

PRESS RELEASE

03 February 2023 07:45:00 CET

Nelly resolves on a fully secured rights issue of approximately SEK 50 million

The Board of Nelly Group AB (publ) ("Nelly" or the "Company") has today resolved on a new share issue with preferential rights for existing shareholders of approximately SEK 50 million before deduction of issuing costs (the "Rights Issue"). The purpose of the Rights Issue is to secure liquidity and enable Nelly to continue its transformation towards profitability. The Rights Issue is fully secured by subscription commitments and guarantee undertakings from the Company's three largest shareholders Rite Ventures, Stefan Palm (through company) and Mandatum. The Rights Issue is subject to approval by an Extraordinary General Meeting to be held on 14 March 2023.

Summary

- New issue of ordinary shares of approximately SEK 50 million before deduction of issuing costs with preferential rights for existing shareholders.[1]
- The Rights Issue is carried out for the purpose of securing liquidity and to enable Nelly to continue the implementation of its strategy for profitability. To further strengthen Nelly's financial position, Nelly also intends to implement operational cost reductions of approximately SEK 20 million (excluding overhead costs) in addition to the cost reduction programme of approximately SEK 40-50 million announced in August 2022.
- The Company's three largest shareholders, Rite Ventures, Stefan Palm (through company) and Mandatum, representing in aggregate approximately 51 percent of the total number of shares and votes in Nelly, have undertaken to vote in favour of the Rights Issue at the Extraordinary General Meeting, to subscribe for ordinary shares in the Rights Issue corresponding to their respective pro rata share and to guarantee their respective pro rata share of the portion of the Rights Issue not covered by subscription commitments without consideration. The Rights Issue is thus fully secured through subscription commitments and guarantee undertakings.
- The record date for the right to participate in the Rights Issue with preferential rights shall be 21 March 2023 and the subscription period is expected to run from and including 23 March 2023 up to and including 6 April 2023.
- The complete terms and conditions of the Rights Issue, including the subscription price and the number of new ordinary shares, will be determined by the Board and announced no later than 10 March 2023.
- The Board's resolution on the Rights Issue is subject to approval by an Extraordinary General Meeting to be held on 14 March 2023. The notice of the Extraordinary General Meeting will be published today through a separate press release.

Nelly Group AB

Corporate Domicile Borås
Corp. Reg. No. 556035-6940

www.nelly.com

Visiting address

Lundbygatan 1, 506 30 Borås

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Helena Karlinder-Östlundh, acting CEO, comments

"Today's decision to carry out a rights issue is very positive for Nelly since it provides Nelly with a reinforced financial position in the process of transforming the Company towards profitability. We are also delighted about the continued confidence from the three largest shareholders who support the share issue through their subscription commitments and guarantee undertakings. The strategic initiatives are proceeding according to plan, and we are seeing several positive effects in our transition towards profitability."

Background and reasons for the Rights Issue

To secure liquidity and enable Nelly to continue its transformation towards profitability, Nelly is carrying out the Rights Issue in an amount of approximately SEK 50 million.

Nelly shall be a profitable e-commerce company offering trendy fashion primarily to young women in the Nordics. In order to achieve a profitable business model, the Company has initiated a set of strategic initiatives primarily comprising (i) a more commercial assortment to improve customer experience and create better conditions for increased profitability, (ii) investments in a more efficient and streamlined IT infrastructure, (iii) performance-focused and more cost-efficient marketing measures and, (iv) a reduced cost base through operational cost reductions of approximately SEK 20 million (excluding overhead costs) in addition to the cost reduction programme of approximately SEK 40-50 million announced in August 2022.

The Rights Issue

The Board of Nelly has today resolved, subject to approval by an Extraordinary General Meeting to be held on 14 March 2023, on a new issue of ordinary shares of approximately SEK 50 million before deduction of issuing costs with preferential rights for existing shareholders.[2] The record date for the right to participate in the Rights Issue with preferential rights shall be 21 March 2023. Notification to subscribe for ordinary shares may also be made without the exercise of subscription rights.

The Board will at the latest on 10 March 2023 resolve 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 ordinary share. The Board's intention is that the subscription price shall be determined with a discount in relation to the Company's average share price on Nasdaq Stockholm during a certain period of time before the announcement of the terms and conditions.

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The subscription period is expected to run from and including 23 March 2023 up to and including 6 April 2023. Trading in subscription rights is expected to take place on Nasdaq Stockholm from and including 23 March 2023 up to and including 3 April 2023 and trading in paid subscription shares (Sw. Betalda tecknade aktier) from and including 23 March 2023 up to and including 17 April 2023. The Board shall have the right to extend the subscription period and the term of payment.

Subscription commitments and guarantee undertakings

Rite Ventures, Stefan Palm (through company) and Mandatum, representing in aggregate approximately 51 percent of the total number of shares and votes in Nelly, have undertaken to subscribe for ordinary shares in the Rights Issue corresponding to their respective pro rata share and also to guarantee their respective pro rata share of the portion of the Rights Issue not covered by subscription commitments without consideration. The Rights Issue is thus fully secured through subscription commitments and guarantee undertakings. No consideration will be paid for the subscription commitments nor the guarantee undertakings. Rite Ventures' guarantee undertaking is conditional upon that the Extraordinary General Meeting resolves to approve the Rights Issue in accordance with the conditions for the Swedish Securities Council's decision to grant Rite Venture an exemption from the mandatory bid obligation according to the below.

Upon fulfilment of its subscription commitment or guarantee undertaking, Rite Ventures may hold more than 30 percent of the shares and votes in Nelly. The maximum portion that Rite Ventures may hold will be announced when the complete terms and conditions for the Rights Issue have been resolved upon by the Board. Rite Ventures has been granted an exemption by the Swedish Securities Council from 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. A condition 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 is that the resolution on the Rights Issue is approved 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. The Swedish Securities Council has also announced that a mandatory bid obligation will arise if Rite Ventures reaches a shareholding of 30 percent or more of the votes in Nelly in the Rights Issue and afterwards acquires additional shares in the Company, thereby increasing its share of the votes.

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Extraordinary General Meeting

The Rights Issue is conditional upon approval by an Extraordinary General Meeting. The Rights Issue is further conditional upon the Extraordinary General Meeting resolving on (i) amendments to the Articles of Association in order to facilitate reduction of share capital without cancellation of shares, (ii) reduction of share capital without cancellation of shares in order to facilitate a new issue of ordinary shares with preferential rights for the shareholders, (iii) 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 (iv) increase of share capital by way of a bonus issue without issuance of new shares.

Rite Ventures, Stefan Palm (through company) and Mandatum have undertaken to vote in favour of the Board's proposal at the Extraordinary General Meeting.

The Extraordinary General Meeting will be held on 14 March 2023 at 10:00 CET in Advokatfirman Cederquist's premises, Hovslagargatan 3, in Stockholm. The notice of the Extraordinary General Meeting will be published today through a separate press release.

Indicative timetable for the Rights Issue

Date	Activity
10 March 2023	Announcement of complete terms and conditions of the Rights Issue
14 March 2023	Extraordinary General Meeting to inter alia approve the Board's resolution regarding the Rights Issue
17 March 2023	Last day of trading including the right to participate in the Rights Issue
20 March 2023	First day of trading excluding the right to participate in the Rights Issue
21 March 2023	Record date for the right to participate in the Rights Issue
23 March – 6 April 2023	Subscription period
23 March – 3 April 2023	Trading in subscription rights
23 March – 17 April 2023	Trading in paid subscription shares (Sw. Betalda tecknade aktier)
12 April 2023	Announcement of outcome in the Rights Issue

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Prospectus

Complete information regarding the Rights Issue and information about the Company will be included in the prospectus expected to be published around 17 March 2023.

Advisers

Avanza Bank is acting as financial adviser and Advokatfirman Cederquist is legal adviser to Nelly in connection with the Rights Issue.

For further information please contact:

Helena Karlinder-Östlundh, acting CEO
+ 46 70 300 92 11
ir@nelly.com

This information is information that Nelly Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above on 3 February 2023, at 07:45 CET.

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".

IMPORTANT INFORMATION

This press release does not contain or constitute an offer to subscribe, acquire or otherwise trade in shares, subscription rights or other securities in Nelly. Invitation to the persons concerned to subscribe for shares in Nelly will only be made by means of the prospectus that Nelly intends to publish on the Company's website following the approval and registration thereof by the Swedish Financial Supervisory Authority. The prospectus will contain, among other things, risk factors, financial information as well as information regarding the Company's Board. This press release has not been approved by any regulatory authority and is not a prospectus and accordingly, investors should not subscribe for or purchase any securities referred to in this press release except on the basis of information contained in the prospectus to be published by Nelly.

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This press release may not be released, published or distributed, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Singapore, South Africa or any other jurisdiction where participation in the Rights Issue would require additional prospectuses, registration or measures besides those required under Swedish law. Nor may this press release be distributed in or into such countries or any other country or jurisdiction in which distribution requires such measures or otherwise would be in conflict with applicable regulations. Any failure to comply with the restrictions described may result in a violation of applicable securities regulations.

No subscription rights, paid subscription shares (Sw. Betalda tecknade aktier) or shares issued by Nelly have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities legislation of any state or other jurisdiction of the United States and no subscription rights, paid subscription shares or shares may be offered, subscribed for, exercised, pledged, granted, sold, resold, delivered or otherwise transferred, directly or indirectly, in or into the United States, other than according to applicable exceptions from, or in a transaction not subject to, the registration requirements of the Securities Act, and in accordance with securities laws in the state or other jurisdiction in question in the United States. There will be no public offering of such securities in the United States. The securities referred to herein have not been approved or disapproved by the U.S. Securities and Exchange Commission (SEC), any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights Issue or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

Forward-looking statements

This press release contains certain forward-looking statements which reflects Nelly's current view on future events and anticipated financial and operational performance. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking statements. Forward-looking statements is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking statements is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking statements. Forward-looking statements in the press release speak only as of the date of the press release and are subject to change without notice. The Company makes no promises to publish updates or revisions to forward-looking statements as a result of new information, future events or the like beyond what is required by applicable laws or stock market regulation.

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[1] Excluding shares held in treasury. 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. As of the date of this press release, the Company holds 42,747 ordinary shares and 468,707 shares of Class C in treasury, which do not entitle to participation in the Rights Issue.

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Attachments

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