

# NELLY.COM

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**The shareholders of Nelly Group AB (publ), reg. no. 556035-6940, ("Nelly") are hereby given notice of an Extraordinary General Meeting to be held on Tuesday 14 March 2023 at 10:00 CET at Advokatfirman Cederquist's premises, Hovslagargatan 3, in Stockholm. Registration for the Extraordinary General Meeting will commence at 9:30 CET. Shareholders may also exercise their voting rights at the Extraordinary General Meeting by postal voting in advance in accordance with the provisions of the Articles of Association.**

### **PARTICIPATION**

Shareholders who wish to participate in the Extraordinary General Meeting must:

- (i) be recorded as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances as of Monday 6 March 2023; and
- (ii) give notice of participation no later than by Wednesday 8 March 2023.

To be entitled to participate in the Extraordinary General Meeting, shareholders whose shares are registered in the names of nominees must, in addition to giving notice of participation, re-register such shares in their own name so that the shareholder is recorded in the presentation of the share register as of Monday 6 March 2023. Such re-registration may be temporary (voting rights registration) and can be requested from the nominee in accordance with the nominee's procedures in such time in advance as the nominee determines. Voting rights registrations effected by the nominee no later than by Wednesday 8 March 2023 will be considered in the presentation of the share register.

#### Participation by attending the meeting venue

Shareholders who wish to attend the meeting venue in person or by proxy shall give notice of participation no later than by Wednesday 8 March 2023. Notification can be made on Nelly's website [www.nellygroup.com](http://www.nellygroup.com), by email to [info@computershare.se](mailto:info@computershare.se), by telephone to +46 771-246 400 or by post to Computershare AB, "Nelly's EGM 2023", P.O. Box 5267, SE-102 46 Stockholm, Sweden. Shareholders shall in their notice to participate state their name, personal identification number or company registration number, address, phone number and advisors, if applicable. Shareholders represented by a proxy or a representative should send documents of authorization to the address above well before the Extraordinary General Meeting. A template proxy form is available on Nelly's website [www.nellygroup.com](http://www.nellygroup.com).

#### Participation by postal voting

Shareholders who wish to participate in the Extraordinary General Meeting by postal voting must give notice to participate by casting their postal vote so that the postal vote is received by Computershare AB (administering the forms on behalf of Nelly) no later than by Wednesday 8 March 2023. A special form shall be used for postal voting. The form is available on Nelly's website [www.nellygroup.com](http://www.nellygroup.com). The postal voting form can be submitted either by email to [info@computershare.se](mailto:info@computershare.se) or by post to Computershare AB, "Nelly's EGM 2023", P.O. Box 5267, SE-102 46 Stockholm, Sweden. Shareholders may also cast their postal votes digitally through BankID verification. Link to digital postal voting can be found on Nelly's website [www.nellygroup.com](http://www.nellygroup.com). If the shareholder postal votes by proxy, a power of attorney shall be enclosed with the form. A template proxy form is available on Nelly's website [www.nellygroup.com](http://www.nellygroup.com). If the shareholder is a legal entity, a copy of a registration certificate or a corresponding document for the legal entity shall be enclosed with the form. Further instructions can be found on the form.

## **PROPOSED AGENDA**

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1. Opening of the Extraordinary General Meeting.
2. Election of Chair of the Extraordinary General Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to verify the minutes.
6. Determination of whether the Extraordinary General Meeting has been duly convened.
7. Resolution regarding a new issue of ordinary shares with preferential rights for the shareholders, including resolutions regarding:
  - (a) amendments to the Articles of Association in order to facilitate reduction of share capital without cancellation of shares,
  - (b) reduction of share capital without cancellation of shares in order to facilitate a new issue of ordinary shares with preferential rights for the shareholders,
  - (c) approval of the Board's resolution on a new issue of ordinary shares with preferential rights for the shareholders,
  - (d) amendments to the Articles of Association in order to facilitate increase of share capital by way of a bonus issue without issuance of new shares, and
  - (e) increase of share capital by way of a bonus issue without issuance of new shares.
8. Resolutions regarding:
  - (a) amendments to the Articles of Association in order to facilitate reduction of share capital, and
  - (b) reduction of share capital without cancellation of shares.
9. Closing of the Extraordinary General Meeting.

## RESOLUTIONS PROPOSED BY THE BOARD

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### **Chair of the Extraordinary General Meeting (item 2)**

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

### **New issue of ordinary shares with preferential rights for the shareholders (item 7)**

The Board proposes that the Extraordinary General Meeting resolves to approve the Board's resolution from 3 February 2023 on a new issue of ordinary shares with preferential rights for the shareholders in Nelly on the main terms and conditions set out under item 7(c) below. The purpose of the new share issue is to secure liquidity and enable Nelly to continue its transformation towards profitability. The proceeds will upon full subscription amount at approximately SEK 50 million before deduction of issuing costs.

Nelly's three largest shareholders Rite Ventures, Stefan Palm (through company) and Mandatum, that represent in aggregate approximately 51 percent of the total number of shares and votes in Nelly, have undertaken to subscribe for ordinary shares in the new share issue corresponding to their respective pro rata share and also committed to guarantee their respective pro rata share of the portion of the new share issue not covered by subscription commitments without consideration.

A Swedish language prospectus with further information including detailed instructions on how to subscribe for new ordinary shares in the new share issue will be held available at Nelly's website [www.nellygroup.com](http://www.nellygroup.com) on or around 17 March 2023.

### Amendments to the Articles of Association in order to facilitate reduction of share capital without cancellation of shares (item 7(a))

In order to adjust the share capital limits in the Articles of Association to facilitate the proposed reduction of share capital without cancellation of shares under item 7(b) the Board proposes that § 4, first paragraph, in the Articles of Association's is amended as follows.

#### *Current wording*

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

#### *Proposed wording*

The Company's share capital shall be not less than SEK 15,000,000 and not more than SEK 60,000,000.

### Reduction of share capital without cancellation of shares in order to facilitate a new issue of ordinary shares with preferential rights for the shareholders (item 7(b))

In order to facilitate the Board's resolution regarding a new issue of ordinary shares with preferential rights for the shareholders subject to approval by the General Meeting under item 7(c), the Board proposes that the Extraordinary General Meeting resolves on a reduction of the company's share capital by SEK 166,454,757 to be allocated to the unrestricted equity. The reduction shall be made without cancellation of shares.

The proposal entails that the share capital will be reduced from SEK 184,949,730 to SEK 18,494,973, which implies that the quota value is reduced from SEK 10.00 per share to SEK 1.00 per share.

The resolution to reduce the share capital under this item 7(b) may be effectuated without obtaining authorisation from the Swedish Companies Registration Office or a court of general jurisdiction as Nelly simultaneously effectuates a new issue of ordinary shares and a bonus issue as set out under items 7(c) and 7(e), respectively, entailing that neither the restricted equity nor the share capital will be reduced.

Approval of the Board's resolution on a new issue of ordinary shares with preferential rights for the shareholders (item 7(c))

The Board proposes that the Extraordinary General Meeting resolves to approve the Board's resolution from 3 February 2023 on a new issue of ordinary shares with preferential rights for the shareholders in Nelly on the terms and conditions set out below.

1. The Board, or whoever the Board may appoint among its members, is authorised to resolve, at the latest on 10 March 2023, on the maximum amount by which the company's share capital shall be increased, the maximum number of ordinary shares to be issued, the number of existing shares that shall entitle to subscription for a certain number of new ordinary shares and the subscription price to be paid per new ordinary share.
2. Nelly's shareholders shall have preferential rights to subscribe for the new ordinary shares in proportion to the shares previously held.
3. Such portion of the subscription price for the new ordinary shares that exceeds the quota value of the previous shares shall be allocated to the unrestricted share premium reserve.
4. The record date for the right to participate in the new share issue with preferential rights shall be 21 March 2023.
5. If not all of the ordinary shares are subscribed for by exercise of subscription rights, the Board shall resolve on allotment of ordinary shares that have not been subscribed for by exercise of subscription rights, within the maximum amount of the new share issue, whereby allotment of such ordinary shares firstly shall be made to those who also have subscribed for ordinary shares by exercise of subscription rights (irrespective of whether the subscriber was registered as a shareholder on the record date or not), and in the event that allotment cannot be made in full to those, allotment shall be made pro rata in relation to the number of subscription rights that have been exercised for subscription of shares and should this not be possible, by drawing of lots. Secondly, allotment of ordinary shares shall be made to those who have subscribed for ordinary shares only without subscription rights, and in the event that allotment cannot be made in full to those, allotment shall be made pro rata in relation to the number of ordinary shares that each one has subscribed for, and should this not be possible, by drawing of lots. Thirdly, any remaining ordinary shares shall be allotted to Rite Ventures, Stefan Palm (through company) and Mandatum as guarantors, subject to the terms and conditions of their respective guarantee undertaking.
6. Subscription by exercise of subscription rights shall be made by cash payment during the period from and including 23 March 2023 up to and including 6 April 2023. Notification of subscription without exercise of subscription rights shall be made on a designated application form or subscription list during the period set out above, and for those who have guaranteed the new share issue up to and including 14 April 2023. Ordinary shares subscribed for without exercise of subscription rights shall be paid no later than three banking days after notice of allotment has been sent to the subscriber. The Board shall have the right to extend the subscription period and the term of payment.
7. The new ordinary shares will entitle to dividend as from the time the new shares are recorded in the shareholders' register maintained by Euroclear Sweden.

Amendments to the Articles of Association in order to facilitate increase of share capital by way of a bonus issue without issuance of new shares (item 7(d))

In order to adjust the share capital limits in the Articles of Association to facilitate the proposed increase of share capital by way of a bonus issue without issuance of new shares under item 7(e), the Board proposes that § 4, first paragraph, in the Articles of Association's is amended as follows.

*Current wording*

The Company's share capital shall be not less than SEK 15,000,000 and not more than SEK 60,000,000.

*Proposed wording*

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

*Increase of share capital by way of a bonus issue without issuance of new shares (item 7(e))*

In order to restore the company's share capital, the Board proposes that the Extraordinary General Meeting resolves to increase the share capital by way of a bonus issue by transferring SEK 166,454,757 from the company's non-restricted equity. The bonus issue shall be carried out without the issuance of new shares.

**Amendments to the Articles of Association and reduction of share capital (item 8)**

The Board proposes that the Extraordinary General Meeting resolves to reduce the share capital in order to achieve a more appropriate capital structure in the company.

*Amendments to the Articles of Association in order to facilitate reduction of share capital (item 8(a))*

In order to adjust the share capital limits in the Articles of Association to facilitate the proposed reduction of share capital without cancellation of shares under item 8(b), the Board proposes that § 4, first paragraph, in the Articles of Association is amended as follows.

*Current wording*

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

*Proposed wording*

The Company's share capital shall be not less than SEK 15,000,000 and not more than SEK 60,000,000.

*Reduction of share capital without cancellation of shares (item 8(b))*

The Board proposes that the Extraordinary General Meeting resolves to reduce Nelly's share capital by SEK 166,454,757 for allocation to the unrestricted equity, with the purpose of achieving a quota value of SEK 1.00 per share after the proposed new issue of ordinary shares under item 7. The reduction shall be made without cancellation of shares.

Apart from the reduction of share capital, Nelly's restricted equity will not be affected. The Board considers that the requirements that the nature of the operations, the scope of business and the risks associated thereto places on the shareholders' equity do not motivate a restricted equity of the current size and that a lower share capital would provide a more appropriate capital structure. The resolution to reduce the share capital may not be effectuated until registration with the Swedish Companies Registration Office has been completed and the authorisation of the Swedish Companies Registration Office has been obtained.

## **ADDITIONAL INFORMATION**

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### **Special majority requirements and conditions**

The resolutions under items 7(a)-(e) are conditional upon each other, and the resolutions under items 8(a)-(b) are conditional upon valid resolutions under items 7(a)-(e). Valid resolutions under items 7(a)-(e) and 8(a)-(b) further require support by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Extraordinary General Meeting.

Rite Ventures has entered into a guarantee undertaking regarding the new share issue which may result in Rite Ventures subscribing for more ordinary shares than its pro rata share. As of the date of this notice, Rite Ventures holds approximately 25.1 percent of the votes and shares in Nelly. Upon fulfilment of its subscription commitment or guarantee undertaking, Rite Ventures may hold more than 30 percent of the shares and votes in Nelly. Rite Ventures has been granted an exemption by the Swedish Securities Council in respect of the mandatory bid obligation in the event that Rite Ventures' shareholding in Nelly by fulfilling its subscription commitment or guarantee undertaking would equal or exceed 30 percent of the votes in the company.

The conditions for the Swedish Securities Council's decision to grant Rite Ventures an exemption from the mandatory bid obligation due to fulfilment of the guarantee undertaking are (i) that the shareholders in Nelly prior to the Extraordinary General Meeting are informed on the maximum portion of the shares and votes that Rite Ventures can hold by subscribing for shares in accordance with the guarantee undertaking, and (ii) that the Extraordinary General Meeting's resolution regarding the new share issue is supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Extraordinary General Meeting, excluding the shares held and represented by Rite Ventures at the Extraordinary General Meeting.

In connection with the Board's resolution on the final terms and conditions of the new share issue, Nelly will announce the maximum number of shares and votes that Rite Ventures may hold by subscribing for shares in accordance with the guarantee undertaking.

Rite Ventures' guarantee undertaking is conditional upon the Extraordinary General Meeting approving the new share issue in accordance with the Swedish Securities Council's condition for granting the exemption from the mandatory bid obligation set out above. If the Extraordinary General Meeting resolves to approve the new share issue at a majority that does not meet the condition set by the Swedish Securities Council stated above, Nelly will execute the new share issue without it being guaranteed by Rite Ventures.

### **Number of shares and votes**

There are a total of 18,494,973 shares in Nelly, distributed over 18,026,266 ordinary shares and 468,707 shares of Class C, corresponding to a total of 18,494,973 votes. As of the date of this notice, Nelly holds 42,747 ordinary shares and 468,707 shares of Class C in treasury, which cannot be represented at the Extraordinary General Meeting.

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

The Board and the Chief Executive Officer 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.

### **Documentation**

Documentation to the Extraordinary General Meeting will be available on Nelly's website [www.nellygroup.com](http://www.nellygroup.com) and at the company's office at Lundbygatan 1 in Borås, Sweden no later than 21 February 2023. Hard copies of the documents will be sent to those shareholders who so request

and state their postal or email address. The documents can be ordered by telephone to +46 771-246 400 or by post to Computershare AB, "Nelly's EGM 2023", P.O. Box 5267, SE-102 46 Stockholm, Sweden.

### **Authorisation**

The Board, or any person appointed by the Board, shall be authorised to make the minor adjustments in the resolutions adopted by the Extraordinary General Meeting as may be required in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden AB.

### **Processing of personal data**

For information regarding the processing of your personal data, please refer to:

[www.computershare.com/se/gm-gdpr](http://www.computershare.com/se/gm-gdpr) and

[www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf](http://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf).

Borås, February 2023

Nelly Group AB (publ)

THE BOARD OF DIRECTORS

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### **About Nelly Group**

Nelly Group operates nelly.com which is one of the Nordic region's strongest fashion brands for young women and nlyman.com. The core of the business is our own brand in combination with digital sales directly to our target group. Nelly creates a strong sense of commitment through a high degree of fashion and digital marketing. The company has 1.1 million customers with sales of SEK 1.3 billion per year. The group was previously called Qliro Group. Nelly Group's shares are listed on Nasdaq Stockholm in the small-cap segment with the ticker "NELLY".