adopt a long-term incentive plan for certain senior executives***

##### ***1. Participants and terms and conditions in summary***

The Board proposes that the general meeting resolves to adopt Ownership Plan 2020, which is intended for Kristina Lukes (CEO), John Afzelius (who has been appointed as Nelly Group's CFO as of 1 April 2021; John is currently the CFO of the subsidiary Nelly NLY AB) and Maria Segergren (CPO). 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 have 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. Following such investment, the participants will be entitled to be allotted shares in the company ("**Ownership Shares**") in accordance with the terms and conditions set out below.

## *2. Allocation*

The Board proposes that Ownership Plan 2020 shall comprise up to 100,000 Ownership Shares. The number of Ownership Shares is based on the assumption that the general meeting resolves on a reverse share split in accordance with the Board's proposal under item 12. The number of Ownership Shares shall be subject to recalculation if the general meeting does not resolve to implement the proposed reverse share split. The maximum amount of Ownership Shares that can be allocated per person shall be as follows: Kristina Lukes, up to 61,538 Ownership Shares, John Afzelius, up to 25,641 Ownership Shares and Maria Segergren, up to 12,821 Ownership Shares.

## *3. Individual investment and maximum allocation of Investment Shares for Ownership Plan 2020*

In order to participate in Ownership Plan 2020, the participant must make a personal investment by acquiring Investment Shares. Investment Shares may either be shares in Nelly Group that the participant already owns (and which have 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. If the participant has inside information in connection with the notification to participate in Ownership Plan 2020, the Investment Shares shall be acquired as soon as possible after the participant no longer has inside information, but no later than prior to the next Annual General Meeting.

The maximum amount of Investment Shares that all participants may allocate to Ownership Plan 2020 shall correspond to a total value of SEK 1,950,000. The outcome of Ownership Plan 2020 for each participant is limited to the number of Ownership Shares that may be allocated (including any dividends or similar that accrue for such shares during the Vesting Period (as defined below)).

The maximum number of Investment Shares that the participants may allocate for Ownership Plan 2020 shall be the following: Kristina Lukes may allocate a maximum amount of Investment Shares that correspond to a value of SEK 1,200,000, John Afzelius may allocate a maximum number of Investment Shares that correspond to a value of SEK 500,000 and Maria Segergren may allocate a maximum number of Investment Shares that correspond to a value of SEK 250,000.

The value of the Investment Shares shall be calculated based on the average volume weighted price for the Nelly Group share on Nasdaq Stockholm during a period of ten trading days before the date of the general meeting.

## *4. Conditions for retaining Ownership Shares*

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, allocated 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.

#### 5. *Vesting of Ownership Shares during the Vesting Period*

##### ***Vesting upon termination of employment***

Ownership Shares are vested linearly during the Vesting Period, meaning that at the end of each year under Ownership Plan 2020, 1/7 (corresponding to approximately 14.3 percent) of the total number of Ownership Shares that the participant may be entitled to under the Ownership Plan 2020 will be vested. If the participant does not remain employed by the company during the entire the Vesting Period, the following terms and conditions shall apply for vesting of the Ownership Shares.

- If the participant's employment is terminated by the company during the period from and including 1 January 2021 up to and including 31 December 2021 (i.e. during year 0-1 of the plan), the participant shall not be entitled to any Ownership Shares.
- If the participant's employment is terminated by the company during the period from and including 1 January 2022 up to and including 31 December 2027 (i.e. during years 2-7 of the plan), the participant's entitlement to Ownership Shares shall be vested linearly up until the start of the year in which the employment ceased.
- If the participant terminates his/her employment during the period from and including 1 January 2021 up to and including 31 December 2023 (i.e. during years 0-3 of the plan), the participant shall not be entitled to any Ownership Shares.
- If the participant terminates his/her employment during the period from and including 1 January 2024 up to and including 31 December 2027 (i.e. during years 4-7 of the plan), the participant's entitlement to Ownership Shares shall be vested linearly during this period up until the start of the year in which the employment ceased.

If the number of shares in the company is changed as a result of a bonus issue, share split or reverse share split of existing shares in the company, or a similar corporate action, the vesting of Ownership Shares shall be recalculated in proportion to the change.

Notwithstanding the above, if the participant's employment is terminated by the company during the Vesting Period due to a criminal offence or serious irregularities from the participant, the participant shall not be entitled to retain any Ownership Shares.

##### ***Vesting upon public tender offer***

If the company's shares are subject to a public tender offer (corresponding to or in accordance with the Takeover Act (*Sw. lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), and such tender offer is completed, all Ownership Shares shall be vested.

##### ***Taxation***

The receipt of Ownership Shares is a taxable benefit, subject to tax in the income year that the Ownership Shares are received by the participant. The relevant taxable benefit value is calculated as the final share price for the Nelly Group share on Nasdaq Stockholm on the day the shares are received. The taxable benefit value is taxed as income from employment, meaning that the employer

must pay social security contributions (*Sw. sociala avgifter*). The participant will be compensated with a payment of salary in cash that, after deduction of tax, entails that the Ownership Shares have been acquired free of charge for the participant.

### ***Preparation and administration***

Ownership Plan 2020 has been prepared by the Board together with external advisors.

The Board, or the person appointed by the Board, shall be responsible for preparing the detailed terms and conditions and for the administration of Ownership Plan 2020, in accordance with the mentioned terms and guidelines. To this end, the Board shall be entitled to make adjustments to meet market conditions and to comply with applicable regulations. The Board shall also be entitled to make other adjustments, including e.g. a right to resolve on a reduced allotment of shares, if material changes would occur within Nelly Group, or on the market that, according to the Board's assessment, would lead to that the resolved terms and conditions for allotment of shares under Ownership Plan 2020 no longer fulfil the main objectives.

### ***Costs, effects on certain key ratios and dilution***

The Board has made a preliminary estimation of the costs relating to Ownership Plan 2020. The costs, which primarily comprise of social security contributions for the value of the Ownership Shares, and costs for the payment of salary to cover the participants' costs in Ownership Plan 2020, are estimated to amount to approximately SEK 5.7 million. The costs correspond to approximately 5.4 percent of the company's personnel costs for 2020.

The preliminary estimation of the costs is based on the assumption that the maximum number of Ownership Shares that may be allocated under Ownership Plan 2020 shall correspond to the number of allocated Investment Shares. The value of the Investment Shares may amount to a maximum of SEK 1,950,000. The estimation is further based on the assumption that the value of the company's share is SEK 34.7 after the reverse share split (1:10) proposed under item 12 has been completed.

Based on the assumption that the value per share is SEK 34.7 (after the reverse share split), Ownership Plan 2020 entails a maximum dilution of approximately 0.3 percent of the share capital and votes in the company. Assuming maximum allotment of Ownership Shares under Ownership Plan 2020, whereby 100,000 Ownership Shares will be allotted to the participants, Ownership Plan 2020 entails a dilution of approximately 0.55 percent of the share capital and votes in the company. If the participant leaves the company during the Vesting Period, the participant may, in whole or in part, lose its entitlement to the Ownership Shares, which in such case are intended to be cancelled after a resolution on a reduction of the share capital. Such cancellation of shares would reduce the dilution.

### ***Other incentive plans***

At the time of this proposal, there are two ongoing share-based long-term incentive plans in Nelly Group, resolved upon by the Annual General Meetings of 2018 and 2019, respectively.

## ***B. The Board's proposal on approval of transfer of shares to the participants***

The Board proposes that the extraordinary general meeting resolves that a maximum of 100,000 C-shares held in treasury by Nelly Group are converted into ordinary shares and thereafter may be transferred to the participants in accordance with the terms and conditions of Ownership Plan 2020.

The participants' right to receive ordinary shares requires that the conditions of Ownership Plan 2020 are fulfilled, and the shares shall be transferred during the period of time that follows from the terms and conditions of Ownership Plan 2020. The shares shall be transferred free of charge.

The number of shares that may be transferred to the participants under Ownership Plan 2020 is based on the assumption that the general meeting resolves upon a reverse share split in accordance with the Board's proposal under item 12. The number of shares shall be subject to recalculation in the event that the general meeting does not resolve to implement the proposed reverse share split.

***Special majority requirements***

The Board's proposal on adoption of a long-term incentive plan for certain senior executives in accordance with item A and approval of transfer of shares in accordance with item B is a joint proposal and shall be resolved upon as a joint resolution. In order for the resolution to be valid, it must be supported by shareholders holding no less than nine-tenths of both the votes cast and the shares represented at the Extraordinary General Meeting.

**Resolutions regarding amendment of the Articles of Association and reverse share split (item 12 (a)-(b))**

***Resolution regarding amendment of the Articles of Association***

The Board proposes to amend the limits of the number of shares in the Articles of Association in accordance with the below, to enable the reverse share split proposed in accordance with item 12 b below.

*Current wording*

*Proposed wording*

**§ 4, second and third paragraph.**

The number of shares in the Company shall be not less than 100,000,000 and not more than 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 400,000,000 and Class C shares up to a maximum amount of 4,000,000.

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.

***Resolution regarding reverse share split***

The Board proposes that the Extraordinary General Meeting resolves on a reverse share split of the company's shares (ordinary shares as well as Class C shares), whereby ten (10) existing shares will be consolidated into one (1) new share (1:10). The purpose of the reverse share split is to obtain a number of shares that is appropriate for the company.

The Board proposes that the Extraordinary General Meeting authorises the Board to determine the record day for the reverse share split. The record day may not occur before the resolution on reverse share split has been registered with the Swedish Companies Registration Office.

If a shareholder's holding of a share of a certain class does not correspond to a full number of new shares of the same class, excess shares will be transferred to the company's ownership on the record day for the reverse share split. Excess shares will thereafter be sold, at the company's expense, by Hagberg & Aneborn Fondkommission AB, whereby affected shareholders will receive their share of the sales proceeds.

After the reverse share split the number of shares in the company will decrease from 184,949,730 to 18,494,973. The proposed reverse share split also means that the share's quota value will increase from SEK 1.00 to SEK 10.00.

Resolutions regarding amendment of the Articles of Association and reverse share split in accordance with this item 12 are made as a joint resolution. In order for the resolution to be valid, it must be supported by shareholders holding no less than two thirds of both the votes cast and the shares represented at the Extraordinary General Meeting.

## **MISCELLANEOUS**

### **Shares and votes**

There are a total number of 184,949,730 shares in the company, whereof 179,729,730 ordinary shares and 5,220,000 Class C shares, corresponding to a total of 184,949,730 votes. As per the day of this notice, the company holds 5,220,000 of its own Class C shares corresponding to 5,220,000 votes which cannot be represented at the general meeting.

### **Authorisation**

The Board, or the person that the Board will appoint, shall be authorised to make such minor adjustments in the general meeting's resolutions as may be required in connection with registration with the Swedish Companies Registration Office and/or Euroclear Sweden AB.

### **Shareholders' right to request information**

The Board and the CEO shall, if any shareholder so requests and the Board believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda. Request for such information shall be made in writing to Nelly Group AB (publ), Att: The Board, P.O. Box 195 25, SE-104 32 Stockholm, Sweden or by email to [ir@nelly.com](mailto:ir@nelly.com) no later than on 6 December 2020. Such information will be provided by being available at the company, and at the company's website, [www.nellygroup.com](http://www.nellygroup.com), no later than on 11 December 2020. The information will also be sent, within the same period of time, to shareholders who so request and state their postal or email address.

### **Documentation**

The Nomination Committee's motivated opinion explaining its proposal regarding Board members (including information on the proposed new members of the Board) and the proposed wording of the new Articles of Association will be available for the shareholders no later than on 25 November 2020 at the company's website, [www.nellygroup.com](http://www.nellygroup.com), at the company's premises at Sveavägen 151 in Stockholm, Sweden and will be sent to shareholders who so request and state their postal or email

address.

The documentation can be ordered by telephone at +46 (0) 771-246 400 or in writing at the address Computershare AB "Nelly Group EGM 2020", P.O. Box 5267, SE-102 46 Stockholm, Sweden.

Stockholm, November 2020  
NELLY GROUP AB (PUBL)  
THE BOARD OF DIRECTORS

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### **About Nelly Group**

*Nelly is one of the Nordic region's strongest fashion brands for young women. The core is the own brand in combination with digital sales directly to our target group. Nelly has created a strong commitment through a distinct sense for fashion and digital marketing. The company has 2.1 million customers and sales of SEK 1.4 billion per year. Nelly Group was previously called Qliro Group. Nelly Group is listed on Nasdaq Stockholm in the mid-cap segment with the short name "NELLY".*