

A woman with dark hair pulled back, wearing large dark sunglasses and a large white pearl earring. She is wearing a brown suede jacket with a high collar and is holding a dark brown suede bag. The background is a plain, light-colored wall.

ANNUAL REPORT 2025

NELLY

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This is NELLY

NELLY offers fashion to young women via Nelly.com and our flagship stores, and fashion to young men via NLYMan.com.

The NELLY brand

NELLY is one of the best-loved fashion destinations for young women in the Nordic region. NELLY was founded in 2004 in Borås, the heartland of the Swedish textile and e-commerce industries, as a pioneer in influencer marketing and direct digital sales to customers. We now have a committed customer base consisting mainly of young women in the Nordic region. We have 1.4 million followers of our social media profiles.

We offer our community daily inspiration in terms of trends and looks from our own brands and carefully selected supplementary brands from an international portfolio.

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

Efficient operations enable the customer experience

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

One of the best-loved fashion destinations in the Nordic region.

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

Business model

The core of NELLY’s business is a carefully curated range of collections of our own designs combined with selected products from external brands from an international portfolio. Clothing and accessories are purchased from manufacturers both globally and in local markets. Relationships with manufacturers are governed in part by the code of conduct for business partners.

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

Strategy & offer

NELLY offers fashion to young women via Nelly.com and our flagship stores, and fashion to young men via NLYMan.com. We have a direct-to-consumer strategy with a strong own brand combined primarily with digital sales directly to our target group. Our aim is to offer high-quality products that fit well at competitive price points. The assortment consists of NELLY’s own trend-aware brands, combined with a carefully selected range of products from brands that our customers find attractive.

Market

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

“We have continued to drive improvements in many areas in line with the strategy we have pursued consistently, and this has resulted in net revenue growth of 15.5% (3.2%) for the year and an operating margin of 13.2% (8.5%)”

Helena Karlinder-Östlundh, CEO of Nelly Group





Comments by the CEO

2025 CAN BE SUMMARISED AS THE YEAR IN WHICH GROWTH ASSUMED AN EVEN CLEARER PLACE in NELLY's priorities, with profitability as a fundamental requirement. We have continued to drive improvements in many areas in line with the strategy we have pursued consistently, and this has resulted in net revenue growth of 15.5% (3.2%) for the year and an operating margin of 13.2% (8.5%). It is particularly gratifying that online traffic in the Nordic region grew compared to 2024, along with the number of active customers, both as a result of new customers and higher numbers of returning customers. The market situation at the end of the year did require increased marketing efforts and higher discount levels to attract and win customers, but the earnings for 2025 show, nevertheless, that there is fundamental strength in NELLY's offer and in the buying experience as a whole.

The assortment, which is and remains the core of our business, was improved during the year, mainly among our own brands, the proportion of total sales of which increased to 57.5% (44.2%), and strategic initiatives in many categories such as jeans and knitwear produced results. After having systematically reduced the number of external brands in recent years to refine the portfolio, we worked more intensively in 2025 to secure new international partnerships. To date this has resulted in launches of brands including Puma, Nike and Diesel. The carefully curated mix of own and external brands will continue to position NELLY as a differentiated fashion destination, and our objective to selectively expand our partnerships consequently remains in place as an important strategic focus in 2026.

Investments in more brand-building activities increased in 2025 compared to previous years, with the ambition to not only generate immediate sales but also improve NELLY's long-term position and presence in the daily lives of its target group. A structured approach was applied to raising the quality of the content created for social media platforms, both for paid advertising and organic posts, with a particular focus on TikTok. We also continued to develop the physical store concept as a central component of the brand experience. After two and a half years on Drottningsgatan in Stockholm, we are now well established, and NELLY's second flagship store opened on Strøget in Copenhagen in October 2025. Our physical presence there offers an excellent opportunity to enhance brand awareness and boost our position throughout Denmark and northern Germany. At the start of this year, we were happy to announce that a third store is now being added, this time on Fredsgatan in Göteborg.

In addition to continued improvements in the assortment and brand positioning, several positive operational steps were taken in 2025. In the summer, much of the returns management was relocated from an external actor abroad to NELLY's own warehouse in Borås. This was an important step, increasing control and reducing lead times. The relocation was part of the interdisciplinary strategy that has been in implementation for some time to optimise the return rate, which was 25.6% (29.9%) during the year.

We also made the IT system changes that had been announced previously as a top priority in 2025. As a result, most of the long-term plan adopted at the end of 2023 has been delivered.

Sustainability as part of the business model

Sustainability is an integral part of operations and of the development of NELLY's business. Our ambition is to offer on-trend, reasonably priced, high-quality fashion that fits well, while systematically reducing our environmental impact and improving working conditions in the value chain. There are many frameworks and requirements to comply with in the fashion industry, in particular the legislation that is gradually being developed at EU level. However, our sustainability efforts are essentially rooted in two issues where we have the greatest opportunity to make a difference: how we create the conditions that allow for garments to be reused again and again over time and how we reduce our negative impact on people and the environment during production.

Garments being used for longer is a positive thing for both the climate and for our customers. Consequently, it is important to give our customers a good basis on which to make well-informed purchase decisions, in part by providing clearer product information. At the same time, high sell-through rates in the assortment and a low return rate are important indicators that the products meet customer expectations. Much-loved garments are probably worn many times and kept for a long time.

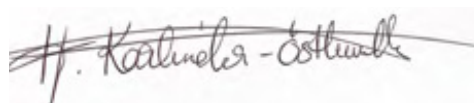
We are also continuing the work to reduce climate impact in production, where the majority of NELLY's greenhouse gas emissions arise. The aim is to gradually reduce emissions per product sold, mainly by using a higher proportion of recycled and certified materials in sourcing and by working closely with suppliers on the transition to more sustainable energy sources. NELLY also performed a double materiality assessment in accordance with EU guidelines in early 2025, and the structure of the sustainability report for the year has been updated to make it even more transparent. More information about the work and developments in this area is available in the sustainability report, which can be found later in the annual report.

Continued focus on customer relevance

NELLY delivered stable earnings in 2025 while making further improvements to the assortment, the brand position and several parts of the rest of operations. Competition for NELLY's target group remains stiff, requiring high operational discipline and the ability to rapidly adapt our approach when conditions change. In light of this, customer relevance remains key to all our work. Development of the assortment continues in 2026 in the direction adopted while we are investing more in enhancing the NELLY brand, in particular by expanding the portfolio with more external partners to complement the in-house offer and differentiate NELLY on the market.

Finally, I would like to say a big thank you to all the customers who visited us and bought our products during the year, and to all my colleagues at NELLY, whose energy, commitment and expertise drive the company forwards. I would also like to thank our owners for their continued confidence and support in our journey.

SEK million	2025	2024
Net revenue	1,263.6	1,094.3
Gross profit	686.0	581.4
Gross margin (%)	54.3%	53.1%
Operating profit/loss	166.4	93.1
Operating margin (%)	13.2%	8.5%



Helena Karlinder-Östlundh
CEO of Nelly Group AB

Financial review

The year in brief

- Net revenue was SEK 1,263.6 (1,094.3) million, corresponding to a rise of 15.5% (3.2%)
- Gross profit was SEK 686.0 (581.4) million, corresponding to a gross margin of 54.3% (53.1%)
- Operating profit was SEK 166.4 (93.1) million, corresponding to an operating margin of 13.2% (8.5%)
- Profit after tax was SEK 168.5 (83.4) million, corresponding to earnings per share of SEK 5.62 (2.78)
- Cash flow from operating activities was SEK 123.1 (154.6) million

Material events during the year

No material events during the year

Five-year summary

SEK million	2025	2024	2023	2022	2021
Operating income and earnings					
Net revenue	1,263.6	1,094.3	1,060.8	1,299.0	1,428.4
Gross profit	686.0	581.4	507.9	566.2	638.7
Operating profit (EBIT)	166.4	93.1	10.9	-56.1	-38.6
Profit/loss before tax	154.5	82.3	-2.3	-71.6	-47.2
Profit/loss after tax (profit/loss for the period)	168.5	83.4	-1.5	-71.7	-47.8
Profitability and related key ratios					
Gross margin, %	54.3%	53.1%	47.9%	43.6%	44.7%
Operating margin, %	13.2%	8.5%	1.0%	-4.3%	-2.7%
Return on capital employed, %*	40.9%	39.3%	6.1%	Neg	Neg
Return on equity, %**	41.5%	35.2%	Neg	Neg	Neg

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

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



Financial and operational information

SEK million	2025	2024	Change, %
Net revenue	1,263.6	1,094.3	15.5%
of which Nordics	1,205.3	1,077.7	11.8%
of which outside Nordics	58.3	16.6	251.2%
Cost of goods sold	-577.6	-512.9	12.6%
Gross profit	686.0	581.4	18.0%
Gross margin, %	54.3%	53.1%	1.2 pp
Warehousing and distribution costs	-146.6	-142.9	2.6%
Marketing costs	-124.8	-117.0	6.7%
Administrative expenses	-249.5	-228.7	8.5%
Other operating income	1.3	0.4	225.0%
Other operating expenses	-	-0.1	-
Operating profit/loss	166.4	93.1	78.7%
Operating margin, %	13.2%	8.5%	55.3%
Opening inventory balance	172.6	152.3	13.3%
Closing inventory balance	188.2	172.6	9.0%
Inventory share of net revenue, rolling twelve-month period	14.9%	15.8%	-0.9 pp
Proportion of sales of own brands	57.5%	44.2%	13.3 pp
Return rate	25.6%	29.9%	4.3 pp
No. of active customers in the Nordics online, thousand	1,029	926	11.1%
Number of visits in the Nordics online, thousand	94,607	88,125	7.4%
Number of orders in the Nordics online, thousand	1,975	1,751	12.8%
Average order value in the Nordics online, SEK	727	789	-7.9%
Conversion rate Nordics online	2.1%	2.0%	0.1 pp
No. of employees	162	151	7.3%
Proportion of women employed	64%	62%	2.0 pp

Definitions of alternative performance measures are on page 105.

Sustainability report

Our future direction

Sustainability as an integral business principle

NELLY's business model is based on offering on-trend, reasonably priced fashion that fits well, and we are convinced that demand for this type of fashion will last. Consequently, our ambition is to develop and source products that meet the needs of our target group, while also systematically reducing our environmental impact and contributing to better working conditions throughout the value chain.

As a company in the fashion industry, acting responsibly with a clear focus on issues where we can make a difference are fundamental to NELLY's operations. Our sustainability efforts are therefore rooted in the two issues with the highest impact: how we create the conditions for garments to be reused again and again over time and how we reduce our negative impact on people and the environment in production. There are many frameworks and requirements to comply with in this work, in particular the legislation that is continuously being developed at EU level. However, at root it is these two issues that shape most of our sustainability efforts as an integral part of our business model.

Garments that are loved are used again and again

When a garment is loved and cared for, it is more probable that it will be used again and again over time. Consequently, we take an active approach to giving customers the basis on which to make conscious purchasing decisions, avoid unnecessary returns and look after their products to maximise their useful lives. This involves reducing the proportion of discount-driven sales in favour of full-price sales – which indicates that a customer is buying something she really wants – and reducing the return rate and providing clearer product information. In addition to each customer's purchasing decision and use of each garment, it is also important for us to generally produce quantities that meet demand, to reduce overproduction and the risk of garments not being used. High sell-through rates each season are therefore an important indicator for us in terms of both customer satisfaction and sustainability.

To enable us to assess how successful these efforts are, NELLY continuously monitors key ratios linked to sell-through rates, full-price sales and the return rate. These key ratios help us carefully monitor developments over time and drive improvements. Going forward, we also intend to explore how often NELLY's garments are used on average and how this can be measured to enable us eventually to evaluate whether the initiatives we take affect this key ratio.

Lower impact in production

In addition to creating the conditions for more conscious consumption by customers, we can make the biggest difference by systematically reducing our environmental impact in production. The vast majority of NELLY's greenhouse gas emissions are from products, and the target going forward is therefore to reduce emissions per sold product by an average of 5 percent per annum up to 2030. To achieve this, the proportion of recycled and certified materials purchased needs to increase, while we continue to work closely with suppliers to promote the transition to more sustainable energy sources for both them and their suppliers.

We made progress in 2025, but also faced new challenges in terms of material choices and greenhouse gas emissions. This is described in further detail later in this sustainability report. The main focus in 2026 will be on continuously monitoring the total effect of the material mix, exploring innovation in new materials and taking a broader approach to indirect emissions to embrace Tier 2 suppliers to a greater extent.

Finally, it is worth noting that, for this sustainability report, we performed a double materiality assessment in accordance with EU guidelines and updated the structure of the report to enhance transparency and reflect the key priorities more clearly. The reporting will continue to be developed step by step, and the materiality assessment will be updated as understanding and measurability in the various sustainability areas increase.

Helena Karlinder-Östlundh, CEO of Nelly Group



GENERAL DISCLOSURES

Basis of preparation

Nelly Group AB (publ) ('NELLY'), with its wholly owned subsidiary Nelly NLY AB, has prepared the statutory annual sustainability report for 2025 in accordance with Chapter 6 and 7 of the Swedish Annual Accounts Act as per the criteria in its previous version before 1 July 2024. The sustainability report is inspired by the European Sustainability Reporting Standards (ESRS).

The sustainability report is not part of the 2025 directors' report as it is based on ESRS standards, but is not yet entirely aligned with them. The company took several steps during the year to align with ESRS and intends to continue gradual alignment in the year to come. The sustainability report contains non-financial information, including work relating to environmental issues, human rights and anti-corruption.

Consolidation

The disclosures are consolidated according to the principles for the financial statements, which means that they cover the parent company and its subsidiaries. The sustainability report covers all the company's operations unless stated otherwise. This method of consolidating information is the same for all disclosures and material matters.

Accounting policies

Sustainability data is collected and verified systematically. To reduce the risks of manual data processing, a quality assurance process is applied in which at least two people review and verify the data for material items before they are approved in the climate reporting system. We use well-established methods and frameworks such as the Greenhouse Gas Protocol (GHG protocol) to calculate our greenhouse gas emissions, and work with sustainability consultants who perform our climate calculations and quality-assure emission data and other quantitative data.

When the climate targets were updated in 2025, the base year was adjusted from 2018 (Scopes 1–2) and 2020 (Scope 3) to 2024 for all scopes. The choice of a new base year was carefully considered, and 2024 was deemed the most robust as the data quality has improved significantly compared with previous years. Methods were changed in 2025, primarily in terms of how the weight of purchased materials was treated, which was also applied in 2024. Historical emissions were recalculated to enable comparability.

Changes in reporting and previous reporting errors

The reporting of NELLY's sustainability disclosures started to be aligned to ESRS requirements in 2025. Key changes in the work on the new reporting requirements include a renewed materiality assessment, a restructured sustainability report and a first step towards reporting under ESRS topical standards. All datapoints included in the sustainability sections were deemed material in accordance with NELLY's double materiality assessment.

No material errors in previous reports were found, but certain corrections were made to climate data, which affects historical data and leads to revised figures in the report for the year. Reclassifications and corrections are described in the respective disclosure requirements.

Sustainability governance

Roles and responsibilities of the Board of Directors and management

Sustainability work is overseen operationally by the Head of Sustainability & Production in collaboration with the sustainability team, which consists of key individuals from several departments to ensure that all areas of operations focus on sustainability. A sustainability controller was added to the finance team in 2025 to further enhance our work on measurement, monitoring and reporting of sustainability matters. The management team has the ultimate responsibility for the sustainability work.

NELLY's management team consists of the Chief Executive Officer, Chief Financial Officer, Chief Sales & Marketing Officer, Chief Assortment Officer, Chief Technology Officer and Chief Operations Officer. The CEO is responsible for administrative compliance with the Board's guidelines. The CEO and management are responsible for strategy, financing, financial control, risk management, internal and external communication, reporting and other tasks.

“As a company in the fashion industry, acting responsibly with a clear focus on issues where we can make a difference are fundamental to NELLY's operations.”

Helena Karlinder-Östlundh, CEO

Strategy, business model and value chain

NELLY sells clothes and accessories, primarily via e-commerce and to the target group of young women, with the Nordic region as its main market. NELLY also caters for a male target group via NLY MAN. The business model is based on own-design products from its own brands and a carefully selected range of products from external brands. NELLY’s own-design products are purchased from manufacturers in China, Turkey, India, Bangladesh and Cambodia. The products are transported to NELLY’s logistics centre in Borås, marketed mainly digitally and sold mostly at Nelly.com and NLYMan.com. A physical store was opened in central Stockholm in autumn 2023, and the company opened another store in central Copenhagen in October 2025.

NELLY’s principal impact areas

NELLY’s business model comprises design, production, transport and warehousing, which entails impact on both people and the environment throughout the value chain. This means that a systematic, responsible approach is required to prevent and reduce negative impact as far as possible and contribute to more sustainable development. Sustainability work in the textile industry is complex and subject to a range of regulations. NELLY therefore has the ambition to gradually and continuously enhance the measurability and transparency of its reporting. The company’s approach to sustainability focuses on a safe, responsible supply chain, and production is in gradual transition to more climate-conscious alternatives. NELLY also focuses on its customers’ total purchasing experience, in which expectations and multiple reuse of garments are given top priority. The initiatives are structured in two general impact areas:

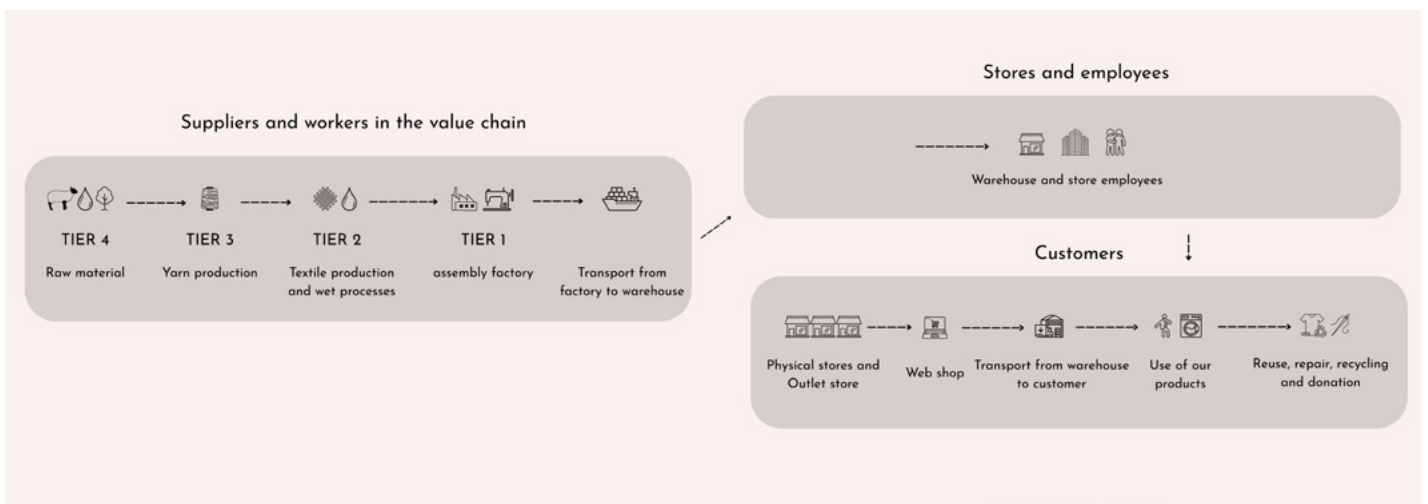
Environmental initiatives

The company’s environmental initiatives comprise measures to reduce the environmental and climate impact of products, transport and returns, to gradually increase the proportion of recycled and certified materials and cotton via Better Cotton, and to offer a more curated assortment that matches customer demand. By promoting conscious consumption and reducing dependence on discount-driven sales, NELLY is working towards a more resource-efficient product offer. The company also strives to inspire its customers to use their garments for longer and thus increase the product lifetime.

Social responsibility

This area includes NELLY’s impact on and treatment of people throughout the value chain, including social conditions in the supply chain, respect for human rights and efforts to boost inclusion and equal treatment. A key part of this is ensuring safe, responsible production conditions by means of third-party inspections and contributing to positive social effects for the people affected by operations. Continuous supplier monitoring is used to promote responsible decisions, structured risk taking and long-term sustainable business development, while the work is continuously evaluated and developed in line with changes in requirements and conditions.

The company also aims to inspire its customers to make more conscious purchasing decisions and to take greater care of the garments they purchase. By means of guidance, clear product information and care advice, NELLY aims to boost customer satisfaction and achieve a more sustainable pattern of consumption.



Material sustainability matters

A double materiality assessment was performed in 2024 to validate that the company addresses the most relevant matters and considers the most important areas and risks. The double materiality assessment formed the basis of NELLY’s updated sustainability targets, sustainability initiatives and reporting for 2025.

The double materiality assessment is based on the material matters in the textile industry, where NELLY has an impact in a range of areas. The most material matters have been selected for the sustainability work in the next few years, and reporting of additional material matters will be evaluated at a later time.

The double materiality assessment was performed in accordance with the guidelines in ESRS 1 (2023), EFRAG IG 1 Materiality Assessment (2024) and EFRAG IG 2 Value Chain (2024). The aim of the assessment is to identify and prioritise the sustainability matters that are most relevant for NELLY from both a financial perspective and an impact perspective – NELLY’s impact on people and the environment throughout the value chain. This method ensures that NELLY focuses on the matters that are of greatest significance for both the company’s long-term value creation and its impact on people, the environment and society.

Process and sustainability context

NELLY assessed the material sustainability matters in partnership with external consultants with expertise in double materiality assessment. The assessment was performed in four sub-processes: mapping of sustainability context, identification of impacts, risks and opportunities in the value chain, assessment of impact and prioritisation of material matters.

The mapping of the sustainability context helped NELLY understand how external factors such as geographical locations and political aspects affect operations from a sustainability perspective. An interdisciplinary group consisting of NELLY’s management team and key individuals from all relevant departments jointly mapped external factors that affect the company. The group included representatives of all key perspectives in the company and its sustainability work, which provided good opportunities for comprehensive, well-founded understanding of external factors.

The next step focused on identifying impacts, risks and opportunities related to the company’s operations. A detailed assessment of the value chain mapped dependencies and potential impact in each stage, from raw materials to finished products that ultimately reach stores or e-commerce, and what happens at the end of a product’s life cycle. The same interdisciplinary group that participated in step 1, to ensure a broad, well-informed assessment, identified both actual and potential impacts on people, the environment and, where appropriate, the economy, and the dependencies and connections that may affect operations financially. There was a particular focus on critical environmental aspects and human rights.

The preliminary list of potentially material matters was analysed to work through anything that might be unclear. Dialogue with external stakeholders, dialogue with NELLY employees and a review of scientific reports, news articles and other relevant sources were used to assess materiality. The assessment resulted in a number of potentially material areas that are described in depth based on background, possible impact in the value chain, possible financial impact, severity and financial impact. The material matters reported on below were then selected from these.

Result of the double materiality assessment

Material matters for NELLY are matters that entail a significant impact on the environment, society and governance (ESG), plus risks and opportunities that shape stakeholders’ perception of the company’s performance and affect its ability to create and retain value over time. The double materiality assessment includes both an inside-out perspective, i.e. how operations affect the value chain, and an outside-in perspective that describes how the material matters may affect NELLY’s financial position and long-term resilience. By analysing how changes, dependencies and risks in the value chain develop, we can gain a better understanding of the financial consequences that may ensue and how they may, in turn, affect the business model.

The material matters are described below, along with impacts, risks and opportunities (IROs) and their relation to ESRS topical standards and mapping to NELLY’s focus areas. The material matters fall within the following ESRS standards: E1 Climate change, E2 Pollution, E4 Biodiversity and ecosystems, E5 Resource use and circular economy, S1 Own workforce, S2 Workers in the value chain, S4 Consumers and end-users, and G1 Business conduct. The following material matters, E3 Water and marine resources, and S3 Affected communities, are therefore not included in the reporting for the year as full, reliable quantitative data is not available for these categories. However, these areas will be evaluated for inclusion going forward as understanding of them increases.



ESG	Sub-topic/ ESRS standard	IRO description	Material impacts/ risks/opportunities	Actions	Sustainability matters
E	Climate change mitigation/E1	Textile production and the fashion industry are responsible for a material proportion of global greenhouse gas emissions. Emissions in the complex value chain are from fossil fuels used for synthetic fibres, energy and transport of all types of fibre and textile.	Negative impact	Reduce emissions per product by means of active material choices and partnerships with suppliers on energy matters. By focusing on smaller product breadth in favour of greater depth per order, NELLY can optimise transport and logistics, resulting in fewer deliveries and lower greenhouse gas emissions.	Greenhouse gas emissions Transport
E	Climate change mitigation/E1	E-commerce means that products cannot be tried on in advance, which may result in returns and increased transport and emissions. In addition, there may be greater use of packaging, leading to unnecessary resource use.	Negative impact	Greater focus on a low return rate results in fewer transport journeys and less packaging and thus lower emissions of greenhouse gases.	Transport Returns
E	Climate change adaptation/E1	Climate change may cause extreme weather such as flooding and drought. Disruption can lead to longer delivery times and higher costs.	Risk	NELLY's production is spread across several countries and continents to reduce the company's vulnerability to unforeseen production disruption or stoppages. A supplier and risk analysis is performed every year based on geographical, political and climate-related risks.	Transport
E	Energi/E1	Use of energy from fossil fuels leads to greenhouse gas emissions.	Negative impact	Partnerships with suppliers, primarily in Tier 1* and Tier 2**, for transition to renewable energy and energy optimisation. *Direct suppliers that supply goods or services directly to the company. **Subsuppliers to Tier 1	Greenhouse gas emissions
E	Pollution/E2	Chemical requirements are constantly becoming stricter, and there is a risk that they are not complied with by all suppliers. This may mean a need for greater efforts and resources to meet future requirements.	Negative impact	Suppliers to NELLY make a contractual undertaking to comply with EU chemicals legislation, REACH, and to ensure that products supplied to NELLY comply with existing laws and regulations. Random sample tests are also carried out for NELLY's own brand products to promote compliance.	

ESG	Sub-topic/ ESRS standard	IRO description	Material impacts/ risks/opportunities	Actions	Sustainability matters
E	Biodiversity and eco-systems/E4	Large-scale raw materials production and extraction and textile production and processing may contribute to loss of biodiversity by means of impact areas such as freshwater use, land use, land destruction, soil erosion, pollution and deforestation.	Negative impact	<p>Gradual increase in the proportion of certified and/or recycled materials and Better Cotton in NELLY's own-produced assortment.</p> <p>NELLY's assortment strategy, in which a reduction of variant breadth and an increase in volumes entail better opportunities in negotiations and the ability to ensure a supply of certified and/or recycled materials, and Better Cotton.</p>	Greenhouse gas emissions Choice of materials
E	Resource use and circular economy/E5	Fabric processing generates waste. Better management can reduce loss of resources. Warehousing and transport use disposable plastic, which is resource-intensive.	Negative impact	Clothing waste is partially recycled. A certain volume is resold via buyers who sort and resell it. A certain volume of non-conformities and samples from production are sent to Human Bridge for reuse and energy recovery.	Packaging End-of-life waste
S	Own workforce/S1	Lack of gender equality and diversity may lead to less ability to understand the market and customers. There is also a risk of discrimination if initiatives to promote gender equality and non-discrimination fail. This may lead to psychosocial risks for employees.	Negative impact	NELLY aims to achieve gender equality and diversity in its Board of Directors and management team as well as among its other employees. The company has clear action plans to ensure that harassment and bullying do not occur in the workplace and so that it can take corrective action if any such behaviour is identified.	Employees/gender equality, diversity and equal treatment
S	Workers in the value chain/S2	NELLY's value chain includes a large number of brands, suppliers and factories. NELLY owns no factories, and there is a risk of violations of human rights in the supply chain, for example in relation to statutory pay, child labour and harassment.	Negative impact	<p>NELLY communicates regularly and works closely with its suppliers; it uses Amfori's Code of Conduct in its supplier contracts.</p> <p>To manage risks in the supply chain and promote compliance with human rights requirements, regular reviews of suppliers' operations are performed using third-party partners such as Amfori and Sedex, plus own inspection visits.</p> <p>The reviews are unannounced and take place within a window of one month. Partnerships are ended in the event of serious violations, for example of human rights.</p>	Responsible supply chain
S	Workers in the value chain/S2	Risks associated with violations of human rights may, for example, lead to lower sales and less interest from investors.	Risk	Unannounced third-party audits and close, long-term partnerships with suppliers.	Responsible supply chain
S	Consumers and end-users/S4	High transparency to consumers about the sustainability aspects of products' life cycles may lead to more sustainable consumption. More detailed information about garments' properties may lead to fewer returns.	Opportunities	<p>Greater transparency about manufacturing and material origins via QR codes and preparations for the future introduction of digital product passports under the Ecodesign for Sustainable Products Regulation (ESPR).</p> <p>More information about material properties and garment care.</p>	Sustainability communication and transparency

ESG	Sub-topic/ ESRS standard	IRO description	Material impacts/ risks/opportunities	Actions	Sustainability matters
G	Business conduct/Data security/G1	<p>NELLY carries out digital marketing and sales of clothes and related products, which entails processing of customer data.</p> <p>Personal data breaches, for example loss of customer data or public disclosure of data on individual customers, and intrusion may affect market confidence in the company's security work, have a negative commercial impact and lead to regulatory measures, including pecuniary sanctions and possible damages.</p>	Risk	<p>NELLY works continuously to identify and manage risks linked to data security and secure processing of personal data (GDPR) by applying a risk-based methodology with priorities in terms of probability, potential impact and proportionality.</p> <p>NELLY's aim is to maintain an appropriate level of protection in relation to the nature, scope and risk exposure of operations and to continuously develop working methods and the control environment.</p>	IT security and customer privacy
G	Business conduct/Corruption and bribery/G1	<p>Many of NELLY's own products are produced in countries in which the risk of corruption may be deemed higher than in the Nordic region. NELLY's corporate governance, internal controls and compliance processes are designed to prevent non-compliance with laws and regulations.</p> <p>However, there is always a risk that they are not sufficient to fully prevent unintentional failures to comply with applicable laws and regulations and other standards in all cases, which could lead to fines and damage to NELLY's reputation.</p>	Risk	<p>NELLY's producers of its own products have undertaken, via signed agreements, to follow Amfori BSCI's code of conduct and thus not be involved in any form of corruption. Suppliers are inspected regularly by third parties to ensure compliance with the code, and NELLY communicates continually with its suppliers on the areas contained in the code of conduct.</p> <p>To counteract corruption and promote good business ethics in the company, NELLY has a code of conduct (ethics policy) with which all employees must be familiar and comply. The code of conduct is signed before employment with the company and is available on the intranet.</p>	Anti-corruption and transparency



The UN Sustainable Development Goals

The UN Sustainable Development Goals are used for guidance in NELLY’s sustainability work. By linking priority initiatives to the goals which the company has the greatest opportunity to help achieve, NELLY strives to create long-term value for people, the environment and society at large.

NELLY’s three general sustainability areas (Environmental initiatives, Social responsibility, Governance & business ethics) mainly concern six of the UN Sustainable Development Goals:



By increasing the share of recycled and certified materials, including cotton sourced through Better Cotton, and advancing the energy transition in its factories, NELLY reduces its environmental impact while contributing to improved social conditions. Environmentally friendly packaging and more efficient transport solutions across the supply chain further strengthen these sustainability efforts.



NELLY is committed to maintaining long-term supplier relationships and fostering economic growth while ensuring decent working conditions. The company actively undertakes both preventive and proactive measures to counteract discrimination in the workplace.



NELLY works in a structured manner with data security and the handling of personal data in accordance with the General Data Protection Regulation (GDPR). Suppliers of NELLY’s own products are contractually committed to complying with the amfori BSCI Code of Conduct, and NELLY’s employees adhere to the company’s own Code of Conduct.



THE GLOBAL GOALS
For Sustainable Development



Selected collaborations and partnerships

The complex sustainability challenges facing the textiles and shoe industry require shared solutions. NELLY operates in a global value chain in which environmental and social risks span several countries and regulatory frameworks. By means of partnerships, membership of industry initiatives and commitment to recognised standards, the company enhances its due diligence work, increases transparency and helps develop shared working methods. Partnerships and shared frameworks are thus a strategic part of NELLY's sustainability work and a condition for pursuing long-term improvements in the global value chain.

SCANDINAVIAN TEXTILE INITIATIVE FOR CLIMATE ACTION (STICA)

STICA supports the Nordic textiles industry in its work to reduce climate impact through cooperation, knowledge sharing and shared tools. NELLY has been a member since the start in 2019 and this membership forms the basis of NELLY's climate work.

Aim:

With other Nordic actors in the Scandinavian Textile Initiative for Climate Action (STICA) to reduce greenhouse gas emissions in line with science-based climate targets and boost the industry's joint climate transition.

Value:

Membership gives NELLY access to shared calculation methods, guidance in setting goals and targets and a structured forum for exchange of experience, all of which raises the quality of the company's climate work and boosts its impact in the supply chain.

www.sustainablefashionacademy.org/STICA

AMFORI BSCI

Amfori BSCI works to improve the working conditions in the global supply chain. Amfori has over 2,400 members and supports companies in their work to create an ethical supply chain through collaboration, knowledge sharing and shared tools. Members are located in over 50 countries. NELLY has been a member since 2018 and requires suppliers for its own production to sign Amfori's code of conduct. Membership gives NELLY the opportunity to influence decision-makers and legislators in the EU on fair trade and human rights.

Aim:

To improve respect for human rights and improve working conditions in the supply chain by means of a shared code of conduct system and independent third-party audits.

Value:

Membership gives NELLY access to a shared audit framework, risk-based monitoring and industry-wide impact, which improves the company's due diligence processes and contributes to long-term improvements in the production countries.

www.amfori.org

HUMAN BRIDGE

Human Bridge is a Swedish aid and secondhand organisation, which collects textiles, clothes and other equipment for recycling, reuse and humanitarian support. It extends the life of products via reuse and secondhand sales. Human Bridge finances and enables aid initiatives, both in Sweden and worldwide.

Aim:

By means of collaboration with Human Bridge to enable reuse and more responsible management of nonconformities and samples, and contribute to aid and secondhand activities.

Value:

The partnership results in less waste, while the products have a longer life and create social benefit. This boosts NELLY's work in recycling and responsible textile management.

www.humanbridge.se

THE BETTER COTTON INITIATIVE

Better Cotton is a global nonprofit organisation, the mission of which is to help and support cotton growers worldwide to continue to learn new cultivation methods that are in line with the principles and criteria of their standard. Some of these principles include factors such as reducing harmful pesticides and synthetic fertilisers and understanding how to reduce water use. NELLY has been a member since 2019 and undertakes to report its targets and annual purchase volumes to the organisation.

Aim:

To contribute to improved cotton cultivation methods focusing on reduced environmental impact and better social conditions for growers.

Value:

Membership gives NELLY the opportunity to acquire cotton via an industry-wide improvement system, increase the proportion of more responsibly produced raw materials in its assortment and reduce risks associated with water use, chemicals and land impact in the supply chain.

www.bettercotton.org

TEXTILIMPORTÖRERNA

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

Aim:

To participate in an industry-wide initiative and network to promote sustainability, ethics and responsibility in textile imports and supply chains.

Value:

Membership gives NELLY access to exchange of experience, industry-specific knowledge and tools for governing social and environmental responsibility, textile labelling, customs issues and chemicals management. This enhances the company's opportunities to pursue sustainability improvements throughout the value chain.

www.textilimporters.se

Environmental initiatives

NELLY's environmental initiatives are focused primarily on mapping, evaluating and reducing the company's climate impact. These initiatives are continuously developed via data collection processes, changes in our working methods and close cooperation with our partners in the value chain. An important part of these initiatives is our collaboration with other actors in the textile industry via the Scandinavian Textile Initiative for Climate Action (STICA). In 2025, the initiatives were focused in particular on collecting data further down the supply chain, including more data collection from Tier 2 level. In parallel, NELLY adopted a general sustainability agenda for the period up to 2030 to create a long-term direction, enhance transparency and enable monitoring in line with future regulatory requirements.

Strategy and approach

NELLY works continuously to reduce its products' environmental impact via actions that cover the entire life cycle of products. Sourcing strategies have been refined to include:

- Focus on product quality, safety and life, which contributes to lower resource consumption over time.
- Material choices with lower climate and resource footprints and a higher proportion of more sustainable fibres.
- Partnerships with suppliers on energy use and emission reductions in production.
- Efficiency improvements for incoming and outgoing transport, including work on logistics solutions and return flows.
- Development of packaging and waste management to reduce material use and environmental impact.

This holistic approach allows NELLY to integrate environmental considerations in decision-making, product development and purchasing with the aim of gradually reducing climate impact and contributing to a more resource-efficient, circular textile value chain in line with ESRS E1.

Actions

NELLY operates in the low-price fashion industry, a sector in which resource use, greenhouse gas emissions and social impact in the value chain are significant. A predominant part of the company's climate impact arises in the supply chain, especially in the production of materials and completion of products, as well as in transport and return flows. This means that the majority of emissions are in Scope 3 (i.e. all indirect emissions that are not from purchased energy), which entails a need for systematic mapping, close partnerships with suppliers and the promotion of long-term transition measures.

In light of this, NELLY focuses its sustainability initiatives on the areas in which the company's actual and potential impacts are deemed highest and in which the business model allows for measurable improvements. Environmental initiatives include:

- More data collection and improved quality of emission calculations throughout the value chain.
- Gradual transition to materials with lower environmental impact.
- Greater focus on product quality and fit to reduce unnecessary return flows and promote the life of products.
- Dialogue and collaboration with suppliers on energy efficiency measures and higher proportions of renewable energy in production.
- Improved tools for reducing overproduction and purchases that exceed demand.
- Optimisation of logistics flows and initiatives to reduce the climate impact of transport and returns.

At the same time, NELLY is aware of the structural challenges affecting the industry; price pressure and the need for short lead times may render the long-term sustainability transition difficult. Consequently, the company's ambition is to continuously and gradually integrate climate and environmental considerations in business decisions, purchasing strategies and product development with the aim of combining accessible, reasonably priced fashion with a responsible, long-term working method.

By combining transparency, data-driven decision-making and industry collaboration, NELLY strives to reduce its climate impact over time and contribute to the transition required to achieve international climate goals.

Priority materials

As recycled and certified materials often have a lower environmental impact than conventional alternatives, NELLY works to gradually increase the proportion of such materials in its products. The ambition for cotton is primarily to use more organic and recycled cotton. The company's second priority is cotton from Better Cotton, which promotes improved cultivation methods by means of more responsible use of water and chemicals and better working conditions for cotton growers.

The company continuously evaluates the market for new and innovative materials and aims to continue to find viable new alternative materials with lower climate impact. At the same time, it embraces the complex challenges facing the global textile industry such as technical limitations, quality assurance requirements and variations in the supply chain. Regenerative and recycled materials from textiles, known as 'textile-to-textile', are an important part of the strategy, but the scale of their use is currently limited by infrastructure and access to high-quality fibres. NELLY's ambition is to increase the proportion of recycled textiles as supply increases.

The materials that NELLY currently prioritises are recycled and certified materials and cotton via Better Cotton:

- Recycled fibres
- Viscose Lenzing™ EcoVero™
- Viscose Livaeco™ by Birla Cellulose
- TENCEL™
- Organic cotton
- Cotton grown according to Better Cotton principles

By increasing the proportion of recycled and certified materials and cotton via Better Cotton in the product assortment, NELLY integrates environmental and social sustainability aspects in its product development and purchasing, which supports the company's goals of responsibility and transparency in the value chain.

In addition, NELLY protects animal welfare and therefore sets requirements for products of animal origin by means of its Animal Welfare Policy. The company has endorsed the Swedish animal rights organisation Djurens Rätt's Fur Free Retailer Programme, which means that NELLY does not sell any products containing real fur.

Product quality and product safety

Quality and safety are key parts of sustainability initiatives for NELLY, with quality defined based on customer expectations, the product's area of application and the company's price level. The products must be free of harmful chemicals and meet NELLY's quality requirements, which protects people, the environment and customers. The company applies a process in which NELLY sets clear requirements in its contracts with suppliers. Random sample tests on products are determined at regular purchasing meetings at which the assortment is reviewed and a product risk assessment performed. Unannounced third-party inspections at the factory are then ordered for the product before delivery.

Chemicals are managed according to current legislation and international standards, including the EU REACH Regulation. The Regulation is extensive EU legislation containing rules about registration, evaluation, authorisation and limits for chemical substances. As a member of Textilimportörerna, NELLY receives regular information on new rules and updates, which means that suppliers are kept updated and required to following the applicable restrictions. An updated chemicals guide is published every year with new products, test methods and industry recommendations. NELLY shares updated chemicals guides with all its suppliers of own products. The chemicals guide is also published in several languages, making it possible for all suppliers to absorb the information.

This systematic approach allows NELLY to develop products that meet not only statutory requirements but also customer expectations. This underpins the company's long-term ambition to combine quality, safety, sustainability and value for money for NELLY's customers.

Transport and returns

Transport and returns are an unavoidable part of e-commerce involving clothing. It is important to take a strategic approach to transport and to minimise the number of unnecessary returns for both financial and environmental reasons. Since 2023, NELLY has been working interdisciplinarily throughout the company on a returns strategy to minimise the number of unnecessary returns, which has enabled significant improvements in the return rate.

In 2025, the company continued its work to optimise the breadth of articles in the assortment and the depth per purchase order, i.e. the quantities that need to be ordered to prevent a product from running out prematurely and also from not significantly exceeding customer demand. NELLY saw strong growth and thus increased volumes of goods purchased, which generated increased transport.

Incoming transport

NELLY's own brand products are primarily shipped to the distribution centre in Borås by road and sea. During the year, NELLY's proportion of sales of own brands increased by 30% on the previous year. The increase in sales on the previous year means that the emissions reported for incoming transport rose in 2025. The total increase in emissions for incoming transport was 89%, i.e. more than the increase that can be explained by increased sales of own brands. The remaining increase is primarily because sea freight travelled via a longer route around Africa in 2025 compared to the calculations used for 2024 and an increase in air transport (see the next paragraph for further explanation of this). The increase here must be seen in light of the fact that, with a higher proportion of own brands, we have greater control over the choice of freight services than for external brands.

Since 2018, the company has transported goods by air primarily in specific situations such as delays and urgent additional purchases. Each shipment by air that is requested is carefully reviewed and an assessment of the scope, alternative routes, etc. is discussed before a decision to ship by air is approved. NELLY will continue to ship goods by air selectively going forward, but also sees this as an important tool to achieve the company's growth ambitions. The craft of ordering the correct quantities of each product continues to be refined but it will never be possible to predict customer demand precisely and transport routes are expected to continue to be affected by geopolitical phenomena, which means that shipment by air will still be used when necessary.

In 2025, flights were used for 15 incoming shipments of goods for resale, on account of major disruption in global logistics chains such as the situation in the Red Sea, where shipments still needed to go around Africa, with extended lead times as a result. In some cases, sales of a product were higher than expected, and to meet customer demand NELLY placed additional orders to restock and decided that air freight was therefore justified. The proportion of emissions from air transport increased to 21% against 14%* of all incoming shipments in 2024.

**The proportion of emissions from incoming air transport was updated from 30% in 2024 to 14% as a result of adjusted emissions for 2024.*

Outgoing transport

NELLY maintains a continuous dialogue with its distribution carriers to increase the proportion of fossil-free transport. Emissions for distribution to and from our customers fell by 33% in 2025 compared with 2024. The reduction was driven primarily by a higher proportion of fossil-free fuels used by our distribution partners. Fossil-free options include vehicles driven entirely using HVO100 (Hydrotreated Vegetable Oil), which is a renewable fuel for diesel engines. NELLY does not ship deliveries by air to consumers in the Nordics.

Returns

During the year, the company decided to relocate over 95% of returns management to the central warehouse in Borås, which means positive effects in the number of transport kilometres per return and above all even faster feedback, which can improve products further going forward. The focus on returns will continue, to provide additional insight and the opportunity to improve the product offer.

Packaging and waste

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

NELLY continued to work during the year to minimise the volume of air that is transported because this is one way of reducing the climate impact. In 2025, the company only purchased fully recyclable e-commerce bags for dispatch to customers. In 2025, recycled plastic accounted for 100% of total plastic consumption for e-commerce bags. Recycled paper accounted for 80% of total paper consumption for e-commerce boxes. During the year, NELLY took part in a pilot project on recyclable packaging in e-commerce flows. The aim of the project is to collect information and understand consumer willingness to use and return packaging. The total climate impact of packaging, including transport, is also calculated in the project. The outcome of the project will be summarised in 2026 and is part of the work to prepare for the future introduction of the PPWR regulations in the EU, which will include a requirement for a certain proportion of recyclable packaging.

Minimising end-of-life waste

NELLY takes an active approach to minimising waste and maximising the life of its products. Garments that are returned are cleaned and repaired in the returns warehouse and in stores so they can be resold. Products that cannot be resold via the company's ordinary channels are offered for sale via buyers, are donated to charity or sent for recycling. Garments from sample management and products with minor defects that can no longer be sold via ordinary channels were donated to the charity organisation Human Bridge for reuse during the year. A procedure has been established at the stores in Stockholm and Copenhagen whereby nonconformities are also donated to Human Bridge. A total of 1,056 kg of garments were donated in 2025, while 258 kg were sent for incineration on account of mould that developed during transport from the production unit in China. Unfortunately, mould can occur during transport, primarily on ships from China, where garments may be packed in damp weather and then transported over long distances in closed spaces. The company uses silica gel sachets to prevent mould, but unfortunately it does develop sometimes.

NELLY's ambition is to keep garment destruction as low as possible. This is achieved by means of effective collaboration, continuous monitoring and inspections in production, as well as by developing circular solutions such as donation to secondhand outlets, which allows garments to be used for longer and contribute to a more sustainable textile value chain.

Targets and ambitions

The company's overall sustainability targets up to the end of 2030 were updated in 2025, and priority activities were defined. The change means that we now have a more relevant, robust target for reducing our indirect emissions.

NELLY's overall sustainability targets:

New targets to the end of 2030

2030: Annual greenhouse gas emissions must fall on average by 5% per product, resulting in a total reduction of 26% by 2030 (Scope 3) – base year 2024.

2030: 70% of all material NELLY buys must be made of recycled material, certified material or material from Better Cotton.

Annually: NELLY's own-produced goods must only be produced at factories that have been audited by a third party to improve supply chain monitoring and reduce risks associated with working conditions, environmental impact and business ethics.

To enable us to assess how successful our sustainability efforts are, NELLY continuously monitors key ratios linked to sell-through rates, full-price sales and the return rate. These key ratios help us carefully monitor developments over time and drive improvements. Going forward, we also intend to explore how often NELLY's garments are used on average and how this can be measured to enable us eventually to evaluate whether the initiatives we take affect this key ratio.

In relation to the target for Scope 3, various scenarios have been evaluated from the perspectives of reasonableness and risk. Given that emissions in the value chain are affected by a number of factors beyond NELLY's control, such as each country's transition plans for renewable energy, a target has been defined that is deemed reasonable based on the prevailing circumstances. Progress towards the target will be reported every year, and it is hoped that the target can be raised when the effects of the actions are realised.

In addition to the overall sustainability targets, NELLY's ambition is to reduce emissions from its own operations (Scopes 1 & 2) by 42% by 2030 – base year 2024.

Previous targets to the end of 2025

2030 – Reduce absolute greenhouse gas emissions by at least 50% by 2030 (Scope 3), in accordance with STICA requirements. Base year 2020. 2025 result: -24% (2024: -33%*)

Annually – NELLY’s own production, i.e. products offered under our own brands, will only take place at factories inspected by external inspectors. 2025 result: 100% (2024: 98%). Read more on page 30 (under ‘Responsible supply chain’).

2025 – Achieve net zero in our own operations (Scopes 1 & 2). Base year 2018. 2025 result: -97% (2024: -97%*)

**Emissions for 2024 have been updated as a result of reclassifications and corrections. Before adjustment of emissions for 2024, a reduction of 34% was reported in Scope 3 and a reduction of 64% in Scopes 1 and 2. A more detailed account of reclassifications and adjustments is given under ‘Results’.*

Results

Energy

Total energy consumption fell slightly from 2,215 MWh to 2,165 MWh in 2025. The premises comprise the headquarters in Borås, the central warehouse in Borås, the store in Stockholm and, since September 2025, a store in Copenhagen. Power consumption increased by 4% as a consequence of additional premises. However, district heating consumption decreased by 7% related to lower consumption at the warehouse and headquarters in Borås. District heating is used in all premises, and district cooling is used for the warehouse and store in Stockholm. All electricity consumed in NELLY’s own operations is origin-labelled renewable in accordance with the market-based calculation method.

NELLY’s warehouse is environmentally certified and energy-efficient and is designed for efficient logistics. The warehouse is run on renewable energy and district heating certified with the Swedish ecolabel Good Environmental Choice. The company’s logistics facility is located geographically close to the company’s headquarters, which minimises the need for internal transport. There is daily monitoring to make processes more efficient, reduce energy consumption and ensure efficiency.

Greenhouse gas emissions

Greenhouse gas emissions in Scopes 1, 2 and 3 are reported according to the Greenhouse Gas Protocol. For the fourth year in a row, the report also includes total emissions for purchased products, Tier 1. The focus for 2025 was to collect data from Tier 2 in all production countries. Most of NELLY’s climate impact continues to be concentrated in the production stage of the value chain, primarily in material production. This forms the foundation of NELLY’s long-term climate target for Scope 3 and governs the development of measures to reduce climate impact.

Scope 1	Direct emissions from the company’s own operations, e.g. company cars (excluding electric vehicles), refrigerant leaks. NELLY had no emissions in Scope 1 in 2025.
Scope 2	Indirect emissions from purchased electricity, heating or cooling used in stores, warehouses and offices. Company cars (electric vehicles) are also reported in this category. The principal calculation method is market-based.
Scope 3	Indirect emissions from the entire value chain, e.g. materials production, transport, business travel and fuel and energy-related emissions.
Tier 1	Direct suppliers – those who supply goods or services directly to the company.
Tiers 2–4	Subsuppliers to Tier 1 – further down the value chain.

Metrics

The Group’s climate results show that total emissions in 2025 were 17,808 tonnes CO₂e, an increase of 12% (1,925 tonnes) on 2024, and a decrease of 24% compared with the base year 2020.

The majority of emissions are in Scope 3, with the largest category, purchased products and services, accounting for 95% of total emissions for the Group, of which production (Tier 1) consists of 1,710 tonnes CO₂e, materials (Tiers 2–4) 15,033 tonnes CO₂e and packaging materials 212 tonnes CO₂e.

The second highest emissions category, transport and distribution, accounted for 4% of the Group’s total emissions in 2025, a reduction of 74% on the base year 2020. The decrease is on account of the transition to fossil-free transport options. Emissions related to business travel increased by 183% on the base year 2020, which is an expected effect as the base year was heavily affected by the pandemic.

In 2025, the result for Scope 2 (no emissions are reported in Scope 1) was 7 tonnes CO₂e, which means that NELLY reduced its greenhouse gas emissions in its own operations by 97% on the base year 2018.

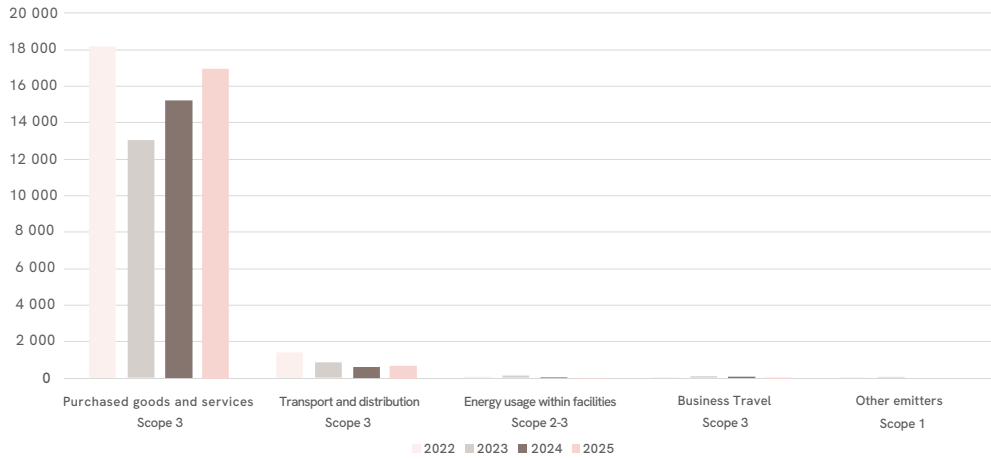
Greenhouse gas emissions

	2025	2024	vs. LY
Scope 1 greenhouse gas emissions			
Greenhouse gas emissions, Scope 1 (tCO ₂ e)	0	0	N/A
Scope 2 greenhouse gas emissions			
Location-based greenhouse gas emissions in Scope 2 (tCO ₂ e)	66	73	-9.4%
Market-based greenhouse gas emissions in Scope 2 (tCO ₂ e)	7	7	-3.5%
Scope 3 greenhouse gas emissions			
Total indirect gross greenhouse gas emissions, Scope 3 (tCO ₂ e)	17,801	15,876	12.1%
1. Purchased goods and services	16,955	15,156	11.9%
3. Fuel and energy-related emissions	10	10	-2.1%
4. Transport and distribution	728	602	21.0%
6. Business travel	108	108	0.0%
Total greenhouse gas emissions (location-based) (tCO₂e)	17,867	15,949	12.0%
Total greenhouse gas emissions (market-based) (tCO₂e)	17,808	15,883	12.1%

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Greenhouse gas emissions per category (tCO2e)



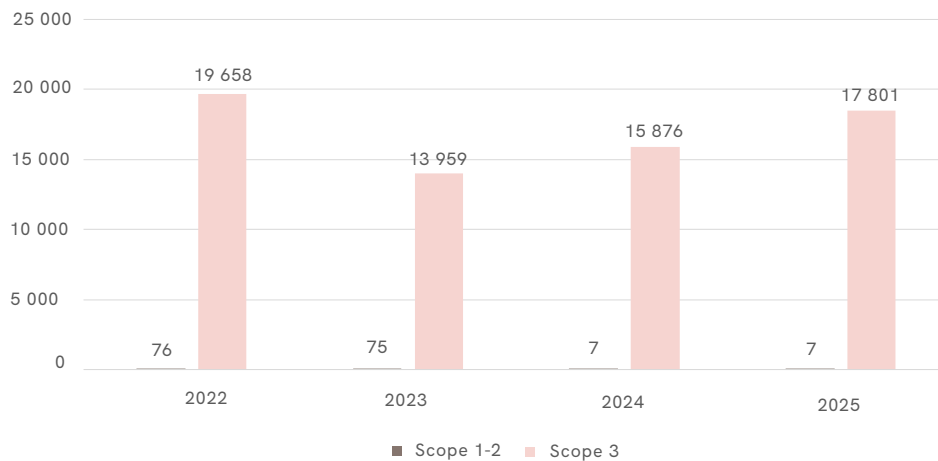
Purchased goods and services – refers to emissions from purchased products related to NELLY’s own brands and external brands, including packaging. Emissions for purchased goods and services have increased since 2023 as a result of higher purchase volumes and a change in the purchasing strategy. The increase in emissions in this category since 2023 is 12%, primarily on account of higher volumes of cotton. This resulted in material weight increasing by 22% since 2024, but total emissions per purchased good only increased by 2% in the same period.

Transport – refers to emissions from incoming and outgoing transport, including returns.

Purchased energy for own operations – refers to electricity, district heating and district cooling for stores, warehouses and headquarters.

Business travel – refers to flights, hotels, taxis, trains and journeys with employees’ own cars. From 2025, expenditure is also included for the first time, in addition to travel booked via travel agencies.

Greenhouse gas emissions per annum (tCO2e)



Accounting policies

Climate data and emission reporting

NELLY's climate calculations have been prepared according to the GHG protocol. Scope 1 comprises direct emissions from own operations; in NELLY's case there were no emissions in Scope 1. Scope 2 includes indirect emissions from electricity, district heating and district cooling in own operations, in which the climate calculation method is market-based. Scope 3 represents indirect emissions related to production of materials and fuel for purchased products, transport beyond NELLY's control, energy-related activities not covered by Scope 2 and third-party activities.

In 2025, the method for processing weights was changed, with the previous standard weights being replaced with actual weights. The change in method helps improve data quality. All goods from both own production and external brands are weighed at the warehouse in Nordskogen. A deduction is made for packaging and shoe boxes, using a standard weight. Against this background, the 2024 data has been adjusted using a corresponding method to make it comparable, and this generated 2% higher emissions compared with the previously reported figures.

Emission factors and method

The climate calculations were primarily based on actual data and supplemented by estimated sources where a need was identified. Emission factors applied for Scopes 1 & 2 come from AIB European residual mixes, Vattenfall and Swedenergy, and environmental key figures from Stockholm Exergi. Emission factors for energy-related and fuel-related emissions in Scope 3 come from the Swedish Transport Administration, DEFRA, the Swedish Energy Agency and the Swedish Environmental Protection Agency. Emissions related to material and textile production and packaging material were calculated with emission factors from Higg MSI. Emissions related to outsourced warehouse operations were estimated with emission factors from AIB Residual Mixes 2023. For transport-related emissions, emission factors taken from Network of Transport Measures (NTM) were applied. Emission factors for business travel come from Hertz Sustainability Report 2020, Global Taxi Benchmarking Study 2019, International Association of Public Transport (UITP) and UHM, BEIS/DEFRA for hotel nights.

Primary data was collected from all of NELLY's Tier 1 suppliers in own production for 2025. For external brands, Tier 1 emissions were estimated for both 2025 and 2024 based on NELLY's own supplier data from 2025. Primary data in Tier 2 was collected to cover roughly 33%, in weight, of all purchased materials for own production (approximately 60% of emissions in Tier 2, own production). Emissions for the remaining material weight in Tier 2 was estimated based on the reporting suppliers and assumptions about production countries. For 2024, an average of emissions for total material weight (primary data and estimated) in 2025 was used for Tier 2. For external brands in Tiers 2–4, estimated material quantities account for approximately 1% of emissions. For own production in Tiers 2–4, the use of estimates is very limited, <0.01%, and does not affect the overall figure.

In other emission categories, UPS transport was estimated based on cost. The estimated emissions account for approximately 0.3% of total transport emissions.

Comments on 2024 as the new base year

As there were no refrigerant leaks in 2024 at the warehouse in Nordskogen, this item has been removed. In addition, emissions from employees' own cars have been moved from Scope 1 to business travel in Scope 3. Power consumption for the store in Stockholm has been reclassified in relation to origin-labelled renewable power and the district heating for the headquarters in Knalleland has been reclassified in relation to Swedish ecolabel Good Environmental Choice certification. Adjustment of emissions for purchased products as a result of a new method for processing weight. An adjustment has also been made for the RFI (Radiative Forcing Index) factor linked to incoming air transport. This adjustment has resulted in lower calculated emissions than previously reported.

Priority materials

Developing the textile value chain is the shared ambition of many actors involved in the textile industry, which permits close collaboration between companies. NELLY collaborates actively with several leading actors in the textile industry to jointly promote the use of more recycled material, certified material and cotton via Better Cotton. The materials strategy contains criteria for sustainable material choices based on carbon footprint such as emission factors and monitoring new materials from textile to textile.

The materials that NELLY defines as recycled materials, certified materials and materials via Better Cotton – recycled fibres, organic cotton, Better Cotton and Viscose LENZING™ EcoVero™, TENCEL™ Lyocell and TENCEL™ Modal – are a key part of the company's measures to manage the risks and negative impact identified in the IRO analysis under ESRS E4 Biodiversity and ecosystems.

Large-scale raw materials production and textile processing may contribute to loss of biodiversity by means of impact on land use, water resources, land destruction, soil erosion, chemicals pollution and deforestation. A gradual increase in the proportion of the materials below is an important component of our environmental work:

- Recycled fibres reduce the need for virgin raw materials extraction and thus the pressure on natural resources and ecosystems.
- Recycled textiles from textiles promote circularity in the value chain, reduce emissions from production of raw materials and reduce water use in the production process.
- Organic cotton and Better Cotton promote improved cultivation methods with a focus on land health, reduced chemicals use and more efficient water use.
- LENZING™ fibres (EcoVero™, TENCEL™ Lyocell and TENCEL™ Modal) contain raw materials from timber from controlled, certified forestry systems, which contributes to a lower risk of deforestation and unsustainable forest management.
- Viscose Livaeco™ by Birla Cellulose is a type of viscose fibre produced by Birla Cellulose and made from cellulose from timber from certified, responsibly managed forests. The material was developed to be more traceable through the supply chain, to use less water and to produce lower emissions than conventional viscose.

The materials strategy thus represents a risk reduction measure in relation to the identified biodiversity impact areas and is integrated in the company's overall sustainability agenda up to 2030.

The proportion of priority materials was 47% in 2025, which was below the target of 50%. The proportion for NELLY’s own brand products was 59%, while the proportion for externally produced products was 19%. The higher proportion of priority materials in own production was primarily due to the fact that the company was able to influence materials purchasing to a great extent. Among other things, NELLY has a high proportion of denim products made from Better Cotton and increased the production of viscose products made from Viscose LENZING™ EcoVero™ for own brand products.

The percentage of cotton grown according to Better Cotton principles, organic cotton and recycled cotton for own brand products was 96%. In 2025, the proportion of recycled polyester in own production was 34%. As a significant proportion of NELLY’s products contain polyester, the transition from conventional polyester to recycled polyester will be given greater priority in the future. Above all, the company will focus on continued material development in this area. The proportion of Viscose LENZING™ EcoVero™ and Viscose Livaeco™ by Birla Cellulose as a replacement for viscose in own production was 82%. NELLY receives certification from suppliers or organisations for all purchase orders for own production containing recycled, organic material, and Viscose LENZING™ EcoVero™, Viscose Livaeco™ by Birla Cellulose and Tencel™.

Chemicals and quality

A total of 162 quality inspections were performed in production in 2025. Of these, 34 were chemicals inspections, which covers 13% of the assortment. This is a strategic increase as NELLY wants to focus on the return rate and ensure good production early in the process. The company’s updated assortment strategy, with a lower number of variants in the collections, still results in an increase in the number of quality inspections as it has been decided to focus on safer production and continue to strive to reduce the risk of defects and nonconformities. In 2026, NELLY will evaluate targets to increase the proportion of quality inspections further in line with the objective to deliver high standards while continuing to focus on the return rate. NELLY has a procedure for performing internal chemicals tests for nickel on all metal parts that may be in our products. Other chemicals in production are tested by third parties in accordance with REACH Chemical Guidance. No products needed to be recalled during the year because they contained banned chemicals.

The complaint rate was 0.8% in 2025, which was lower than the company’s target of 1%.

Chemicals management

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

Product quality

KPI: Number of quality control inspections (own brand Nelly): 162, which comprises 13% of the assortment

Transport KPI

KPI: Proportion of CO2e emissions per means of transport for incoming shipments, distribution in %:

Air: 21%, Sea: 48%, Road: 31%

Packaging KPI

1. kg recycled plastic/total plastic consumed, e-commerce bags (%): 100%

2. kg recycled paper/total paper consumed, e-commerce box (%): 80%

End-of-life KPI

KPI: Clothes (in kg) donated to Human Bridge: 1,056 kg

KPI: Products (in kg) sent for destruction: 258 kg*

* Products were destroyed on account of mould having developed during transport



Social responsibility

Employees

NELLY attaches great importance to ensuring that all employees are treated equally, with respect and dignity, and are given equal opportunities for development.

Strategy, policies and approach

NELLY works actively on the concept of employee participation to make clear that everyone is responsible for contributing to a safe, attractive working environment in which every employee is treated with respect.

The company has a policy and an action plan for gender equality and diversity that complement the code of conduct (the code of conduct is described in more detail on page 35). The company also has a policy and action plan to combat bullying and harassment, which is important in preventing social ill health. The company conducts regular digital employee surveys to gauge the mood on and address issues that affect the working environment throughout the company and to be able to take action fast, where necessary.

Actions

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

The company works with Samhall at the warehouse, which contributes to increased inclusion and opportunities for work for people who are further from the labour market.

Recurring leadership days are also held to enhance and develop leadership. These are intended to develop leadership ability, enhance consensus on the company’s values and leadership principles and create forums for managers to exchange experience.



Workforce data, 2025

The key ratios below are based on the average number of employees, calculated using the number of actual hours worked, together with paid absence and other short-term absence, compared with the scheduled working time.

Employment category

	Women	Men	Total
Permanent employees	90	55	145
Fixed-term employees	14	3	17
Total	104	58	162

Age distribution of employees

	No. (#) 2025	Proportion (%) 2025	No. (#) 2024	Proportion (%) 2024
Total	162	100%	151	100%
Under 30	58	36%	54	36%
30–50	94	58%	86	57%
Over 50	10	6%	11	7%

No. of employees per market

	Own workforce	Permanent employees	Fixed-term employees
Sweden	156	140	16
Denmark	6	5	1
Total	162	145	17

Gender distribution of employees

	Proportion of women (2025)	Proportion of women (2024)
Total	64%	62%
Under 30	85%	78%
30–50	51%	53%
Over 50	68%	66%

Gender distribution of employees, Board

	Proportion of women (2025)	Proportion of women (2024)
Total	50%	33%
Under 30	0%	0%
30–50	67%	33%
Over 50	33%	33%

Gender distribution of employees in management team

	Proportion of women (2025)	Proportion of women (2024)
Total	50%	50%
Under 30	0%	0%
30–50	60%	60%
Over 50	0%	0%

Gender distribution of employees, managers

	Proportion of women (2025)	Proportion of women (2024)
Total	61%	68%
Under 30	33%	100%
30–50	62%	67%
Over 50	67%	67%

The calculation of the employee turnover rate is based on the number of permanent and probationary employees who left voluntarily or involuntarily during the year, divided by the average number of permanent and probationary employees.

Employee turnover rate

	No. (#) 2025	Proportion (%) 2025	No. (#) 2024	Proportion (%) 2024
Employee turnover rate	25	14.3%	32	19.3%

Responsible supply chain

NELLY strives to build close, strong, effective relations with its suppliers and sets clear standards for working conditions and human rights. The company wants to work with suppliers that share its values and strive to maintain good working conditions. To boost transparency in the supply chain, it is necessary to have an open dialogue and a shared understanding of the importance of insight and responsibility.

Strategy, policies and approach

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

NELLY's own brand products are made by 22 suppliers that, in turn, use 42 production units (Tier 1). Of these 42 production units, 39 were used in 2025. Since the assortment may change from season to season, not all factories are used at the same time. The nature of the assortment and delivery times determine the factories that should be used in each case. NELLY's production units are in China, Turkey, India, Bangladesh and Cambodia. NELLY has continued to optimise variant breadth and increase volume per variant instead, allowing it to work more closely with fewer suppliers. Consequently, the number of suppliers fell slightly during the year, and a few new production units have also been added.

NELLY's ambition is to have long-term relationships with its suppliers to achieve an even level of product quality and to monitor that human rights and decent working conditions are promoted strongly. The company has no factories of its own. However, it implements unannounced third-party inspections to check working conditions, and it makes clear demands for action if it discovers shortcomings. NELLY publishes an annual list of the production units (Tier 1) used for its own brand products. In 2025, NELLY began to gather contact details and climate data for Tier 2 and Tier 3 (subsuppliers of Tier 1) to start analysing the entire production chain.

Risk analysis and assessment before entering into contracts with new suppliers

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

Policy and governance

NELLY's work to ensure respect for human rights in the supply chain is integrated in the company's overall due diligence processes and supplier management. NELLY has been an active member of Amfori BSCI since 2018. This is an industry initiative with the aim of improving working conditions in global supply chains by means of shared standards and monitoring mechanisms.

All suppliers that produce for NELLY's own brands are subject to an agreement to which Amfori BSCI's code of conduct is attached. By signing the agreement, the supplier undertakes to comply with the requirements of the code and ensure that corresponding principles are communicated to relevant sub-suppliers. This is a fundamental precondition of the establishment of new business relations and integrated in the company's supplier evaluation and monitoring.

Normative basis

The code of conduct is based on internationally recognised frameworks and guidelines, including:

- The International Labour Organization's declaration on fundamental principles and rights at work
- The OECD's guidelines for multinational enterprises
- The United Nations guiding principles on business and human rights

These frameworks form the basis of NELLY's expectations of suppliers and serve as a reference point in the company's risk assessment and monitoring.

The code of conduct comprises central labour law and social principles, including:

- Prohibition of child labour and forced labour
- Non-discrimination and respectful treatment
- Prohibition of violence and harassment
- Fair pay and regulated working hours
- Freedom of association and the right to collective bargaining
- Health and safety at work

Compliance is monitored by means of independent third-party audits within the framework of the Amfori BSCI system, supplemented by NELLY's own risk-based monitoring. Identified incidences of non-compliance are managed using action plans and via dialogue with the supplier, with the aim of achieving long-term improvements rather than short-term interrupted partnerships.

Monitoring system and risk-based review

NELLY applies a structured, risk-based monitoring model to review compliance with its requirements for human rights and decent working conditions in the supply chain. Monitoring is by means of independent third-party audits in accordance with Amfori BSCI regulations.

The audit frequency is based on the factory’s rating in the Amfori BSCI classification system. Production units with average rating A or B are audited less frequently, while units with rating C are monitored annually. This enables resource allocation, with monitoring focusing on businesses with higher risk or identified areas for improvement.

The audit reports cover both verification of compliance and identification of non-compliance and areas for improvement. The independent audit firms are accredited in the Amfori system and operate in all production countries where NELLY has production of its own brand products.

Immediate action is taken in the event of serious non-compliance, referred to as zero tolerance cases. Examples of such cases include forced labour, child labour, discrimination, violence or harassment, plus bribery and corruption. The partnership with the supplier may be terminated in such cases unless adequate correction action is taken. No zero tolerance cases were identified in 2025 in the audits performed under the Amfori BSCI system.

For external brands, clear fundamental requirements for human rights are communicated via purchasing agreements to which the code of conduct is attached as a binding appendix. The code includes clauses relating to working conditions, human rights and business ethics. Several of the external brands with which NELLY has partnerships have established sustainability strategies and their own targets related to human rights in the supply chain.

NELLY’s ambition in 2026 will be to prioritise greater transparency and information gathering from external brands in relation to their due diligence processes, risk assessments and monitoring mechanisms in the field of human rights. The aim is to improve the company’s overall risk exposure in the value chain.

By means of systematic monitoring, clear requirements and industry collaboration, NELLY strives to contribute to long-term improvements for workers in the supply chain and to ensure that respect for human rights is a fundamental component of business relations.

Actions

In 2025, 100% of the factories making NELLY’s own brand products were audited with third-party inspections based on BSCI or Sedex within the specified audit cycle. NELLY prioritised inspection of Tier 1 production units in all countries in which there is production. NELLY’s goal for the company’s own brand products only to be produced in factories inspected by external inspectors is an annual goal and an ongoing project.

Amfori BSCI inspections are rated on a scale from A (highest) to E (lowest). All manufacturers are expected to strive to improve constantly, and NELLY promotes close dialogue to set joint targets for improvements. If the result is D or lower, an action plan is required from the manufacturer, followed by another inspection to verify that action is being taken. The plan must be documented and have an end date. Should the supplier fail to implement the action plan or otherwise show improvement, the cooperation is terminated. The purpose of the action plan is to find the root cause of the non-compliance and identify measures or training that may lead to improvement. The 2025 audits identified non-compliance mainly in the areas of Decent working conditions, which may mean excessive working hours or too much overtime, and Health & safety, which may mean a lack of fire safety or use of protective equipment. NELLY prioritises improvement measures in these areas (see chart).

The company’s ambition is to continue to deepen its relations with existing suppliers and also to evaluate the opportunities for adding additional suppliers. By enhancing the transparency of production units and the monitoring of social key indicators, NELLY contributes to improved working conditions and a stronger foundation is laid for a long-term sustainable, responsible business model.

Responsible supply chain

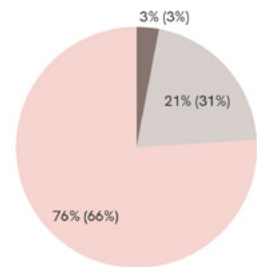
KPI: Proportion of factories with valid social third-party inspections (own brands) 100%

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

KPI: Number of suppliers (own brands): 22

KPI: Number of production units used in 2025 (own brands): 39

Audit result 2025



■ A: Very good 3% ■ B: Good 21% ■ C: Acceptable 76% ■ D: Inadequate ■ E: Unacceptable

Audit results for 2024 in brackets

NELLYs Production Units (Tier 1)



ANNUAL REPORT 2025

“Our transition begins where our impact is highest – in the value chain and production. Everything we do starts with customers and their desire for products that can be used and loved again and again. By means of conscious choice of materials, close partnerships with our suppliers and clear requirements, we drive practical change, including greater use of renewable electricity in the factories. When responsibility, consideration and creativity go hand in hand, we create fashion that is better for both our customers and for the future.”

Maria Biederbeck, Head of Production & Sustainability.

Customer focus

Strategy and approach

Customer focus is an integral part of NELLY’s business strategy and sustainability work. The company operates in a complex global value chain and is aware that its customers’ trust is based on transparency, quality that meets their expectations of the product and responsibility. The ambition is to offer an attractive assortment in which fashion and value for money are combined with clear information and a conscious product range.

NELLY strives to create conditions for safe, well-informed purchasing decisions. This means that customers must be able to obtain relevant, correct information about materials, origins, care and product features before they buy, to ensure that their experience matches their expectations.

At the same time, the company is aware that the textile industry faces complex challenges. Customer focus therefore also entails a responsibility to communicate in a balanced, transparent manner about what is being done, which improvements are underway and which areas still need to be developed.

Risks and opportunities

A lack of product information, unclear communication or a mismatch between expectations and actual quality may have a negative impact on customer trust. Greater transparency, improved product data and a more digital customer journey also offer opportunities to strengthen relationships.

By continuously listening to customers’ needs and analysing feedback, NELLY is able to develop its offer, reduce the risk of customers buying the wrong product, reduce returns and help ensure that customers will want to wear their garments for a long time.

Actions

Customer focus work involves the development of digital product information, quality assurance, improved labelling and ongoing dialogue with customers via various channels.

In 2025, NELLY developed its digital product information by building on the introduction of QR codes on product care labels of own brand products. QR codes give customers access to updated information such as materials, care advice and production country in one place. The solution also serves as a portal to further product-related content on NELLY’s digital platforms. The company also has structured processes for quality assurance and monitoring. This creates the framework for ensuring that products meet customer expectations.

Results

In 2025, NELLY continued to make it easier for customers to make conscious purchasing decisions based on clear, relevant information, which contributes to greater customer satisfaction, less risk of buying the wrong product and a lower return rate. This work is part of the company’s broader strategy to integrate sustainability in the business model and create long-term customer value.

As part of NELLY’s focus on profitable growth, the assortment has been subject to a strategic change process – from an offer designed more for special occasions to a more everyday assortment with a focus on products such as knitted jumpers, tops and jeans. This direction continued in 2025 and entails a greater emphasis on garments with high frequency of use and longer life. The shift from, among other things, party dresses with a high return rate has contributed to a lower complaint rate and lower return volumes. At the same time, the aim is to meet each customer’s expectations in terms of quality, fit and function to a greater extent so that NELLY’s products are loved, cared for and used again and again over time.

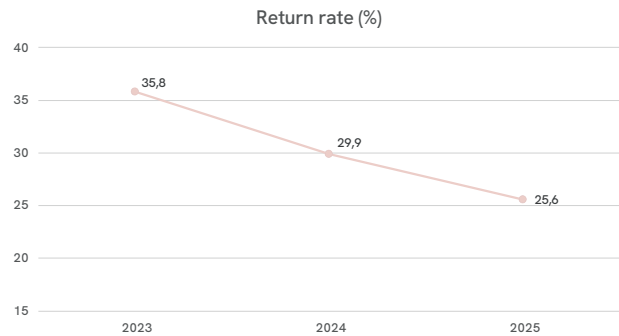
To support this, the company has developed the digital guidance on its web platforms. A new digital tool, a size guide, was launched during the year to help customers choose the right size. The size guide allows customers to enter height, weight and body shape, which was not possible previously. This makes it easier for customers to find the right product and gives them more information about the garment so that what they choose meets their expectations. Design guidelines have been further integrated in the purchase and design process. These guidelines are already used in the development stage to ensure clear product information, a better fit and increased usability over the product’s life cycle.

Clothes sales have historically had a higher return rate than many other products sold online. The company continuously takes strategic measures to help customers find the right size and fit, which is the main reason for returns. During the year, NELLY continued to implement its returns strategy, addressing the issue from a 360-degree perspective.

The work on the returns strategy in 2025 generated good results and the return rate for 2025 was 25.6% of sales, a reduction of 4.3 percentage points on 2024. A lower number of returns means that the company’s customers are more satisfied with their products and saves on both outgoing and incoming transport. Consequently, a lower return rate has a positive effect on the environmental impact of transport.

RETURNS KPI

KPI: The sales value of returned goods divided by total sales before returns (return rate): 25.6% (29.9%)



Governance & ethics

Business ethics and IT security are crucial to NELLY’s operations as an e-commerce company. Risks are assessed regularly and systematically to allow NELLY to make well-founded decisions on tolerance levels and risk reduction measures. Risks are identified, analysed and prioritised based on likelihood, impact and proportionality, using policies and guidelines for support.

Strategy, policies and approach

NELLY works with many suppliers and partners, and good business relationships are crucial. Personal data has to be processed for NELLY to fulfil its obligations to customers such as handling orders and deliveries, as well as offering customer support and to be able to improve offers and services via customer surveys and marketing. To identify, assess and manage risks related to personal data processing, NELLY takes a systematic approach to data protection, applying data protection legislation, which is checked and monitored by the data protection officer in connection with the rest of the organisation.

NELLY’s code of conduct (ethics policy) for employees and its whistleblower policy are fundamental to the work to prevent corruption.

Actions

To ensure good internal control over any risks related to personal data processing, NELLY continued to optimise the organisation that works on matters related to personal data in 2025. The control framework was also developed and further adapted to NELLY’s organisation during the year. The framework is designed in accordance with the provisions of the General Data Protection Regulation with regular reporting of the situation to management and the Board of Directors, and an action plan for any identified action required. For an e-commerce company such as NELLY, data security and privacy protection are business critical, which is why the company works to raise internal awareness of data security. All employees are subject to regular mandatory training in data protection (GDPR) and cybersecurity.

NELLY works constantly to improve its approach to data security as the business environment and market change. NELLY takes an active approach to managing personal data breaches. Depending on the risk posed to the data subject’s privacy, such breaches are initially classified as low, medium or high risk breaches. In 2025, NELLY had a total of 129 personal data breaches, all of which were classified as low risk. The most common breach was when a customer entered the wrong mobile number or email address, which may have led to data about their purchases becoming available to a recipient other than the one intended. NELLY constantly learns from the breaches that occur and uses the information to improve its preventive work.

Corruption and bribery

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

The code of conduct for employees lays the foundation for good business relationships, describes the values employees must embody and discusses issues such as bribery, corruption, stock exchange rules, conflicts of interest, health and safety and human rights. The code of conduct is sent out for signing with the contract of employment before an employee joins NELLY and is available on the intranet. NELLY intends to supplement this with regular mandatory online training linked to the code of conduct to enhance compliance.

Whistleblower process

To ensure a good internal environment in which employees and business partners feel confident about reporting suspicions of impropriety, NELLY has a whistleblower policy that describes the entire whistleblower process. Suspicions can be reported anonymously, and the information will be investigated. Whistleblowing is expected of employees when necessary. In 2025, NELLY received no reports of impropriety.

Anti-corruption and transparency

KPI: Number of confirmed whistleblower reports: 0 (2024: 0)

IT security & customer privacy

KPI: Number of identified data leaks

1. Number of breaches reported to the Swedish Authority for Privacy Protection (IMY) (formerly the Swedish Data Protection Authority): 0 (2024: 1)

2. Number of personal data breaches: High: 0, medium: 0, low: 129* (2024: high: 0, medium: 1, low: 21)

* The procedures for reporting personal data breaches were changed in 2025, leading to an increase in the number of breaches compared to previous years. All breaches are low risk, and most involved a customer entering the wrong mobile number or email address, which may have led to data about their purchases becoming available to a recipient other than the one intended.

Auditor's report on the statutory sustainability report



To the general meeting of the shareholders in Nelly Group AB (publ), corporate identity number 556035-6940

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2025 on pages 10–36 and that it has been prepared in accordance with the Swedish Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Borås, 16 April 2026

Öhrlings PricewaterhouseCoopers AB

Mattias Palmqvist
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Directors' report

Directors' report

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

Operations

Nelly offers fashion to trend-conscious young consumers, primarily through Nelly.com and NLYMan.com, and via Nelly's flagship stores. In 2025, net revenue was SEK 1,263.6 (1,094.3) million and the operating profit was SEK 166.4 (93.1) million. Profit/loss after tax amounted to SEK 168.5 (83.4) million.

The sale of own brands amounted to 57.5 (44.2) percent of sales. The return rate amounted to 25.6 (29.9) percent. Nelly had an average of 162 (151) employees during the year, of whom 64 percent (62 percent) were women.

Financial position and earnings

SEK million	2025	2024
Net revenue	1,263.6	1,094.3
Gross profit	686.0	581.4
Gross margin (%)	54.3%	53.1%
Operating profit/loss	166.4	93.1
Operating margin (%)	13.2%	8.5%
Net financial items	-12.0	-10.8
Profit/loss before tax	154.5	82.3
Profit/loss after tax	168.5	83.4
Basic and diluted earnings per share (SEK)	5.62	2.78
Total assets	989.7	898.5

Net revenue

Net revenue was SEK 1,263.6 (1,094.3) million, corresponding to a rise of 15.5% (3.2%). The change in relation to the previous year is explained primarily by higher online sales before returns, a lower return rate and higher sales in the physical stores. Of net revenue for the year, SEK 635.8 (559.0) million was in Sweden, SEK 569.5 (518.7) million in the rest of the Nordic region and SEK 58.3 (16.6) million in the rest of the world. In local currencies, revenue increased by 17.8% in 2025.

Operating expenses

Cost of goods sold totalled SEK 577.6 (512.9) million and the gross margin was 54.3 (53.1) percent. A higher proportion of own-brand sales made a positive contribution to the gross margin compared with 2024.

Warehousing and distribution costs amounted to SEK 146.6 (142.9) million in 2025. The higher warehousing and distribution costs were the result of higher sales, while improvements in warehouse processes, optimisation of distribution and the lower return rate made a positive contribution to expenses in relation to net revenue.

Marketing costs amounted to SEK 124.8 (117.0) million. The costs relate primarily to paid advertising, but also include costs for brand-building activities. The increase on 2024 relates primarily to higher traffic linked to higher sales, while costs improved in relation to net revenue from 10.7% for 2024 to 9.9% for 2025.

Administrative expenses amounted to SEK 249.5 (228.7) million, with higher expenses for employees and consultants as two drivers during the year.

Operating profit was SEK 166.4 (93.1) million, the improvement being mainly driven by higher gross profit.

Net financial items

Net financial items totalled SEK -12.0 (-10.8) million in 2025. Expenses for the full year were mainly attributable to interest on lease liabilities and tax respite.

Tax

Recognised tax was SEK 14.1 (1.1) million for the year, and the improved amount for 2025 was attributable to a non-cash tax outcome linked to appreciation of deferred tax assets.

Profit/loss after tax

Profit after tax was SEK 168.5 (83.4) million as a result of higher operating profit. As at 31 December, the number of shares was 30,542,782 (30,494,832), of which 30,074,075 (30,026,125) ordinary shares and 468,707 (468,707) class C shares. Basic and diluted earnings per share amounted to SEK 5.62 (2.78), based on the weighted average number of shares outstanding during the year. Please note that the class C shares and 42,747 class B shares are held by Nelly Group AB and are thus not outstanding.

Cash flow and financial position

Cash flow from operating activities before changes in working capital was SEK 210.0 (140.0) million for the year.

Cash flow from operations after changes in working capital amounted to SEK 123.1 (154.6) million for the year and the difference from 2024 is attributable to higher earnings, while repayments of respite and higher inventories made a negative contribution to cash flow for the year. Investments in non-current assets, primarily attributable to IT and technology-related investments and the store opening in Copenhagen, amounted to SEK -32.1 (-22.4) million for the year.

Cash flow from financing activities totalled SEK -34.1 (-56.4) million for the year and is attributable to repayment of lease liabilities. Total assets were SEK 989.7 (898.5) million as a result of higher cash.

Equity amounted to SEK 406.4 (237.1) million at the year end. At the year end, the Group had cash and cash equivalents of SEK 253.8 (196.9) million. The payment respite for taxes and contributions was SEK 42.9 (95.3) million at the year end, and the amount is being repaid under an established repayment plan.

Environmental initiatives

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

Employees

Nelly recognises that its employees are crucial to its operations. Attracting, developing and retaining employees is necessary to achieve success and meet established targets for growth and business development. The average number of employees during the year was 162 (151). Information on average number of employees and payroll expenses is available in Notes 20 and 21.

Parent company

Nelly Group AB (publ) is the parent company of the Nelly Group and owns and manages financial assets in the form of shares in the Group's subsidiaries. The parent company holds shares in the subsidiaries as specified in Note 10. The parent company has the same risks and uncertainties as the Group. Parent company net revenue totalled SEK 0.0 (1.8) million. Administrative expenses totalled SEK 12.8 (10.1) million and consist of expenses of a recurring nature, primarily related to running Nelly Group AB as a publicly listed company with expenses for central operations, board fees and auditing fees.

Nelly Group AB had net revenue of SEK 0.0 (1.8) million for the year. Profit before tax amounted to SEK 171.1 (93.1) million for the full year. Cash and cash equivalents in the parent company amounted to SEK 0.0 (10.5) million at the year end.

Net financial items totalled SEK -0.3 (-0.6) million. The parent company received Group contributions of SEK 184.1 (102.0) million from subsidiaries.

As at 31 December 2025, Nelly Group AB had 30,542,782 shares issued, of which 30,074,075 were ordinary shares and 468,707 were class C shares. The share capital was SEK 30,542,782, and each share had a quotient value of SEK 1.00. The class C shares and 42,747 class B shares are held by Nelly Group AB and are thus not outstanding. These shares may not be represented at general meetings.

Proposed appropriation of profits

These amounts are at the disposal of the shareholders as at 31 December 2025 (SEK):

Share premium reserve	1,440,291,536
Retained earnings	-1,112,233,822
Profit for the year	184,931,355
Total	512,989,070

The Board proposes that the retained earnings, share premium reserve and profit for the year, a total of SEK 512,989,070, be carried forward.

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



Risk

Risk factors

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

Industry and market risks

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

Operational risks

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

Financial risks

- Currency risk
- Credit risk
- Interest rate risk
- Liquidity risk

Legal risks

- Legislation, regulations and compliance
- Intellectual property rights

Industry and market risks

The market

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

Competition

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

Seasonal variations

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

Risks related to fashion trends

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

Economic situation and consumer purchasing power

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

Operational risks

Disruption in IT and control systems and cyberattacks

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

Supplier relationships

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

Warehousing and distribution

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

Expansion into new markets and new segments

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

Ability to recruit and retain staff

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

Risk

Financial risks

Currency risk

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

Credit risk

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

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to fulfil its commitments associated with financial liabilities. This risk is managed by ensuring that there is enough cash and cash equivalents and the ability to increase available financing. At the year end, the Group had cash and cash equivalents of SEK 253.8 (196.9) million and unutilised credit facilities of SEK 60.0 (60.0) million.

Legal risks

Legislation, regulations and compliance

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

Intellectual property rights

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

Disputes, claims and litigation

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



Shares and shareholders

Share data

Nelly Group AB's shares are listed on the Nasdaq Stockholm Mid Cap under the ticker symbol NELLY. Nelly Group's market capitalisation on Nasdaq Stockholm on the last trading day of 2025 was SEK 3,317 million.

Shareholders on 31 December 2025

	Capital (%)	No. of shares
Rite Ventures	34.0%	10,381,570
Stefan Palm**	16.7%	5,106,605
Avanza Pension	4.4%	1,338,097
Nordnet Pensionsförsäkring	2.5%	750,855
Klas Bengtsson	2.4%	727,000
Nelly Group AB*	1.7%	511,454
Alexander Eskilsson	1.6%	485,000
Handelsbanken Fonder	1.3%	396,309
American Century Investment Management	1.1%	329,114
SEB Funds	0.7%	218,825
Swedbank Försäkring	0.5%	164,916
eQ Asset Management	0.5%	150,000
Ebba Ljungerud	0.4%	121,667
Storebrand Asset Management	0.4%	119,697
Staffan Bolinder	0.3%	102,000
15 biggest	68.4%	20,903,109
Others	31.6%	9,639,673
Total	100.0%	30,542,782

* Includes 468,707 class C shares held by Nelly. Own shares that are held by the company may not be represented at general meetings of shareholders. *Source: Modular Finance (Monitor's ownership summary for December 2025)*

** Holds shares via the company ettfemsju själ AB

Share capital

As at 31 December, the number of shares and votes was 30,542,782, of which 30,074,075 ordinary shares and 468,707 class C shares. The share capital was SEK 30,542,782 and each share had a quotient value of SEK 1.00. Each ordinary share and class C share entitles the holder to one (1) vote. The class C shares held by Nelly Group are not entitled to dividends and may not be represented at a general meeting. Share capital in the Group amounted to SEK 30,542,782 at the year end. For changes in the share capital in 2024 and 2025, see Note 14. As at 31 December 2025, there were 85,207 (8,300) outstanding share rights/shares attributable to the company's share-based incentive plans. See Note 21 for more information. The company is not aware of any agreements between shareholders that would limit rights to transfer shares.

Dividend

The parent company paid no ordinary dividend in 2025. The Board proposes no ordinary dividend for the 2025 financial year.

Share price development

In 2025, the closing share price moved from its lowest level of SEK 29.95 on 3 January to its highest level of SEK 112.8 on 22 December. On the last trading day of the year, the closing price was SEK 108.6.

Source: Modular Finance

Trading volume

Average share turnover per day for all markets was 165,485, and the total share turnover for the year was 41,205,766. *Source: Modular Finance*

Ownership

Swedish share ownership accounted for 86.75% of the capital and votes, and foreign ownership for 13.25% of the capital and votes.

Source: Modular Finance

Authorisation

The Board of Directors may, up to the 2026 AGM, decide on a new issue of ordinary shares, warrants and/or convertible instruments on one or more occasions. An increase in share capital, which includes the issue of, conversion to or new subscription for ordinary shares, may correspond to a dilutive effect of no more than 25 percent of the share capital in Nelly at the time of the AGM. A new issue of ordinary shares, warrants and/or convertible instruments must be feasible with or without departure from shareholders' preferential rights.

The purpose of such authorisation and the reason for any departure from shareholders' preferential rights are to increase the company's flexibility by injecting new capital into the company to finance operations and the acquisition of companies, operations or parts of them.

The Board of Directors may, up to the 2026 AGM, decide on buy-backs and transfers of own ordinary shares on one or more occasions. Buy-backs must take place on Nasdaq Stockholm. Share buy-backs must not result in the company's holding exceeding ten percent of all shares in Nelly at any time. Transfers must take place (i) on Nasdaq Stockholm or (ii) outside Nasdaq Stockholm in connection with acquisitions of companies or operations. No more ordinary shares may be transferred than the number of shares held by Nelly at the time of the Board's decision on the transfer.

The purpose of the authorisation for buy-backs and transfers of own ordinary shares, and the reason for departure from shareholders' preferential rights (regarding the transfer of own shares), is to permit the company to seize potential acquisition opportunities when they arise. The purpose of the authorisation for buy-backs of own ordinary shares is also to give the Board more options in its work to create long-term shareholder value and total return.



Corporate governance report

Corporate governance in Nelly Group is based on Swedish legislation and generally accepted good practice in the securities market. Nelly Group reported a departure from the Swedish Code of Corporate Governance (the Code) in terms of the composition of the Nomination Committee in 2025, as described under 'Nomination Committee' below. Nelly Group made no other departures from the Code and did not breach Nasdaq Stockholm's rules for issuers or good stock market practice in 2025.

General meetings

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

The AGM must be held within six months of the end of the financial year. The AGM makes decisions on adoption of the income statement and balance sheet for the company and the consolidated income statement and balance sheet, appropriation of the company's earnings according to the adopted balance sheet, discharge of liability for the Board and CEO, election of the Board and its chair, election of auditors and certain other matters provided for by law and the Articles of Association. The annual general meeting for the 2024 financial year was held in Stockholm on 23 May 2025. The minutes of the AGM are available on the website at www.nellygroup.com.

The annual general meeting for the 2025 financial year will be held in Stockholm on 18 May 2026. More information about the annual general meeting, including instructions on how to register, are included in the notice published in a press release on 15 April 2026 and is available on the website at www.nellygroup.com.

Shareholders

Information on Nelly's ownership structure, share capital and shares is available on page 43. The company's largest shareholders as at 31 December 2025 were Rite Ventures, with a share of capital and votes of approximately 34.0 percent, and Stefan Palm (via ettfemsju själ AB), with a share of capital and votes of approximately 16.7 percent. There are no other shareholders with a direct or indirect shareholding in the company that represents at least one tenth of the number of votes for all shares in the company. Information to shareholders includes interim and year-end reports, annual reports and press releases on significant events. All such reports, press releases and other information can be found on the website at www.nellygroup.com.

Nomination Committee

Instructions for the Nomination Committee were adopted at the AGM on 13 May 2024. Under the instructions, which remain valid until the AGM decides otherwise, the Nomination Committee must consist of a representative of each of the three largest shareholders in Nelly Group, in terms of numbers of votes, based on the share register kept by Euroclear Sweden AB as at the last day of trading in September every year. The current instructions for the Nomination Committee are available on the website at www.nellygroup.com.

The Nomination Committee for the 2024 AGM consisted of Hugo Näslund, appointed by Rite Ventures, Stefan Palm, appointed by ettfemsju själ AB, and Alexander Antas, appointed by Mandatum Life Insurance Company. Hugo Näslund was the chair of the Nomination Committee. In its work, the Nomination Committee applied rule 4.1 of the Code on diversity policy. The Nomination Committee thus considered the importance of increased

diversity on the Board in terms of gender, age and nationality, as well as experience, occupational background and business areas. Further information is available in the Nomination Committee's reasoned statement to the 2024 AGM, which is available on the website at www.nellygroup.com.

In accordance with the Nomination Committee instructions adopted at the 2024 AGM, the Chair of the Board convened a Nomination Committee to prepare proposals for Nelly Group's 2026 AGM. The Nomination Committee for the 2026 AGM consisted initially of Victor Mellgren, appointed by Rite Ventures, Stefan Palm, appointed by ettfemsju själ AB, and Alexander Antas, appointed by Mandatum Life Insurance Company. Victor Mellgren was appointed chair of the Nomination Committee. As Mandatum Life Insurance Company divested its holding in Nelly Group after the initial Nomination Committee was appointed, Alexander Antas was replaced by Frank Larsson, appointed by Handelsbanken Fonder AB, as a new member of the Nomination Committee on 17 December 2025. After the change, the Nomination Committee for Nelly Group's 2026 AGM consists of Victor Mellgren, appointed by Rite Ventures, Stefan Palm, appointed by ettfemsju själ AB, and Frank Larsson, appointed by Handelsbanken Fonder AB. Victor Mellgren remains chair of the Nomination Committee.

The Nomination Committee has declared that its composition is deemed to be in the interests of the company and all shareholders. The principal shareholders represented on the Nomination Committee consider it desirable for the representative of the shareholder with the highest number of votes to also be the chair of the Nomination Committee.

The full proposals by the Nomination Committee for the 2026 AGM are included in the notice published in a press release on 15 April 2026 and are available on the website at www.nellygroup.com.

Board of Directors

The Board of Directors is elected at the AGM for the period up to and including the end of the following AGM. The Articles of Association do not include any restrictions regarding the eligibility of Board members or special provisions amending them. According to the Articles of Association, the Board should consist of a minimum of three and a maximum of nine members. The AGM on 23 May 2025 decided to re-elect Ebba Ljungerud, Stefan Palm, Josephine Bernadotte and Lennart Sparud, and to elect Lars Axelsson and Mikaela Willman as new members of the Board for the period until the end of the 2026 AGM. The AGM also decided to re-elect Ebba Ljungerud as Chair of the Board.

In 2025, the Board met the requirements of the Code for the majority of its members to be independent of the company and its management and for at least two members to also be independent of the company's largest shareholders. Further information on the Board members is available on pages 50–51.

Responsibilities and duties of the Board

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

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

The work of the Board is based on rules of procedure that are adopted every year. The rules of procedure govern the allocation of duties and responsibilities between Board members, the Chair of the Board and the CEO, and

contain procedures for financial reporting and other instructions for the CEO. The Board also adopts instructions for the Board's committees.

The Board's duties

The Board held 13 meetings during the year, of which one statutory meeting. Board members receive a written agenda before each ordinary Board meeting. The agenda is based on the rules of procedure adopted by the Board. They also receive full documentation for the purposes of information and to enable them to make informed decisions. The CEO reports to the meetings, as does the company's Chief Financial Officer. Other members of the company management also attend and report on particular matters. Attendance by the Board members at Board and committee meetings is shown in the table below. Important issues discussed by the Board of Nelly Group during the year include the company's liquidity and financing, dividend to shareholders, purchasing strategy, cost savings and continued streamlining of internal procedures and governance processes.

Attendance at Board and committee meetings in 2025

Name	Board of Directors	Audit Committee	Remuneration Committee
Total meetings in 2024	13	5	3
Ebba Ljungerud	13/13	5/5	3/3
Stefan Palm	13/13		
Josephine Bernadotte	13/13	-	-
Lennart Sparud	13/13	5/5	-
Mikaela Willman ¹⁾	7/8	5/5	1/1
Lars Axelsson ²⁾	8/8	2/2	-
Axel Westphalen ³⁾	5/5	2/3	2/2
Daniel Hörnqvist ⁴⁾	5/5	-	-

¹⁾ Became a Board member and member of the Remuneration Committee in May 2025

²⁾ Became a Board member and member of the Audit Committee in May 2025

³⁾ Ceased to be a Board member and member of the Remuneration and Audit Committees in May 2025

⁴⁾ Ceased to be a Board member in May 2025

Assessment of the Board of Directors and the CEO

The Chair of the Board of Directors initiates an annual assessment of the work of the Board, including the effectiveness of its working methods and how they can be improved. The assessment of the Board's work in 2025 was carried out by the Chair of the Board by means of a survey. The results of the assessment were presented to the Nomination Committee by the Chair of the Board and also reported in writing to the Nomination Committee. The Board also regularly assesses the work of the CEO. An assessment is performed at least once a year in the absence of the CEO.

Board committees

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

Remuneration Committee

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

Audit Committee

The Audit Committee consists of Lennart Sparud (chair), Ebba Ljungerud and Lars Axelsson. The Audit Committee's tasks are described in Chapter

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

Remuneration of Board members

The AGM on 23 May 2025 resolved that the fee for ordinary Board duties and duties on a Board committee for the period up to the 2025 AGM would be a total of SEK 2,105,000, of which SEK 650,000 for the Chair of the Board, SEK 250,000 for each of the other five Board members, SEK 75,000 for the Chair and SEK 30,000 for each of the other two members of the Audit Committee, and SEK 50,000 for the Chair and SEK 20,000 for the other member of the Remuneration Committee. For additional information on remuneration of Board members, see Note 21 on page 91.

External auditors

Under the Articles of Association, the company must have at least one and at most three registered accountancy firms as its auditors. The duties of the auditor apply until the end of the AGM held after the year in which the auditor was appointed. At the AGM on 23 May 2025, Öhrlings PricewaterhouseCoopers AB (PWC) was elected as the new auditor up to the end of the 2026 AGM. PWC has been the company's external auditor since 2025. Mattias Palmqvist, Authorised Public Accountant, was appointed the new auditor in charge. Audit engagements involve examination of the annual report and financial accounting, administration by the Board and CEO, other tasks related to the duties of a company auditor and consultation or other services that may result from observations noted during such examination or implementation of such other engagements.

The auditor reports its findings to the shareholders by means of the auditor's report, which is presented to the AGM. In addition, the auditor reports its findings to the Audit Committee twice a year and to the full Board once a year, and annually provides written assurance of its impartiality and independence to the Audit Committee. PWC also provided certain other services in 2025 in addition to the audit. These services comprised tax advisory services. For more information, see Note 22 on page 98.

CEO and company management

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

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

Guidelines for remuneration of senior executives

The following guidelines for remuneration of the CEO and other members of the management team (the 'senior executives') of Nelly Group ('Nelly') and of Board members, where they receive remuneration for tasks other than Board duties, were adopted at the AGM on 13 May 2024. The guidelines must be applied to remuneration that is agreed, and changes made to

remuneration already agreed, after the guidelines were adopted by the 2024 AGM. The guidelines do not include remuneration adopted by the annual general meeting such as ordinary Board fees and long-term share/share price-related incentive plans.

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

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

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

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

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

Types of remuneration

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

Fixed cash salary

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

Variable cash remuneration

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

Additional cash variable remuneration may be paid in extraordinary circumstances, provided that such extraordinary arrangements are only made at individual level either to recruit or retain an executive or as remuneration for extraordinary performance above and beyond the person's ordinary duties. Such remuneration may not exceed an amount equivalent to 100 per-

cent of fixed annual cash salary. Any decision on such remuneration must be made by the Board of Directors following a proposal by the Remuneration Committee.

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

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

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

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

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

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

Pension and other customary benefits

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

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

Notice of termination and severance pay

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

Salary and terms of employment for employees

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

is reported in annual remuneration reports.

Remuneration of Board members

Members of the Board of Directors of the parent company, who are appointed at the annual general meeting, may, in special cases, receive remuneration for services performed within their respective specialist areas that fall outside their ordinary Board duties

for the parent company. Remuneration for such services must be market-based and approved by the Board.

Decision-making process

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

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

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

Deviations from the guidelines

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

Description of material changes and how shareholders' views are taken into account

There have been no material changes to the remuneration guidelines in relation to the guidelines adopted by the EGM on 16 December 2020. Shareholders have not presented any material views on the remuneration guidelines. For information about remuneration paid to senior executives in 2025, see Note 21 on page 91.

Proposed new guidelines for remuneration of senior executives

The Remuneration Committee has recommended that the Board of Directors propose an amendment to the remuneration guidelines relating to annual variable cash remuneration.

Consequently, the Board of Directors proposes that the 2026 Annual General Meeting adopt updated guidelines for remuneration of the CEO and other members of the management team (the 'senior executives') of Nelly Group ('Nelly') and of Board members, where they receive remuneration for tasks other than Board duties as shown below. The guidelines must be applied to remuneration that is agreed when the employee is initially employed, and changes made to remuneration already agreed, after the guidelines were adopted by the 2026 AGM. The guidelines do not include remuneration adopted by the annual general meeting such as ordinary Board fees and long-term share/share price-related incentive plans.

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

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

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

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

The Board considers that participation in any long-term incentive plans, plus carefully balanced fixed remuneration, create the conditions for Nelly to be a competitive employer.

Types of remuneration

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

Fixed cash salary

Senior executives' fixed cash salaries are revised each year. They must be competitive and based on the individual's skills, responsibilities and performance. The company must also endeavour to compare levels of remuneration with relevant market practice, where reliable data is available.

Variable cash remuneration

Cash variable remuneration may be paid in extraordinary circumstances, provided that such extraordinary arrangements are only made at individual level either to recruit or retain a senior executive or as special remuneration for extraordinary performance above and beyond the person's ordinary duties. Such remuneration may not exceed an amount equivalent to 100 percent of fixed annual cash salary.

The Remuneration Committee is authorised, within specified limits, to decide on the payment of extraordinary cash variable remuneration up to a maximum individual limit of three (3) monthly salaries per senior executive or, where appropriate, other employee, and a maximum total limit of SEK 1 million per annum. Decisions made within these limits must be reported to the Board of Directors. Extraordinary cash variable remuneration in excess of these individual or annual limits may only be decided by the Board of Directors in accordance with existing instructions and remuneration principles.

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

Long-term share-related incentive plans

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

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

out to be obviously incorrect (claw-back).

Pension and other customary benefits

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

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

Notice of termination and severance pay

On termination of employment, the notice period may not exceed twelve (12) months. The total of fixed cash salary during the notice period and severance pay may not exceed an amount equivalent to the fixed cash salary for eighteen (18) months for the CEO and twelve (12) months for other senior executives. On termination by a senior executive, the notice period may not exceed six (6) months, and the employee is not entitled to severance pay.

Salary and terms of employment for employees

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

Remuneration of Board members

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

Decision-making process

The Board has established a Remuneration Committee. The duties of the committee include preparing the Board's decisions on proposals for guidelines for remuneration of senior executives. At least every four (4) years, the Board must submit a proposal for guidelines for remuneration of senior executives to the annual general meeting for resolution. The guidelines must apply until new guidelines have been adopted by the annual general meeting. The Remuneration Committee must also monitor and assess plans for variable remuneration of the company management, the application of these guidelines for remuneration of senior executives and the remuneration structures and levels of remuneration in the company.

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

Deviations from the guidelines

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

Description of material changes and how shareholders' views are taken into account

In relation to the remuneration guidelines adopted by the EGM on 16 December 2020, the Board of Directors has decided to remove the opportunity for annual variable cash remuneration for senior executives. No other material changes have been made to the remuneration guidelines. Shareholders have not presented any material views on the remuneration guidelines.

Internal control of financial reporting

Nelly Group's procedures for internal control, risk assessment, control activities and monitoring regarding financial reporting are designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS accounting standards, applicable laws, regulations and other requirements for listed companies on Nasdaq Stockholm. This work involves the Board, executive management and other staff.

Control environment

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

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

Risk assessment and control activities

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

Information and communication

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

Monitoring

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

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

Board of Directors



Ebba Ljungerud
Chair

Ebba Ljungerud was elected Chair of the Board of Directors of Nelly in 2023. Ebba Ljungerud is Chair of the Board of Directors of Canucci AB and a Board member of Kjell Group AB (publ) and Goals AB. Ebba is also President and CEO of RugVista Group AB (publ).

Her previous positions include CEO of Paradox Interactive AB (publ), several senior roles at Kindred Group PLC and Betsson AB (publ) and Board member of Paradox Interactive AB (publ) and Bingo.com Ltd.

Ebba is an economics graduate from Lund University.

Swedish
Born 1972

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

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



Stefan Palm
Board member

Stefan Palm was elected a Board member of Nelly in 2022. Stefan has over 30 years' experience in the fashion and textile industries and is the founder, Board member and CEO of Lager 157 AB.

Stefan is also a Board member of Bucky Studios AB and W sports-media AB.

Swedish
Born 1970

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

Shareholding (including any related person's holding as at 31 December): 5,106,605 shares



Josephine Bernadotte
Board member

Josephine Bernadotte was elected a Board member of Nelly in 2020. Josephine is a managing partner and Board member of Rite Ventures and Chair of the Board of Directors of Söder Sportfiske AB.

Her previous positions include Chair of the Board of Directors of Skincity and Board member of Paradox Interactive AB and CDON AB.

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

Swedish
Born 1984

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

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



Lars Axelsson
Board member

Lars Axelsson was elected a Board member of Nelly in 2025.

Lars is CSO and COO of STC Scandinavian Training Center. He has over 20 years of experience from international retail and e-commerce companies such as the H&M Group, where his positions included Head of Merchandising, and he has held several senior global positions.

Lars was also COO and co-founder of Arket and Sales Manager of & Other Stories, and worked on business development for Monki.

Lars has a degree in business administration from Bond University in Australia, and studied economics and IT at IHM Business School in Gothenburg.

Swedish
Born 1979

Independent of the company, executive management and major shareholders.

Shareholding (including any related person's holding as at 31 December): 1,000 shares.



Mikaela Willman
Board member

Mikaela Willman was elected a Board member of Nelly in 2025. Mikaela is also a Board member of CDON AB and Frank Dandy Holding AB.

She was previously Chief of Staff of and a Board member of Cardio Health AB, worked as Engagement Manager at McKinsey & Co and managed business development for H&M's e-commerce division.

She has a degree in International Business from the University of Warwick.

Swedish
Born 1989

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

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



Lennart Sparud
Board member

Lennart Sparud was elected a Board member of Nelly in 2023. Lennart is CFO of Tollsbo Group AB. Lennart is also a Board member of SETEK Group AB, Spencer Invest AB, AJ Produktion AB and DPJ Workspace AB.

He was previously a Board member of Alelion Energy Systems AB (publ) and CFO of companies including Hexatronic Group AB (publ), Thunderful Group AB (publ), Salinity Group AB, Vagabond International Aktiefbolag, Profura AB and Hjo Installation AB.

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

Swedish
Born 1969

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

Chair of the Audit Committee of Nelly Group.

Shareholding (including any related person's holding as at 31 December): 5,000 shares

The current Board was elected until the AGM, which will be held on 18 May 2026.

Management



Helena Karlinder-Östlundh
CEO

Born 1981

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

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

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

Shareholding (including any related person's holding as at 31 December): 26,042 shares.



Josefin Dalum
Chief Financial Officer

Born 1983

Josefin Dalum took up the role of Chief Financial Officer (CFO) in March 2026.

Josefin has many years of experience in consumer businesses, most recently as CEO, and before that CFO, of NetOnNet with responsibility for operations in both Sweden and Norway. She has solid experience of strategic change management, financial governance, including profitability improvements, and commercial development in e-commerce and retail.

Josefin also has previous experience of public companies as she held the roles of Group CFO and acting CEO of Moment Group AB (publ). She also worked as a consultant for Polestar Automotive and has a background as an auditor at EY.

Josefin has a Master's degree from the School of Economics and Management at Lund University.

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



Lotta Fermén
Chief Assortment Officer

Born 1986

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

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

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

Shareholding (including any related person's holding as at 31 December): 5,651 shares.



Madeleine Einarsson
Chief Sales Officer

Born 1993

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

Madeleine's most recent role was as Sales Manager at Nelly, in which her responsibilities included sales and performance marketing.

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

Shareholding (including any related person's holding as at 31 December): 5,405 shares.



Anders Hellberg
Chief Technology Officer

Born 1971

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

Anders' most recent role was as Client Director at Avensia, in which he was responsible for partnerships with organisations such as Kappahl, Haglöfs, Nordic Nest, Bygghemma, Trademax and Chilli. Before then, he spent 12 years at Stena Line, where he managed digital business development.

Anders studied engineering at Chalmers University of Technology in Gothenburg.

Shareholding (including any related person's holding as at 31 December): 14,830 shares.



Stefan Svensson
Chief Operations Officer

Born 1980

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

Stefan previously worked at NetOnNet, where he was responsible for logistics. Stefan has also worked in consumer electronics distribution and for a number of years as a consultant in logistics development.

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

Shareholding (including any related person's holding as at 31 December): 38,326 shares.

Consolidated income statement

(SEK million)	Note	2025	2024
Net revenue	4	1,263.6	1,094.3
Cost of goods sold	13	-577.6	-512.9
Gross profit		686.0	581.4
Warehousing and distribution costs		-146.6	-142.9
Marketing costs		-124.8	-117.0
Administrative expenses		-249.5	-228.7
Other operating income	5	1.3	0.4
Other operating expenses	5	-	-0.1
Operating profit		166.4	93.1
Financial income	6	3.5	7.0
Financial expenses	6	-15.5	-17.8
Profit before tax		154.5	82.3
Tax	7	14.1	1.1
Profit/loss after tax		168.5	83.4
Attributable to:			
Parent company shareholders		168.5	83.4
Profit for the year		168.5	83.4
Basic earnings per share (SEK)	26	5.62	2.78
Diluted earnings per share (SEK)	26	5.62	2.78

Consolidated statement of comprehensive income

(SEK million)	Note	2025	2024
Profit for the year		168.5	83.4
<i>Other comprehensive income</i>			
Items that have been or can be reclassified to profit or loss			
Translation differences for foreign operations for the year		-0.1	-
Other comprehensive income for the year	14	-0.1	-
Comprehensive income for the year		168.4	83.4
Comprehensive income for the year attributable to:			
Parent company shareholders		168.4	83.4
Comprehensive income for the year		168.4	83.4

Consolidated statement of financial position

(SEK million)	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
	8		
Goodwill		39.7	39.7
Domains		0.1	0.1
Capitalised development expenditure		44.1	36.7
Projects in progress		0.1	1.5
Total intangible assets		84.0	78.0
<i>Property, plant and equipment</i>			
Leasehold improvements	9	3.1	4.3
Equipment	9	15.8	8.3
Right-of-use assets	19	269.7	265.3
Total property, plant and equipment		288.6	277.9
<i>Financial assets</i>			
Deposits		37.0	38.0
Total financial assets		37.0	38.0
Deferred tax asset	7	90.4	76.2
Total non-current assets		500.0	470.1
Current assets			
<i>Inventories</i>			
Goods for resale	13	188.2	172.6
Total inventory		188.2	172.6
<i>Current receivables</i>			
Trade receivables	11	22.6	21.8
Current tax asset		3.7	3.7
Other receivables, non-interest-bearing		7.3	7.6
Prepaid expenses and accrued income	12	14.0	25.7
Total current receivables		47.7	58.8
<i>Cash and cash equivalents</i>			
Cash and bank balances	18	253.8	196.9
Total cash and cash equivalents		253.8	196.9
Total current assets		489.7	428.3
Total assets		989.7	898.5

Consolidated statement of financial position, continued

(SEK million)	Note	31 Dec 2025	31 Dec 2024
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	14		
Share capital		30.5	30.5
Other capital contributions		1,441.2	1,441.2
Retained earnings including profit for the year		-1,065.3	-1,234.6
Total equity attributable to parent company shareholders		406.4	237.1
Non-current liabilities			
<i>Interest-bearing</i>			
Lease liabilities	19	250.9	251.5
Total non-current interest-bearing liabilities		250.9	251.5
<i>Non-interest-bearing</i>			
Provisions	15	2.6	-
Other liabilities		11.0	42.9
Total non-current non-interest-bearing liabilities		13.6	42.9
Total non-current liabilities		264.5	294.4
Current liabilities			
<i>Interest-bearing</i>			
Lease liabilities	19	36.2	35.7
Total current interest-bearing liabilities		36.2	35.7
<i>Non-interest-bearing</i>			
Trade payables		80.9	85.4
Other liabilities		81.3	84.7
Accrued expenses and deferred income	16	120.4	161.1
Total current non-interest-bearing liabilities		282.5	331.2
Total current liabilities		318.7	366.9
Total liabilities		583.2	661.3
Total equity and liabilities		989.7	898.5

For information on pledged assets and contingent liabilities, see Note 17.

Consolidated statement of changes in equity

(SEK million) <i>Note 14</i>	Equity attributable to parent company shareholders					Total equity
	Share capital	Other capital contributions	Translation reserve	Retained earnings including profit for the year		
Opening balance, 1 January 2024	30.5	1,441.2	-	-1,293.1	178.6	
Comprehensive income for the year						
Profit for the year	-	-	-	83.4	83.4	
Comprehensive income for the year	-	-	-	83.4	83.4	
Dividend	-	-	-	-24.9	-24.9	
Closing balance, 31 December 2024	30.5	1,441.2	-	-1,234.6	237.1	
Opening balance, 1 January 2025	30.5	1,441.2	-	-1,234.6	237.1	
Comprehensive income for the year						
Profit for the year	-	-	-	168.5	168.5	
Other comprehensive income for the year	-	-	-0.1	-	-0.1	
Comprehensive income for the year	-	-	-0.1	168.5	168.4	
New share issue	0.0	-	-	-	-	
Incentive plan	-	-	-	0.8	0.8	
Closing balance, 31 December 2025	30.5	1,441.2	-0.1	-1,065.2	406.4	

Consolidated statement of cash flows

(SEK million)	Note	2025	2024
Operating activities			
Profit/loss before tax	23	154.5	82.3
Adjustments for items not included in cash flow	23	55.6	56.9
Income tax paid		-0.1	0.8
Cash flow from operating activities before change in operating profit/loss		210.0	140.0
<i>Cash flow from changes in working capital</i>			
Increase (-)/decrease (+) in inventories		-39.1	-20.4
Increase (-)/decrease (+) in other current receivables		6.0	7.1
Increase (+)/decrease (-) in trade payables		-4.4	-4.9
Increase (+)/decrease (-) in other current liabilities		-49.3	32.8
Total cash flow from changes in working capital		-86.9	14.6
Cash flow from operating activities		123.1	154.6
Investing activities			
Investments in intangible assets		-20.6	-21.2
Investments in property, plant and equipment		-11.5	-1.2
Cash flow from investing activities		-32.1	-22.4
Financing activities			
Repayment of lease liability		-34.1	-31.5
Dividend		-	-24.9
Cash flow from financing activities		-34.1	-56.4
Change in cash and cash equivalents		56.9	75.8
Cash and cash equivalents, start of year		196.9	121.1
Exchange difference, cash and cash equivalents		0.0	0.0
Cash and cash equivalents, end of year		253.8	196.9

Income statement – parent company

(SEK million)	Note	2025	2024
Net revenue		0.0	1.8
Gross profit		0.0	1.8
Administrative expenses		-12.8	-10.1
Operating profit		-12.8	-8.3
Interest income and similar items		-	-
Interest expenses and similar items	6	-0.3	-0.6
Profit/loss after financial items		-13.1	-8.9
Group contributions received		184.1	102.0
Profit before tax		171.1	93.1
Tax	7	13.9	-
Profit for the year		184.9	93.1

Statement of comprehensive income – parent company

(SEK million)	2025	2024
Profit for the year	184.9	93.1
Other comprehensive income		
<i>Items that have been or can be reclassified to profit or loss</i>	-	-
Other comprehensive income for the year	-	-
Comprehensive income for the year	184.9	93.1

Balance sheet – parent company

(SEK million)	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Investments in subsidiaries	10	258.6	247.1
Deferred tax asset	7	85.5	71.7
Total financial assets		344.1	318.8
Total non-current assets		344.1	318.8
Current assets			
<i>Current receivables</i>			
Receivables from subsidiaries		208.7	38.8
Current tax asset		1.0	1.0
Other receivables		0.4	0.1
Prepaid expenses and accrued income	12	0.4	0.6
Total current receivables		210.5	40.5
Cash and bank balances	18	-	10.5
Total cash and cash equivalents		-	10.5
Total current assets		210.5	51.0
Total assets		554.6	369.8

Financial statements

Balance sheet – parent company, continued

(SEK million)	Note	31 December 2025	31 December 2024
EQUITY AND LIABILITIES			
Equity	14		
<i>Restricted equity</i>			
Share capital		30.5	30.5
Statutory reserve		0.8	0.8
Total restricted equity		31.3	31.3
<i>Non-restricted equity</i>			
Share premium reserve		1,440.3	1,440.3
Retained earnings		-1,112.2	-1,206.1
Profit for the year		184.9	93.1
Total non-restricted equity		513.0	327.3
Total equity		544.3	358.6
Non-current liabilities			
Provisions	15	2.6	0.0
Other liabilities		1.1	4.0
Total non-current liabilities		3.7	4.0
Current liabilities			
Bank overdraft facility	18	1.2	-
Trade payables		-	0.2
Other liabilities		1.9	2.4
Accrued expenses and deferred income	16	3.5	4.6
Total current liabilities		6.6	7.2
Total liabilities		10.3	11.2
Total equity and liabilities		554.6	369.8

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

Statement of changes in equity – parent company

(SEK million) <i>Note 14</i>	Restricted equity			Non-restricted equity		Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year	
Opening balance, 1 January 2024	30.5	0.8	1,440.3	-1,192.7	11.4	290.3
Comprehensive income for the year						
Profit for the year	-	-	-	-	93.1	93.1
Comprehensive income for the year	-	-	-	-	93.1	93.1
Appropriation of profits				11.4	-11.4	-
New share issue	-	-	-	-24.9	-	-24.9
Dividend	-	-	-	1.5	-	1.5
Incentive plan	-	-	-	-	-	-
Closing balance, 31 December 2024	30.5	0.8	1,440.3	-1,206.1	93.1	358.6
Opening balance, 1 January 2025	30.5	0.8	1,440.3	-1,206.1	93.1	358.6
Comprehensive income for the year						
Profit for the year	-	-	-	-	184.9	184.9
Comprehensive income for the year	-	-	-	-	184.9	184.9
Appropriation of profits	-	-	-	93.1	-93.1	-
New share issue	0.0	-	-	-	-	-
Incentive plan	-	-	-	0.8	-	0.8
Closing balance, 31 December 2025	30.5	0.8	1,440.3	-1,112.2	184.9	544.3

Financial statements

Cash flow statement – parent company

(SEK million)		2025	2024
Cash flow from operations			
Profit/loss after financial items	23	-13.1	-8.9
Adjustments for items not included in cash flow	23	2.6	-
Cash flow from operating activities before change in working capital		-10.5	-8.9
<i>Cash flow from changes in working capital</i>			
Increase (-)/decrease (+) in other current receivables		14.1	63.6
Increase (+)/decrease (-) in trade payables		-0.2	0.1
Increase (+)/decrease (-) in other current liabilities		-4.5	-27.3
Total cash flow from changes in working capital		9.4	36.4
Cash flow from operating activities		-1.1	27.5
Investing activities			
Investment in shares in subsidiaries	10	-10.7	-
Cash flow from investing activities		-10.7	-
Financing activities			
New share issue	14	0.1	-
Dividend		-	-24.9
Cash flow from financing activities		0.1	-24.9
Cash flow for the year		-11.7	2.6
Cash and cash equivalents, start of year		10.5	7.9
Cash and cash equivalents, end of year		-1.2	10.5

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Notes

Note 1 General information

Nelly Group AB has its registered office in Borås, Sweden. The company's address is c/o Nelly NLY AB, Box 690, SE-501 13 Borås, Sweden. The consolidated income statement and balance sheet as at 31 December 2024 include the parent company and its subsidiaries. Nelly Group is a limited company listed on the Nasdaq Stockholm exchange under the ticker symbol 'NELLY'. This annual report was approved for publication by the Board and CEO on 16 April 2026.

Note 2 Accounting policies and valuation principles

2.1 Accounting policies

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

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

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

2.1.1 Information on IFRS standards or interpretations that came into effect in 2025

The IFRS standards effective as of 2025 had no impact on the consolidated financial statements.

2.1.2 Information on IFRS standards or interpretations that have not yet come into effect

IFRS 18 Presentation and Disclosure in Financial Statements is applicable to financial years starting on 1 January 2027. IFRS 18 will replace IAS 1 Presentation of Financial Statements, and will introduce new requirements aimed at achieving greater comparability in financial statements for similar companies and give users more relevant information and transparency. Among other things, IFRS 18 introduces new requirements for the structure of the income statement and disclosures of certain performance measures. Although IFRS 18 will not affect the recognition or measurement of items in the financial statements, its effects on presentation and disclosures are expected to be extensive, particularly those related to the income statement and performance measures defined by management. Management is currently assessing the exact consequences of applying the new standard to the consolidated financial statements.

2.2 Classification

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

2.3 Operating segment reporting

An operating segment is a Group entity that engages in activities that may generate income and incur expenses, and for which separate financial information is available. An operating segment's earnings are regularly reviewed

by the company's chief operating decision maker to assess performance and allocate resources to the operating segment. The Group reports only the 'Nelly' segment.

2.4 Consolidation principles and business combinations Subsidiaries

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

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

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

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

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

Transactions eliminated at consolidation

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

2.5 Foreign currency

2.5.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate that applied on the transaction date. The functional currency is the currency used in the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate applicable

Note 2, continued

at the end of the reporting period. Non-monetary assets and liabilities are translated at the exchange rate applicable when the asset or liability was first recognised. Exchange differences arising are recognised in profit/loss for the year.

2.5.2 Financial statements of foreign operations

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

2.6 Revenue

2.6.1 Sale of goods and rendering of services

Revenue from the sale of goods is recognised in accordance with the terms of sale, that is, when the goods are submitted to the transport agent, net of returns. Since most sales are made to consumers who, depending on the country, most often have a legal right to return goods in connection with distance selling, the deduction for returns is a relatively significant item. Consolidated revenue reflects seasonal variations. Fourth-quarter revenue usually exceeds the other quarters due to major e-commerce days and Christmas shopping. The Group has sales of services, for example commission from external payment processors. The company's performance undertaking involves providing the payment solution in connection with sales. Revenue is recognised when the performance undertaking has been met, which occurs when a customer transaction has been completed.

2.6.2 Gift vouchers

Sales of gift vouchers are recognised as a liability (deferred income) until the voucher is redeemed or expires. Revenue is recognised only when the company meets its performance undertaking, i.e. when goods are delivered to the customer on redemption of the gift voucher. On redemption, the liability is reduced and revenue is recognised corresponding to the value of the goods delivered. Any expenses are recognised in connection with delivery of the goods. If it is considered that a gift voucher will expire without being redeemed, revenue is recognised in accordance with the company's principles for unused gift vouchers when the likelihood of redemption is considered low and the company no longer has a performance undertaking.

2.7 Leases

In the recognition of leases, the asset is recognised as property, plant and equipment in the consolidated statement of financial position and measured initially at cost, which consists of the initial value of the lease liability plus lease payments paid on or before the start date plus any initial direct expenses. The lease liability, which is divided into a non-current part and a current part, is measured initially at the present value of outstanding lease payments during the estimated lease term. The lease liability comprises the present value of the following payments during the estimated lease term:

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

The value of the debt increases by the interest expense for each period and decreases by the lease payments. The interest expense is calculated as the value of the debt multiplied by the discount rate. The lease liability for the Group's premises with index-linked rent is calculated on the rent payable at the end of each reporting period.

At this time, the debt is adjusted by the corresponding adjustment of the carrying amount of the right of use asset.

The lease payments are discounted by the Group's marginal borrowing rate. Where the implicit interest rate can easily be determined, however, that rate is used.

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

2.8 Financial income and expenses

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

2.9 Taxes

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

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

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

2.10 Financial instruments

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

2.10.1 Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. A receivable is carried when the company has rendered a service or supplied a product and there is a contractual obligation

Notes

Note 2, continued

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

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

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

2.10.2 Classification and measurement

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

2.10.3 Trade receivables

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

2.10.4 Deposits

Deposits are recognised as financial instruments and deposits paid are classified as financial assets. Deposits are initially recognised at fair value and subsequently at amortised cost. Classification as current or non-current is based on the expected date of settlement.

2.10.5 Financial liabilities

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

2.11 Property, plant and equipment

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

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

2.11.1 Depreciation principles for property, plant and equipment

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

Estimated useful lives:

Equipment and installations 3–10 years
Leasehold improvements 5–10 years

2.12 Intangible assets

2.12.1 Intangible assets with indefinite useful lives

2.12.1.1 Goodwill

Goodwill arising in connection with a business combination is the difference between the cost of the business acquisition and the fair value of identifiable net assets, assumed liabilities and recognised contingent liabilities.

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

2.12.1.2 Brands

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

2.12.2 Intangible assets with defined useful lives

2.12.2.1 Development expenses

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

2.12.2.2 Domains

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

2.12.3 Amortisation method for intangible assets

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

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

Estimated useful lives:

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

Note 2, continued

2.13 Inventories

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

2.14 Impairment losses

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

2.14.1 Impairment of property, plant and equipment and intangible assets

The recoverable amount of the asset is calculated if there is indication of impairment (see below). The recoverable amount is also calculated annually for goodwill, trademarks and intangible assets that are not yet ready for use. If substantially independent cash flows to an individual asset cannot be established, and if the asset's fair value less selling expenses cannot be used, then assets are grouped in impairment testing at the lowest level at which substantially independent cash flows can be identified – this grouping is called a cash-generating unit (CGU).

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

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

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

2.14.2 Presentation of credit losses

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

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

2.14.3 Reversal of impairment losses

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

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

2.15 Capital payments to shareholders

2.15.1 Dividends

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

2.15.2 Purchase of treasury shares

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

2.16 Earnings per share

The calculation of earnings per share is based on consolidated profit/loss for the year attributable to the parent company's shareholders and the weighted average number of shares outstanding during the year. In calculating diluted earnings per share, earnings and the average number of shares are adjusted to account for effects of diluted potential ordinary shares. For the reported periods, the parent company had instruments that may generate potential dilution in the future: custodial shares attributable to the Group incentive plan. The incentive plans had no dilutive effect in either 2025 or 2024.

2.17 Employee benefits

2.17.1 Short-term employee benefits

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

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

2.17.2 Defined contribution pension plans

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

2.17.3 Termination benefits

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

2.17.4 Share-based remuneration

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

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

Notes

Note 2, continued

2.18 Provisions

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

2.19 Discontinued operations

A discontinued operation is a component of a company's operations that represents an independent business or a significant business within a geographical area or is a subsidiary acquired exclusively with a view to resell. Classification as a discontinued operation occurs upon divestment or at an earlier date when the business meets the criteria for classification as held for sale.

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

2.20 Contingent liabilities

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

2.21 Parent company accounting policies

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

2.21.1 Differences between accounting policies of the Group and parent company

The differences between Group and parent company accounting policies are stated below.

2.21.1.1 Changes to accounting policies

Unless otherwise indicated below, changes to the parent company's accounting policies in 2025 were the same as stated above for the Group.

2.21.1.2 Subsidiaries

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

In the consolidated financial statements, contingent considerations are recognised at fair value and changes in value are recognised in profit when they take place.

2.21.1.3 Group contributions and shareholder contributions for legal entities

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

Note 3 Estimates and assessments

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

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

Goodwill

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

Deferred tax asset

The Group's deferred tax assets in relation to loss carryforwards in the Swedish operations are based on an assessment of future taxable earnings. The assessment is based on forecasts of the operations' future earnings capacity with a forecast period of three years.

The forecasts are based on management's best estimates of future income, expenses and market trends. Various possible outcomes have also been considered in the assessment by means of scenario-based analyses in which the likelihood of each scenario has been weighted. Based on this, management considers it likely that the deferred tax asset recognised will be used against future taxable surpluses.

Inventory valuation

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

Income – Assessment of return rate

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

Provisions and contingent liabilities

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

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

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

Note 4 Sales by country and type

The Group's net revenue and non-current assets are recognised below by geographical area because the countries have different business conditions. The geographical breakdown into Sweden, rest of the Nordics and rest of the world reflects where income is generated. Net revenue mainly comprises online sales of products. Sales are recognised by country of sale, that is, the country in which the consumer is located. No individual customer represents more than 10 percent of consolidated trade receivables. See also the information on contract assets and contract liabilities in Notes 12 and 16.

Geographical distribution (SEK million)	Net revenue Non-current assets			
	2025	2024	2025	2024
Sweden	635.8	559.0	467.6	470.1
Other Nordics	569.5	518.7	32.4	-
Rest of world	58.3	16.6	-	-
Total	1,263.6	1,094.3	500.0	470.1

Sales by type of income (SEK million)	2025	2024
Products	1,237.2	1,068.4
Services	26.4	25.9
Total net revenue	1,263.6	1,094.3

Notes

Note 5 Other operating income and expenses

(SEK million)	Group		Parent company	
	2025	2024	2025	2024
<i>Other operating income</i>				
Other operating income	0.5	0.4	-	-
Exchange gains on operating receivables/liabilities	0.8	-	-	-
Total	1.3	0.4	-	-
<i>Other operating expenses</i>				
Exchange losses on operating receivables/liabilities	-	-0.1	-	-
Other operating expenses	-	-	-	-
Total	-	-0.1	-	-
Total other operating income and expenses	1.3	0.3	-	-

Note 6 Financial items

(SEK million)	Group		Parent company	
	2025	2024	2025	2024
Interest income:				
- Interest income, other	3.5	5.7	-	-
Exchange gains/losses	-	1.3	-	-
Financial income	3.5	7.0	-	-
Interest expenses:				
- Interest expenses, leases	-10.5	-10.8	-	-
- Interest expenses, other	-2.8	-6.6	-0.3	-0.6
- Net exchange differences	-2.1	-	-	-
Other financial expenses	-0.1	-0.4	-	-
Financial expenses	-15.5	-17.8	-0.3	-0.6
Net financial items	-12.0	-10.8	-0.3	-0.6

Note 7 Taxes

Distribution of tax expenses (SEK million)	Group		Parent company	
	2025	2024	2025	2024
Current tax expense				
Current tax for the period	-	-	-	-
Total	-	-	-	-
Deferred tax				
Deferred tax on temporary differences	0.2	1.1	-	-
Deferred tax on temporary loss carryforwards	13.9	-	13.9	-
Total	14.1	1.1	13.9	-
Total recognised consolidated tax expense	14.1	1.1	13.9	-

Reconciliation of tax expense (SEK million)	Group				Parent company			
	2025	%	2024	%	2025	%	2024	%
Profit before tax	154.5		82.3		171.1		93.1	
Tax as per applicable tax rate for parent company	-31.8	-20.6	-17.0	-20.6	-35.2	-20.6	-19.2	-20.6
Non-deductible expenses	-3.3	-2.1	-1.4	-1.7	-0.1	-	-0.1	-0.1
Utilisation of previous year's deficit	35.3	22.9	19.5	23.7	35.3	20.6	19.4	21.1
Change in deferred tax associated with loss carryforward	13.9	9.0			13.9	8.1		
Effective tax/tax rate	14.1	9.1	1.1	1.4	13.9	8.1	-	-

(SEK million)	Group		Parent company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deferred tax asset				
Loss carryforwards	85.5	71.7	85.5	71.7
Other	4.9	4.5	-	-
Total	90.4	76.2	85.5	71.7
Net deferred tax	90.4	76.2	85.5	71.7

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

Notes

Note 7, continued

Group (SEK million)	2025						Closing balance, 31 December
	Opening balance, 1 January	Deferred tax revenue	Deferred tax expense	Divestment of subsidiaries	Recognised in equity	Other	
<i>Temporary differences:</i>							
Loss carry-forwards	71.7	-	13.8	-	-	-	85.5
Other	4.5	0.4	-	-	-	-	4.9
Total	76.2	0.4	13.8	-	-	-	90.4

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

Parent company (SEK million)	2025					Closing balance, 31 December
	Opening balance, 1 January	Deferred tax revenue	Deferred tax expense	Recognised in equity		
<i>Temporary differences:</i>						
Loss carry-forwards	71.7	-	13.8	-	-	85.5
Total	71.7	-	-	-	-	85.5

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

The Group recognised loss carryforwards without an expiration date of SEK 443.9 (615.3) million as at 31 December 2025. Management has made updated assumptions about the company's future sales, expenses and profitability. These were used as the basis of the assessment of the company's future use of these loss carryforwards. On this basis, the estimated tax asset has been increased in value to SEK 85.5 million.

Note 8 Intangible assets

	Group	
	2025	2024
Development expenditure and projects in progress (SEK million)		
Opening accumulated cost	89.1	72.5
Investments	20.6	21.2
Sales/disposals	-	-4.6
Closing accumulated cost	109.7	89.1
Opening accumulated amortisation	-50.9	-44.6
Sales/disposals	-	4.6
Amortisation	-14.5	-10.9
Closing accumulated amortisation	-65.4	-50.9
Carrying amounts	44.3	38.2

The item includes projects in progress and development of 0.1 (1.5) that have not yet been taken into use. The expenses are mainly attributable to the business's web platform and IT environment. Amortisation costs attributable to completed intangible assets of SEK -14.5 (-10.9) million are included in consolidated selling and administrative expenses. Both internal and external expenditures were capitalised. No borrowing costs were capitalised. Projects in progress are not amortised.

	Group	
	2025	2024
Domains (SEK million)		
Opening accumulated cost	4.4	4.4
Closing accumulated cost	4.4	4.4
Opening accumulated amortisation	-4.3	-4.3
Amortisation for the year	0.0	0.0
Closing accumulated amortisation	-4.3	-4.3
Carrying amounts	0.1	0.1

	Group	
	2025	2024
Goodwill (SEK million)		
Opening accumulated cost	39.7	39.7
Closing accumulated cost	39.7	39.7
Carrying amounts	39.7	39.7

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

Notes

Note 8, continued

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

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

(SEK million)	2025	2024
NLY Group	39.7	39.7
Total	39.7	39.7

Impairment testing

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

The cash flow is discounted for the cash-generating unit using an appropriate discount rate, taking into consideration the cost of capital and risk. The estimated cash flows were calculated at present value using a discount rate of 9.5 (14.0) percent after tax.

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

Note 9 Property, plant and equipment

	Group	
Leasehold improvements (SEK million)	2025	2024
Opening accumulated cost	6.1	5.3
Investments	-	0.8
Closing accumulated cost	6.1	6.1
Opening accumulated amortisation	-1.8	-0.7
Amortisation for the year	-1.2	-1.1
Closing accumulated amortisation	-3.0	-1.8
Carrying amounts	3.1	4.3

Both internal and external expenditures were capitalised. No borrowing costs were capitalised. Depreciation costs of SEK -1.2 (-1.1) million are included in consolidated selling and administrative expenses.

Note 9, continued

Equipment (SEK million)	Group		Parent company	
	2025	2024	2025	2024
Opening accumulated cost	19.1	20.7	-	-
Investments	11.5	0.3	-	-
Sales/disposals	-	-1.9	-	-
Closing accumulated cost	30.6	19.1	-	-
Opening accumulated amortisation	-10.8	-9.0	-	-
Sales/disposals	-	1.9	-	-
Amortisation for the year	-4.0	-3.7	-	-
Closing accumulated amortisation	-14.8	-10.8	-	-
Carrying amounts	15.8	8.3	-	-

Depreciation costs of SEK -4.0 (-3.7) million are included in consolidated selling and administrative expenses. Depreciation costs for the parent company of SEK 0.0 (0.0) million are included in the parent company's selling and administrative expenses.

Note 10 Investments in subsidiaries

Shares in subsidiaries, parent company (SEK million)	Corporate identity number	Registered office	No. of shares	Share capital (%)	Voting rights (%)	Carrying amount 31 Dec 2025	Carrying amount 31 Dec 2024
Nelly NLY AB	556653-8822	Borås	172,100	100.0	100.0	247.9	247.1
Nelly Denmark ApS	45697460	Copenhagen	20,000	100.0	100.0	10.7	-
Total						258.6	247.1

Shares in subsidiaries, Group (SEK million)	Corporate identity number	Registered office	No. of shares	Share capital (%)	Voting rights (%)
Nelly NLY AB	556653-8822	Borås	172,100	100.0	100.0
Nelly Denmark ApS	45697460	Copenhagen	20,000	100.0	100.0

Shares and investments in subsidiaries (SEK million)	Parent company	
	2025	2024
Opening accumulated cost	247.1	247.1
Investment in subsidiaries	11.5	-
Closing balance, 31 December	258.6	247.1
Carrying amount, 31 December	258.6	247.1

Notes

Note 11 Trade receivables**Credit exposure**

(SEK million)	Group	
	2025	2024
Trade receivables not overdue or impaired	21.2	21.3
Trade receivables overdue but not impaired	1.4	0.5
Trade receivables impaired	0.2	1.0
Provision for potential credit losses	-0.2	-1.0
Total trade receivables	22.6	21.8

The consolidated trade receivables are mainly in SEK. Thus, no material currency exposure has arisen in the consolidated trade receivables.

Credit risk in trade receivables not overdue or impaired is considered immaterial. No individual customer represents more than 10 percent of consolidated trade receivables. See Note 18 for further details regarding credit risk.

Maturity structure

Overdue receivables without a provision for potential credit losses (SEK million)	31 Dec 2025		31 Dec 2024	
<30 days	0.3		0.4	
30–90 days	0.7		0.1	
>90 days	0.4		-	
Total	1.4		0.5	

Overdue receivables with a provision for potential credit losses (SEK million)	31 Dec 2025		31 Dec 2024	
<30 days	-		-	
30–90 days	-		-	
>90 days	0.2		1.0	
Total	0.2		1.0	

Provision for potential credit losses (SEK million)	31 Dec 2025		31 Dec 2024	
Opening balance, 1 January	-1.0		-0.5	
Provision for potential losses	-0.2		-1.0	
Unutilised amount reversed during the period	1.0		0.5	
Actual losses	-		-	
Exchange difference	0.0		0.0	
Closing balance, 31 December	-0.2		-1.0	



Notes

Note 12 Prepaid expenses and accrued income

(SEK million)	Group		Parent company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Prepaid rent	-	6.9	-	-
Prepaid insurance expenses	0.2	0.3	0.2	0.3
Prepaid licensing costs	4.2	5.4	0.2	0.2
Accrued income	3.6	4.2	-	-
Other prepaid expenses and accrued income	6.0	8.9	-	0.1
Total	14.0	25.7	0.4	0.6

Note 13 Inventories

Inventories (SEK million)	Group	
	2025	2024
Finished goods and merchandise	143.4	124.4
Goods in transit	31.9	24.7
Value of expected returns	12.9	23.6
Total	188.2	172.6

Consolidated cost of goods sold includes SEK -6.6 (-2.1) million in impairment of inventories to net realisable value. There were no material reversals of previous impairments in 2025 or 2024.

Note 14 Equity

At 31 December 2025, share capital comprised 30,542,782 (30,494,832) shares. Each share has a quotient value of SEK 1 (1).

Shares issued	No. of shares	Share capital (SEK million)
Ordinary shares	30,074,075	30.0
Class C shares	468,707	0.5
Total number of shares issued/total share capital at 31 December 2025	30,542,782	30.5

Change in number of shares/share capital

Date	Event	Change in share capital (SEK million)	Change in no. of shares	Share capital after change (SEK)	No. of shares after change
11/12/1936	Establishment	1,000,000	2,000	1,000,000	2,000
24/09/2010	Split	-	498,000	1,000,000	500,000
24/09/2010	Offset issue	131,090,244	65,545,122	132,090,244	66,045,122
26/10/2010	Cash issue	594,004	297,002	132,684,248	66,342,124
31/05/2011	Cash issue, Class C shares	380,000	190,000	133,064,248	66,532,124
30/05/2012	Cash issue, Class C shares	570,000	285,000	133,634,248	66,817,124
14/06/2013	Cash issue	66,342,124	33,171,062	199,976,372	99,988,186
03/09/2013	Cash issue, Class C shares	1,400,000	700,000	201,376,372	100,688,186
19/12/2014	Cash issue	99,513,186	49,756,593	300,889,558	150,444,779
30/04/2018	Cash issue, Class C shares	9,100,000	4,550,000	309,989,558	154,994,779
23/05/2019	Reduction in share capital	-154,994,779	-	154,994,779	154,994,779
26/08/2020	Cash issue	29,954,951	29,954,951	184,949,730	184,949,730
30/12/2020	Reverse split of a number of shares	-	-166,454,757	184,949,730	18,494,973
20/04/2023	Reduction in share capital	-166,454,757	-	18,494,973	18,494,973
20/04/2023	Cash issue	11,989,012	11,989,012	30,483,985	30,483,985
18/12/2024	Cash issue	10,847	10,847	30,494,832	30,494,832
04/06/2025	Cash issue	47,950	47,950	30,542,782	30,542,782
Number of shares issued/share capital at 31 December 2025		30,542,782	30,542,782	30,542,782	30,542,782

On 4 June 2025, Nelly Group held a private placement for approximately SEK 50,000 less transaction expenses, which increased the total number of shares by 47,950 ordinary shares. The share capital thus increased by SEK 47,950, from SEK 30,494,832 to SEK 30,542,782.

Notes

Note 14, continued

Other capital contributions/Share premium reserve

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

Proposed dividend

The Board of Directors will propose to the 2026 annual general meeting that no dividend be paid to shareholders for the financial year ending 31 December 2025 and that retained earnings for the year be carried forward into the 2026 accounts.

Proposed appropriation of profits

(SEK million)	Parent company	
	2025	2024
Share premium reserve	1,440.3	1,440.3
Retained earnings	-1,112.2	-1,206.1
Profit for the year	184.9	93.1
Total	513.0	327.3

The Board proposes that the retained earnings, share premium reserve and profit/loss for the year of a total of SEK 513.0 (327.3) million be carried forward. The share premium reserve totals SEK 1,440.3 (1,440.3) million as a result of the new share issues in the previous year and the rights issue, which changed the share capital to 30,542,782.

Note 15 Other provisions

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

	Group		Parent company	
	2025	2024	2025	2024
Other provisions (SEK million)				
Provisions for social security contributions on share-based remuneration	2.6	-	2.6	-
Other provisions	-	-	-	-
Total	2.6	-	2.6	-

	Group		Parent company	
	2025	2024	2025	2024
Provisions for share-based remuneration (SEK million)				
Carrying amount at start of period	-	-	-	-
Change in provision during the period	2.6	-	2.6	-
Carrying amount at end of period	2.6	-	2.6	-

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

	Group		Parent company	
	2025	2024	2025	2024
Total provisions (SEK million)				
Total carrying amount at start of period	-	-	-	-
Increase in provision during the period	2.6	-	2.6	-
Dissolution of provision during the period	-	-	-	-
Total carrying amount at end of period	2.6	-	2.6	-
Of which total non-current portion of provisions	-	-	-	-
Of which total current portion of provisions	2.6	-	2.6	-

	Group		Parent company	
	2025	2024	2025	2024
Payments (SEK million)				
Amount for which payment is expected after more than 12 months	-	-	-	-

Note 16 Accrued expenses and deferred income

(SEK million)	Group		Parent company	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Accrued employee benefit expenses	23.2	36.9	1.5	2.5
Accrued cost of goods sold	22.0	32.1	-	-
Accrued distribution costs	1.5	2.1	-	-
Accrued marketing costs	10.7	6.9	-	-
Accrued rental expenses	11.7	12.1	-	-
Return reserve	25.9	42.6	-	-
Accrued interest	8.3	11.3	0.7	1.0
Other	17.1	17.1	1.3	1.1
Total	120.4	161.1	3.5	4.6

Contract liabilities presented in the note primarily comprise a return reserve and gift voucher liabilities. Contract liabilities at the start of the financial year were essentially taken to income during the year.

Notes

Note 17 Pledged assets and contingent liabilities

	Group		Parent company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Contingent liabilities (SEK million)				
Bank guarantees and sureties to external parties	50.3	49.2	-	-
Total	50.3	49.2	-	-

Bank guarantees for external parties primarily relate to bank guarantees issued to external landlords or suppliers and sureties for subsidiaries in the Group.

	Group		Parent company	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Pledged assets (SEK million)				
Floating charges	95.0	83.2	-	-
Total	95.0	83.2	-	-

There are no pledged receivables for the year.

Note 18 Financial instruments and financial risk management**Capital management**

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

	Group	
	31 December 2025	31 December 2024
Capital (SEK million)		
Total equity	406.4	237.1

Finance policy

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

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

Liquidity risk

Liquidity risk is the risk of not being able to meet payment obligations as a result of a lack of cash and cash equivalents. The risk is managed by ensuring that it is always possible to increase the financing available to the company. Under the Group's finance policy, liquidity must be monitored by management and the Board on a weekly basis with a forecast for at least six months ahead. At the year end, the Group had unutilised credit facilities of SEK 60.0 (60.0) million.

Credit risk

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

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

Market risk – Interest rate risk

Interest rate risk is the risk that the value of a financial instrument may vary due to changes in market interest rates. The Group manages financial assets and liabilities with variable or fixed interest rates. Where fixed interest rates are applied, adequate consideration must be paid to the need for financial flexibility, including the cost of ending a fixed-rate term prematurely. Consolidated interest-bearing liabilities at the year-end amounted to SEK 287.1 (287.2) million and were attributable to finance leases.

In general, interest rate risk should be minimised using matching assets and liabilities. The interest rate risk is reviewed regularly to ensure that no limits have been exceeded. If the variable interest rate on the Group's interest-bearing loans in 2025 had increased or decreased by 1 percentage point, it would have affected the Group's net financial items by SEK 0.0 (-0.1) million. As at 31 December 2025, the Group had no utilised interest-bearing credit.

Market risk – Currency risk

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

Transaction exposure

Transaction exposure is the risk of fluctuations in exchange rates affecting earnings.

Note 18, continued

The transactions are not hedged using financial instruments. However, natural hedges are sought if possible, for example, by purchasing and selling in the same currency.

Net cash flow in foreign currencies was as follows:

Currency flows (SEK million)	Group	
	2025	2024
NOK	354.6	287.1
DKK	75.0	74.5
EUR	-125.0	-83.8
USD	-120.1	-85.9
GBP	-1.0	-1.1
PLN	0.8	0.2

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

Sensitivity analysis (SEK million)	Group	
	2025	2024
NOK	+/- 0.7	+/- 0.2
DKK	+/- 0.0	+/- 0.7
EUR	+/- 1.2	+/- 0.1
USD	+/- 0.1	+/- 0.2
GBP	+/- 0.1	+/- 0.0
PLN	+/- 0.0	+/- 0.0

Translation exposure

Translation exposure exists when the equity in a foreign business needs to be translated to the Group's reporting currency. This risk is very limited for Nelly Group. Financial instruments are not used to hedge translation exposure.

Net foreign assets including goodwill and other intangible assets acquired are distributed as follows:

Currency (SEK million)	Group			
	2025	%	2024	%
DKK	10.7	100.0%	0.0	0.0%
Total	10.7	100.0%	0.0	0.0%

Classification and categorisation of financial assets and liabilities in the Group

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

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

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

Notes

Note 18, continued

2025 Group (SEK million)	Carrying amount			Fair value	
	Fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total	Total
Trade receivables	-	22.6	-	22.6	22.6
Other receivables	-	7.3	-	7.3	7.3
Accrued income	-	3.6	-	3.6	3.6
Cash and cash equivalents	-	253.8	-	253.8	253.8
Total financial assets	-	287.3	-	287.3	287.3
Lease liabilities	-	-	287.1	287.1	287.1
Trade payables	-	-	80.9	80.9	80.9
Other liabilities	-	-	81.3	81.3	81.3
Accrued expenses	-	-	120.4	120.4	120.4
Total financial liabilities	-	-	569.7	569.7	569.7

2025 Parent company (SEK million)	Carrying amount			Fair value	
	Fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total	Total
Other receivables	-	0.4	-	0.4	0.4
Cash and cash equivalents	-	-	-	-	-
Total financial assets	-	0.4	-	0.4	0.4
Trade payables	-	-	-	-	-
Liabilities to Group companies	-	-	-	-	-
Bank overdraft facility	-	-	1.2	1.2	1.2
Other liabilities	-	-	1.9	1.9	1.9
Accrued expenses	-	-	3.5	3.5	3.5
Total financial liabilities	-	-	6.6	6.6	6.6

Note 18, continued

2024 Group (SEK million)	Carrying amount			Fair value	
	Fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total	Total
Trade receivables	-	21.8	-	21.8	21.8
Other receivables	-	7.6	-	7.6	7.6
Accrued income	-	4.2	-	4.2	4.2
Cash and cash equivalents	-	196.9	-	196.9	196.9
Total financial assets	-	230.5	-	230.5	230.5
Lease liabilities	-	-	260.3	260.3	260.3
Trade payables	-	-	85.4	85.4	85.4
Other liabilities	-	-	84.7	84.7	84.7
Accrued expenses	-	-	161.1	161.1	161.1
Total financial liabilities	-	-	591.5	591.5	591.5

2024 Parent company (SEK million)	Carrying amount			Fair value	
	Fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total	Total
Other receivables	-	0.1	-	0.1	0.1
Cash and cash equivalents	-	10.5	-	10.5	10.5
Total financial assets	-	10.6	-	10.6	10.6
Trade payables	-	-	0.2	0.2	0.2
Liabilities to Group companies	-	-	-	-	-
Other liabilities	-	-	5.2	5.2	5.2
Accrued expenses	-	-	5.8	5.8	5.8
Total financial liabilities	-	-	11.2	11.2	11.2

Notes

Note 18, continued

Maturity structure of financial liabilities – undiscounted cash flows

Maturity structure of future contractual interest payments based on current interest rates and amortisation.

Group (SEK million)	2025				
	Total	6 months–			
		0–6 months	1 year	1–5 years	>5 years
Lease liabilities	339.5	21.0	27.0	152.3	139.2
Trade payables	80.9	80.9	-	-	-
Other liabilities	81.2	81.2	-	-	-
Accrued expenses	120.4	120.4	-	-	-
Total	622.0	303.5	27.0	152.3	139.2

Parent company (SEK million)	2025				
	Total	6 months–			
		0–6 months	1 year	1–5 years	>5 years
Trade payables	-	-	-	-	-
Liabilities to Group companies	-	-	-	-	-
Other liabilities	2.6	2.6	-	-	-
Accrued expenses	3.9	3.9	-	-	-
Total	6.5	6.5	-	-	-

Group (SEK million)	2024				
	Total	6 months–			
		0–6 months	1 year	1–5 years	>5 years
Lease liabilities	309.2	17.5	24.0	127.8	139.9
Trade payables	85.4	85.4	-	-	-
Other liabilities	84.7	84.7	-	-	-
Accrued expenses	161.1	161.1	-	-	-
Total	640.4	348.7	24.0	127.8	139.9

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

Note 19 Leases

Leases that have been signed but have not yet commenced total SEK 64.4 (0.0) million. For the Group as a lessee, IFRS 16 means in principle that all leases must be recognised as assets and liabilities in the balance sheet, representing the right to use the leased asset and the commitment to pay future lease charges. For leases, amortisation on the leased asset and interest expenses related to the lease liability are recognised in the income statement. The leases concerned primarily include leases for offices and premises, machines and vehicles.

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

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

Lessees

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

	Group	
	2025	2024
Property, plant and equipment (SEK million)		
Property, plant and equipment that is owned	18.9	12.6
Right-of-use assets, not investment property	269.7	265.3
Total property, plant and equipment	288.6	277.9

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

Note 19, continued

Right-of-use asset

2025 Right-of-use asset (SEK million)	Group				Total
	Premises	Vehicles	IT equipment	Other	
Amortisation	-26.1	-0.2	-	-9.4	-35.7
Closing balance, 31 December 2025	226.9	0.0	-	42.8	269.7

2024 Right-of-use asset (SEK million)	Group				Total
	Premises	Vehicles	IT equipment	Other	
Amortisation	-22.6	-0.2	-0.3	-13.6	-36.7
Closing balance, 31 December 2024	195.5	0.4	0.1	69.3	265.3

Additions to right-of-use assets in 2025 amounted to SEK 39.9 (8.1) million. This amount includes the cost of rights of use acquired during the year and any additional amounts in connection with reviews of lease liabilities on account of changed payments following a change in the lease term.

Recognition of leases in accordance with IFRS 16 was adjusted in 2025 to reflect expected economic conditions better. This increased right-of-use assets and lease liabilities. The comparative figures for right-of-use assets and lease liabilities, respectively, were updated by SEK 26.8 million for 2024.

Lease liabilities

Lease liabilities (SEK million)	Group	
	2025	2024
Current	36.2	35.7
Non-current	250.9	251.5
Lease liabilities included in the statement of financial position	287.1	287.2

Liabilities attributable to financing activities (SEK million)	Group	
	2025	2024
Opening balance	287.2	310.3
New leases	30.1	0.5
Upward interest rate adjustments	10.5	10.8
Payments	-44.8	-42.3
Other non-cash items	4.1	7.9
Closing balance, lease liabilities	287.1	287.2

The total cash flow for leases in 2025 was SEK -44.8 (-42.3) million.

Amounts recognised in profit or loss

Earnings effect (SEK million)	Group	
	2025	2024
Amortisation of right-of-use assets	-35.7	-36.7
Interest on lease liabilities	-10.5	-10.8
Expenses for short-term leases and/or low-value leases	-0.5	-0.3

No material variable lease payments not included in the lease liability have been identified

Notes

Note 20 Average number of employees

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

2025	Group		Parent company	
	Men	Women	Men	Women
Sweden, men/women	58	104	-	1
Total average no. of employees	162		1	

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

Distribution of men and women in executive management

2025	Group		Parent company	
	Men %	Women %	Men %	Women %
Board of Directors	50	50	50	50
CEO and other executives	50	50	-	100
Total	50	50	43	57

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

Note 21 Salaries, other remuneration and social security contributions

Remuneration of senior executives

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

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

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

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

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

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

Types of remuneration

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

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

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

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

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

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

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

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

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

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

Notes

Note 21, continued

Pension and other customary benefits

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

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

Notice of termination and severance pay

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

Salary and terms of employment for employees

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

Remuneration of Board members

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

Decision-making process

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

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

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

Deviations from the guidelines

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

Description of material changes and how shareholders' views are taken into account

There have been no material changes to the remuneration guidelines in relation to the guidelines adopted by the EGM on 16 December 2020. Shareholders have not presented any material views on the remuneration guidelines.

Note 21, continued

Share-based remuneration

The 2022 long-term incentive plans

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

PSP 2022

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

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

- If the total shareholder return on Nelly Group's ordinary shares in the measurement period is lower than 200 percent, no share rights will entitle participants to performance shares and all share rights will lapse without value.
- If the total shareholder return on Nelly Group's ordinary shares in the measurement period is equal to or higher than 200 percent but lower than 300 percent, the participants will be allotted three performance shares per share right.
- If the total shareholder return on Nelly Group's ordinary shares in the measurement period is equal to or higher than 300 percent but lower than 400 percent, the participants will be allotted six performance shares per share right.
- If the total shareholder return on Nelly Group's ordinary shares in the measurement period is equal to or higher than 400 percent, the participants will be allotted ten performance shares per share right.

The 2024 share plan

An EGM in 2024 decided to adopt a new share plan (2024 share plan) for key individuals in the company, a total of maximum two participants in Nelly Group.

Allotment and conditions

The participants were offered the opportunity to subscribe for a total of 10,847 ordinary shares at a subscription price corresponding to the quotient value of the share. Allotment was decided by the Board of Directors after

the end of the application period.

Qualification period

The qualification period is three (3) years from the subscription date. To qualify for the shares, the employees have to continue to be employed throughout the period, with the opportunity for proportional or specially regulated qualification in certain situations as per the conditions adopted by the Board.

Performance conditions

The plan has no performance-based conditions. Qualification depends solely on continued employment during the qualification period.

The 2025 share plan

The AGM decided to adopt a new share plan (2025 share plan) for key individuals in the company, a total of maximum eight participants in Nelly Group.

Allotment and conditions

The participants were offered the opportunity to subscribe for ordinary shares at quotient value. The Board of Directors decides on final allotment. The plan contains provisions on the effect of termination on qualification. The outcome may be less or nothing, depending on how the employment ends and the reasons for termination. The participants are compensated for the tax effect arising as a result of subscription being at quotient value.

Qualification period

The qualification period is three (3) years from the subscription date. To qualify for the shares, the employees have to continue to be employed throughout the period, with the opportunity for proportional or specially regulated qualification in certain situations as per the conditions adopted by the Board.

Performance conditions

The plan has no performance-based conditions. Qualification depends solely on continued employment during the qualification period.

PSP 2025

The AGM decided to adopt a new performance plan (PSP 2025) for key individuals in the company, a total of maximum eight participants in Nelly Group.

Allotment and structure

The plan is performance-based and comprises warrants that entitle holders to subscribe for ordinary shares in the company. Allotment is without consideration and depends both on meeting performance conditions and continued employment.

Qualification period

The qualification period is the 2025 financial year. The performance outcome is determined after publication of the year-end report for 2025. Allotment depends on continued employment during the performance period up to publication of the year-end report, with customary exemptions as decided by the Board of Directors.

Performance conditions

Qualification depends on meeting a financial performance target based on the development of the company's EBIT margin during the 2025 financial year compared with the previous year, 2024.

- There is no allotment if the minimum level is not achieved.
- Maximum allotment is if the target level is achieved or exceeded.
- The outcome between the minimum and maximum levels is calculated on a straight line or using the calculation model determined by the Board of Directors.

Notes

Note 21, continued

The plan therefore has both performance conditions and a requirement for continued employment.

	Group		Parent company	
	2025	2024	2025	2024
Employee benefit expenses (SEK million)				
Salaries	81.4	75.3	3.3	2.7
Social security contributions	27.0	24.6	3.6	0.9
Pension expenses – defined contribution plans	5.5	6.1	-	-
Expenses for share-based remuneration	0.8	-	-	-
Social security contributions on share-based remuneration	2.6	-	2.6	-
Total	117.3	106.0	9.6	3.6

The cost of share-based remuneration in 2025 totalled SEK 0.8 (0.0) million, excluding social security contributions.

	Group	
	2025	2024
Basic salary and variable remuneration (SEK million)		
CEO and senior executives, 6 (6) people	13.3	9.8
<i>Of which variable salary</i>	4.4	2.2

	2025					
	Basic salary	Variable remuneration	Other benefits	Pension expenses	Share right expenses	Total
Remuneration and other benefits, Group (SEK million)						
Helena Karlinder-Östlundh, CEO	2.6	1.3	0.2	0.6	-	4.8
Senior executives, 5 people	6.4	3.0	0.3	1.4	-	11.0
Total	9.0	4.3	0.5	2.0	-	15.8

The amounts recognised for 2025 are for the full year. Variable remuneration is partially accrued and relates to a year-end reserve; it was partially paid out in 2025. Variable remuneration paid out in 2025 was SEK 2.11 million.

	2024					
	Basic salary	Variable remuneration	Other benefits	Pension expenses	Share right expenses	Total
Remuneration and other benefits, Group (SEK million)						
Helena Karlinder-Östlundh, CEO	2.3	0.6	0.0	0.6	-	3.5
Senior executives, 5 people	5.3	1.6	0.3	1.1	-	8.3
Total	7.6	2.2	0.3	1.7	-	11.8

The amounts recognised for 2024 are for the full year. Variable remuneration is accrued and relates to a year-end reserve; it was not paid out in 2024. Variable remuneration for 2023 paid out in 2024 was SEK 0.8 million.

	Parent company	
	2025	2024
Parent company (SEK million)		
Board and senior executives, 8 (7) people	2.1	2.8
<i>Of which variable salary</i>	-	-
Other employees	-	-
Total salaries and other remuneration	2.1	2.8

Note 21, continued

Group and parent company (SEK million)	Basic salary/Board remuneration	For Board duties in subsidiaries	Variable remuneration	Other benefits	Pension expenses	Share right expenses	Total
Josephine Bernadotte	0.3	-	-	-	-	-	0.3
Daniel Hörnqvist	0.1	-	-	-	-	-	0.1
Stefan Palm	0.3	-	-	-	-	-	0.3
Ebba Ljungerud	0.7	-	-	-	-	-	0.7
Lennart Sparud	0.3	-	-	-	-	-	0.3
Axel Medefelt-Westphalen	0.2	-	-	-	-	-	0.2
Lars Axelsson	0.1	-	-	-	-	-	0.1
Mikaela Willman	0.1	-	-	-	-	-	0.1
Remuneration from parent company							
Helena Karlinder-Östlundh, CEO	-	-	-	-	-	-	-
Other senior executives, 5 people	-	-	-	-	-	-	-
Remuneration from subsidiaries							
Helena Karlinder-Östlundh, CEO	2.6	-	1.3	0.2	0.6	-	4.8
Other senior executives, 5 people	6.4	-	3.0	0.3	1.4	-	11.0
Total	11.1	-	4.3	0.5	2.0	-	17.9

The amounts recognised for 2025 are for the full year. Accrued variable remuneration is SEK 1.3 (0.6) million for the CEO and SEK 3.0 (1.6) million for other senior executives. The Board receives its full remuneration from the parent company.

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

Notes

Note 21, continued

Group and parent company (SEK million)	2024						Total
	Basic salary/Board remuneration	For Board duties in subsidiaries	Variable remuneration	Other benefits	Pension expenses	Share right expenses	
Ebba Ljungerud, Chair of the Board	0.6	-	-	-	-	-	0.6
Stefan Palm	0.2	-	-	-	-	-	0.2
Daniel Hörnqvist	0.2	-	-	-	-	-	0.2
Josephine Salenstedt	0.2	-	-	-	-	-	0.2
Lennart Sparud	0.3	-	-	-	-	-	0.3
Axel Medefelt-Westphalen	0.3	-	-	-	-	-	0.3
Remuneration from parent company							
Helena Karlinder-Östlundh, CEO	1.0	-	-	-	-	-	1.0
Other senior executives (5 people)	-	-	-	-	-	-	-
Remuneration from subsidiary							
Helena Karlinder-Östlundh, CEO	1.3	-	0.6	-	0.6	-	2.5
Other senior executives (5 people)	5.3	-	1.6	0.3	1.1	-	8.3
Total	9.4	-	2.2	0.3	1.7	-	13.6

The amounts recognised for 2024 are for the full year. Accrued variable remuneration is SEK 0.6 (0.4) million for the CEO and SEK 1.6 (0.6) million for other senior executives. The Board receives its full remuneration from the parent company.

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

Share-based remuneration

Outstanding share rights/shares*	Type	Allotment date	Duration/ vesting	No. of shares based on share price on reporting date	Proportion of total shares
<i>Long-term incentive plan, PSP 2022</i>	Performance shares	July 2022	4 years	99,500	0.3%
<i>Share plan 2024</i>	Shares	December 2024	3 years	10,847	0.0%
<i>Share plan 2025</i>	Shares	June 2025	3 years	47,950	0.2%
<i>PSP 2025</i>	Performance shares	April/May 2026	3 years	18,110	0.1%
Total outstanding as at 31 December 2025				176,407	0.6%

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

Note 21, continued

Specification of long-term incentive plan	Number of shares, share rights or options	Number of participants	Redemption period	Weighted average remaining time	No. of share rights and options at 1 January	Allotted during the year	Forfeited during the year	Re-deemed during the year	Outstanding share rights and options at 31 December
Total allotment									
PSP 2022	8,300	1	2026	0.3 years	8,300	0	0	0	8,300
Share plan 2024	10,847	2	2027	1.9 years	10,847	0	0	0	10,847
Share plan 2025	47,950	8	2028	2.5 years	0	47,950	0	0	47,950
PSP 2025	18,110	7	2028	2.5 years	0	18,110	0	0	18,110
Total	85,207				19,147	66,060		0	85,207

Employee benefit expenses (SEK million)	Group		Parent company	
	2025	2024	2025	2024
Employee benefit expenses for plans excluding social security contributions	0.8	0.0	0.0	0.0
Total expense recognised as employee benefit expenses	0.8	0.0	0.0	0.0

The cost of the plans during the year totalled SEK 0.8 (0.0) million, excluding social security contributions.

Notes

Note 22 Fees and compensation to auditors

(SEK million)	Group		Parent company	
	2025	2024	2025	2024
PWC/KPMG				
Audit engagement, KPMG	0.9	0.8	0.2	0.4
Audit engagement, PWC	0.5	0.0	0.3	0.0
Audit-related services	0.1	0.1	0.1	0.1
Tax advisory services	0.2	0.1	0.2	0.1
Other services	0.0	-	-	-
Total	1.8	1.0	0.7	0.6

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

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

Note 23 Supplementary disclosures regarding the statements of cash flows

(SEK million)	Group		Parent company	
	2025	2024	2025	2024
<i>Items in profit for the year that do not generate cash flow from operations</i>				
Depreciation and amortisation of non-current assets	19.6	15.8	-	-
Amortisation of right-of-use assets	35.7	36.7	-	-
Change in other provisions	2.6	0.0	2.6	0.0
Incentive plan	0.8	0.0	0.0	0.0
Other items	-3.1	4.4	0.0	0.0
Total	55.6	56.9	2.6	0.0
Other supplementary disclosures				
Interest received during the financial year	3.5	5.7	-	-
Interest paid during the financial year	-13.4	-17.3	-0.3	-0.6
Total	-9.9	-11.6	-0.3	-0.6

Note 24 Material events after the end of the financial year

Nelly Group AB (publ) ('Nelly') announced on 9 March 2026 that CFO Niklas Lingblom was leaving his role at Nelly. He is replaced by Josefin Dalum, who starts as CFO on the same date.

Note 25 Operating expenses by expense type

(SEK million)	Group	
	2025	2024
Goods for resale	-577.6	-512.9
Warehousing and distribution costs	-109.6	-110.2
Employee benefit expenses	-135.1	-118.9
Amortisation	-55.3	-52.5
Other expenses	-220.2	-207.2
Total expenses	-1,097.8	-1,001.6

Note 26 Earnings per share

Basic and diluted earnings per share (SEK)	Group	
	2025	2024
Earnings per share, Group total	5.62	2.78

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

Basic and diluted earnings per share for the Group in total	Group	
	2025	2024
Profit for the year attributable to parent company shareholders (SEK million)	168.5	83.4
Weighted average number of shares	30,011,097	29,972,946
Earnings per share, total, SEK	5.62	2.78

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

Note 27 Transactions with related parties

No material transactions to report during the financial year.

Certification by the Board

The Board of Directors and CEO declare that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual report and the consolidated financial statements provide a true

and fair view of the parent company's and the Group's financial position and earnings. The directors' report for the parent company and the Group provides a true and fair view of the development of the parent company's and the Group's operations, financial position and earnings and describes significant risks and uncertainties to which the parent company and the companies in the Group are exposed.

Borås, 16 April 2026

Ebba Ljungerud
Chair of the Board of Directors

Stefan Palm
Board member

Lennart Sparud
Board member

Lars Axelsson
Board member

Mikaela Willman
Board member

Josephine Bernadotte
Board member

Helena Karlinder-Östlundh
CEO

Our auditor's report was submitted on 16 April 2026

Öhrlings PricewaterhouseCoopers AB

Mattias Palmqvist
Authorised public accountant

The annual report and the consolidated financial statements were, as shown above, approved for publication by the Board of Directors and the CEO on 16 April 2026

Auditor's report



This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

To the general meeting of the shareholders of Nelly Group AB (publ),
corporate identity number
556035-6940

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nelly Group AB (publ) for the year 2025 except for the corporate governance statement and the statutory sustainability report on pages 45-49 and 10-36 respectively. The annual accounts and consolidated accounts of the company are included on pages 35-100 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 45-49 and 10-36, respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for opinions

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

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors and the Managing Director made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

Key audit matter

Recognition of Revenue with right to return

See Note 3 Estimates and assessments in the annual report and consolidated financial statements for detailed information and a description of the group's revenue recognition for sales with the right to return.

The group's net sales as of December 31, 2025, amount to 1 264 (1,094) MSEK. The group recognizes revenue from the sale of goods in accordance with the terms of sale, i.e., when the goods have been handed over to the transporter, less deductions for returns. At each monthly closing, the need for provisions related to expected returns is assessed. The group's provision for expected returns amounts to 26 (43) MSEK as of December 31, 2025. The assessment is made based on historical outcomes and actual sales. The provision requirement is recognized as a reduction of net revenue with a corresponding adjustment to cost of goods sold.

Due to the complexity involved in assessing expected returns, and because these assessments are uncertain given that management must make subjective estimates based on historical outcomes as well as the volume of goods sold that may be returned but are not known as of the balance sheet date, we have determined that management's calculation of expected returns constitutes a particularly significant area in the audit.

How our audit addressed the Key Audit Matter

In our audit, we have evaluated the Group's applied principles and assumptions underlying the assessment of the provision for expected returns. In our audit, we have, among other things, performed the following audit procedures:

- We have obtained an understanding of the design and operating effectiveness of the company's internal controls concerning revenue recognition of goods sold, including the assessment of expected returns.
- We have obtained audit evidence, such as historical actual returns and returns made after the balance sheet date, to evaluate the calculation and recognition of the Group's provision for expected returns.
- We have evaluated the Group's assumed revenue recognition principles as well as the principle and model for the provision of expected returns.
- We have reviewed the disclosures provided in the annual report.

Valuation of Deferred Tax Assets Related to Tax Loss Carryforwards

See Note 7 and the accounting policies on page 67, 70 and 74 in the annual report and consolidated financial statements for detailed information and a description of the group's accounting for deferred tax assets.

As of December 31, 2025, the group and the parent company reported deferred tax assets of 85 (72) MSEK related to accumulated tax loss carryforwards.

Deferred tax assets related to these tax loss carryforwards are recognized only to the extent that it is probable they will be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized. The recognition of deferred tax assets is based on management's assessments of the size and timing of expected future taxable profits, which are inherently uncertain. The estimates of future profits require subjective judgments, including assumptions about market conditions and other significant factors, as well as a qualified interpretation of applicable tax legislation.

Therefore, we have determined that management's calculation of deferred tax assets related to accumulated tax loss carryforwards constitutes a particularly significant area in the audit.

How our audit addressed the Key Audit Matter

In our audit, we have evaluated the group's applied principles and assumptions underlying the calculation and recognition of deferred tax assets related to tax loss carryforwards. In our audit, we have, among other things, performed the following audit procedures:

- We have made inquiries with management regarding the basis for their assessments of significant assumptions.
- We have evaluated the group's adopted principles, methods, and controls for forecasting future taxable profits.
- We have assessed the reasonableness of management's assumptions, reviewed budgets/business plans, and evaluated management's historical ability to prepare forecasts.
- We have recalculated management's supporting documentation and calculations of deferred tax assets.
- We have reviewed the disclosures provided in the annual report.

Other matter

The audit of the annual accounts and consolidated accounts for 2024 was performed by another auditor who submitted an auditor's report dated 29 April 2025, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-36 and 105-107. The other information also consist of the compensation report which is published on the company's website at the same time as this report. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements**The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss**

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nelly Group AB (publ) for the year 2025 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Nelly Group AB (publ) for the financial year 2025.

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

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

Basis for Opinion

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

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

Responsibilities of the Board of Directors (and the Managing Director)

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

Auditor's responsibility

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

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

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

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error.

In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts. Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 45-49 has been prepared in accordance with the Annual Accounts Act.

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

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act. Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Nelly Group AB (publ) by the general meeting of the shareholders on the 23 May 2025 and has been the company's auditor since the 23 May 2025.

Borås, 16 April 2026

Öhrlings PricewaterhouseCoopers AB

Mattias Palmqvist
Authorized Public Accountant

Key ratios and alternative performance measures

Gross margin – a measure of how well goods are sourced and sold

in relation to net revenue

Gross profit divided by net revenue. Gross margin is what Nelly Group previously described as product margin.

Return rate – a measurement of the proportion of sales that customers return.

The sales value of returned goods divided by total sales before returns

Inventory share of net revenue LTM – a measure of how efficiently the sourcing of goods is planned and executed

Closing inventory balance divided by net revenue over a rolling 12-month period

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

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

No. of active customers Nordics LTM (000) – a measure of how well Nelly Group attracts new customers and retains existing ones

The number of unique customers in the Nordic countries who have shopped online from the Group during the last 12-month period

No. of sessions Nordics (000) – a measure of how well Nelly generates traffic to the website

The number of unique website visits from Nordic IP addresses to nelly.com or nlyman.com during a given period

No. of orders Nordics (000) – a measure of how many orders Nelly generates during a given period

The number of orders that Nordic customers have placed on nelly.com or nlyman.com during a given period

Average order value Nordics – the average order value in SEK

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

Conversion rate in the Nordics – a measure of the proportion of customers visiting the website who place an order.

The number of Nordic e-commerce orders divided by the number of Nordic sessions on nelly.com or nlyman.com

No. of employees – a measure of the number of employees in the Group

Calculated using the number of actual hours worked, together with paid absence and other short-term absence, compared with the scheduled working time

Proportion of women employed – a measure of the proportion of women in relation to the total number of employees

The proportion of women divided by the total number of employees, calculated in the same way as number of employees above

Other information

Financial information

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

Press releases

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

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

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Facebook: <https://www.facebook.com/nellycom> & <https://www.facebook.com/nlymancom>

Financial calendar

*The interim report for the first quarter of 2026
will be presented on 28 April 2026*

*The annual general meeting will
be held on 18 May 2026*

*The interim report for the second quarter of 2026
will be presented on 15 July 2026*

*The interim report for the third quarter of 2026
will be presented on 22 October 2026*



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Corp. ID 556035-6940
Registered office: Borås

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