- HAIR - SKIN - MAKEUP - FRAGRANCE - HAIR - SKIN - MAKEUP - FRAGRANCE - HAIR -

Annual and Sustainability Report 2024

LYKO

Welcome to

your beauty playground

Our flagship stores are vibrant hubs for beauty enthusiasts – a place where we connect with our community, host exclusive launches, and create inspiring experiences. Every month, we bring beauty to life with over 40 engaging events, introducing exciting brands like Milk Makeup and Omar Beauty, to name just a few.

At Lyko, experience is everything. Our stores are designed for discovery, where you can test, try, smell, squeeze, and feel products in a playful, creative, and welcoming environment. We believe beauty should be fun – never too serious or pretentious – **and that everyone should feel at home with us.**

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Various events p. 35-39

Disclaimer. This English translation of the annual and sustainability report is provided for informational purposes only. It has not been reviewed or audited by the company's statutory auditors. In the event of any discrepancies between this translation and the original Swedish version, the Swedish version shall prevail. Only the Swedish version has been subject to audit.

Lyko – the starting point for everything within beauty!

We are passionate about making beauty accessible, inspiring, and fun for everyone! With the market's widest assortment, a beauty playground where you can explore everything around the products, and be part of an inspiring community.

Our operations span across **eight countries** via **Lyko.com, the Lyko app, and 32 stores in Sweden, Norway, and Finland.** But we don't stop there! **We manage the entire chain** – from product development in our labs and manufacturing in our factory in Gothenburg to warehousing and sales to hairdressers and retailers.

Together, we are over **1,000 amazing Lyko-stars**, all with a shared mission: to highlight the fun in beauty, welcome everyone, and inspire self-expression and creativity!

Welcome to **your beauty playground** – where beauty begins!

Some highlights from 2024

Congrats!

+16.6%

Lyko's revenue increased by 16.6 percent during 2024.

Logistics master

19,452

Our customers made an average of 19,452 purchases per day in 2024.

Yes, you are counting correctly, that amounts to 7.1 million receipts over the year!

25%

During 2024, the Lyko App accounted for 25 percent of online sales.

App app app!

Lyko's Own Brands

Own Brands

Lyko has a growing range of own brands.
In 2024, the brand Reserol was acquired and the newly developed PLY Skin was launched.

Fossil-free deliveries

Lyko still allows customers to only choose fossil-free delivery options in Sweden.

You have no choice!

Investments for the future

In 2024, Lyko's growth increased. The group invested in infrastructure, stores, organization, and brand acquisitions.

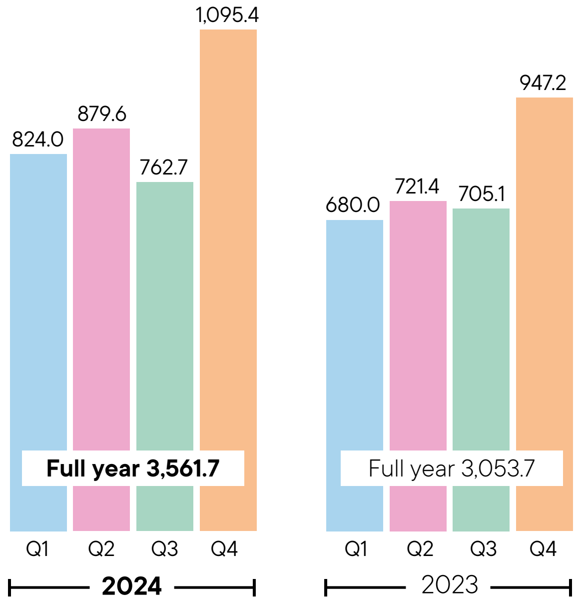
Key figures

More than 3.5 SEK M!

SEK million unless otherwise stated	2024	2023
Net sales	**3,561.7**	3,053.7
Sales growth, %	**16.6**	22.8
Gross profit	**1,568.8**	1,345.8
Gross margin, %	**44.0**	44.1
EBIT	**117.4**	67.7
EBIT margin, %	**3.3**	2.2
Profit (+)/Loss (-) for the period	**21.0**	32.1
Earnings per share (SEK)	**1.37**	2.09
Cash flow from operating activities	**209.7**	216.0
Net debt (+) / Net cash (-), excluding IFRS 16	**333.1**	226.4

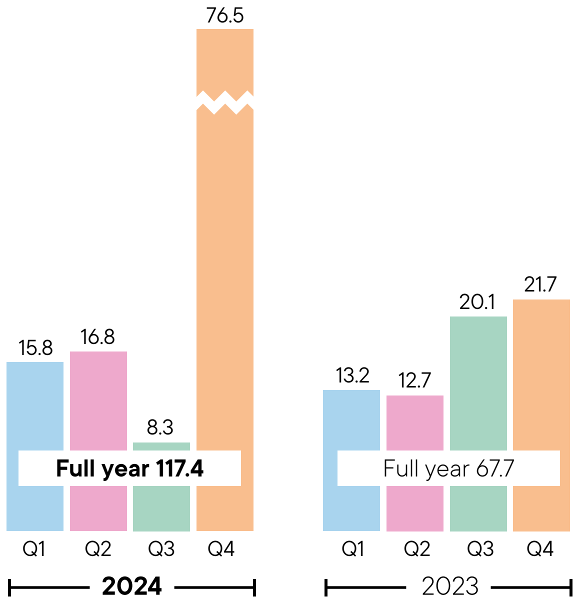
Net sales – Quarter/Year

SEK M



EBIT – Quarter/Year

SEK M



Q1

- Lyko acquires Reserol.
- Lyko launches Lyko AI in the app.
- Lyko exclusively launches Milk Makeup simultaneously in Norway and Finland with a major event.

Q2

- Lyko launches a new brand concept – Welcome to Your Beauty Playground.
- Lyko acquires the remaining 60% of Love'n Layer.
- Lyko opens its second store in Finland, this time in Turku.

Q3

- Lyko's advent calendar release was once again the best ever!

Q4

- The brand PLY Skin is launched together with Norwegian celebrity Morten Hegseth.
- Lyko's annual Halloween party in Norway once again attracts both celebrities and media, gaining enormous coverage. In Stockholm, the party is held for the first time with great turnout!
- Lyko achieves the best Black Friday ever!
- Lyko opens a store in Bergen, Norway, and achieves the best store opening in history in terms of revenue during the opening weekend.
- The self-developed software Lyko GLAM, Great Logistics Automation Management, is put into operation, enabling delivery records from the central warehouse in Vansbro.

RICKARD LYKO

Stronger every year – Lyko's growth journey continues

2024 has been another year of strong growth, innovation, and success for Lyko. We continue to gain market share in the Nordics while laying a solid foundation for future expansion in Europe. Our passion for making beauty fun, our customer-centric approach, and our drive for continuous evolution make us the leading player in the industry.

A RECORD-BREAKING YEAR FOR LYKO

This year, we reached a significant milestone – exceeding one billion SEK in a single quarter for the first time and achieving total revenue of over three and a half billion SEK. As volumes continue to grow, we have successfully scaled the entire business, driving increased profitability.

Our organization is now firmly in place, and we see great potential to scale even further in the coming years. I am incredibly proud of our employees and their drive to take initiative, explore new solutions, and challenge both our business model and infrastructure. It is this very curiosity and courage that fuel our growth! With an organization spanning everything from product development and manufacturing to app development, logistics, and content production, we continue to push boundaries.

We have proven our ability to bring a new dimension to beauty that customers love. Our Own Brands have continued to grow and now represent an increasingly important part of our business. Today, we have 15 own brands in our portfolio and have expanded our popular advent calendars by launching multiple Lyko Loveables each month.

OMNICHANNEL STRATEGY DRIVING SUCCESS

Our strategy of combining digital innovation with inspiring in-store experiences has been a key driver of our success. With more store openings and a continued focus on events and customer engagement, we have strengthened our position in the Nordics.

This year, we introduced several exclusive brand launches, including Milk Makeup, e.l.f., and Omar Beauty, to name a few. We also elevated our events to new heights, attracting large crowds eager to participate.

Our brand awareness continues to grow significantly across the Nordics. Norway is quickly catching up with Sweden, where we are the market leader, while Finland has shown the fastest brand awareness growth. In markets where our brand recognition is high, we achieve greater impact with every marketing SEK spent.

INVESTMENTS IN INFRASTRUCTURE AND EFFICIENCY

Throughout the year, we made strategic investments in our logistics and launched our self-developed warehouse software Lyko GLAM before the peak period, which enabled us to pass the needle's eye before the expansion next year. The automation expansion in Vansbro triples our warehouse space, and capacity increases by 150% by Black Week 2025. At the same time, we successfully relocated our warehouse hub in Germany, strengthening our competitiveness in Europe.

THE FUTURE GLOWS

With a strong business model, a passionate organization, and a clear strategy, I am convinced that Lyko has the best conditions for continued growth. We look forward to another exciting year where we continue to develop and inspire customers in beauty.

Stockholm, March 2025

Rickard Lyko
Founder & Chief Executive Officer


MOISTURE MANIA/
FACE CREAM
LYKO
PURE POREFECTION/
2% BHA TONER
LYKO
REFRESH SESH /
CLEANSING GEL
LYKO
VITAMIN E, PHA
LEAVES YOUR SKIN FEELING CLEAN,
FRESH AND SMOOTH.
150 ML / 5 FL.OZ
SWEEP CALM/
HYDRATING TONER
LYKO
HYALURONIC ACID, VITAMIN B3
FOR A REFRESHED, SOOTHED AND
HEALTHY COMPLEXION
200 ML / 6.8 FL.OZ
BRIGHT LIGHT/
VITAMIN C SERUM
HYDRA HALO/
HYALURONIC SERUM
TRIPLE HYALURONIC,
ACID, GLYCERIN
HEALTHY, FIRM
SKIN STARTS WITH
MOISTURE.
30ML/1 FL.OZ
LYKO

A leading beauty specialist

Lyko is a beauty specialist dedicated to delivering the best customer experience and the widest selection of products.

Lyko's customer offering includes a vast range of beauty products, fast and reliable delivery, a modern e-commerce platform, and stores with friendly and knowledgeable staff.

We believe beauty should be playful, joyful, and uniquely personal.

We recognize the power of in-person experiences and invest heavily in our retail operations. Today, Lyko is a market leader, offering the most extensive product selection in the industry.

With over 65,000 products from more than 1,000 brands, our assortment blends iconic names with exciting new discoveries. This is complemented by our affordable private label collection and an expanding portfolio of Own Brands.

Lyko provides a seamless omnichannel experience, with everything accessible through our app. Our business includes the Lyko.com website and 32 fully owned, integrated stores and salons across Sweden, Norway, and Finland. Online sales are available in Sweden, Norway, Denmark, Finland, Germany, Austria, the Netherlands, and Poland.

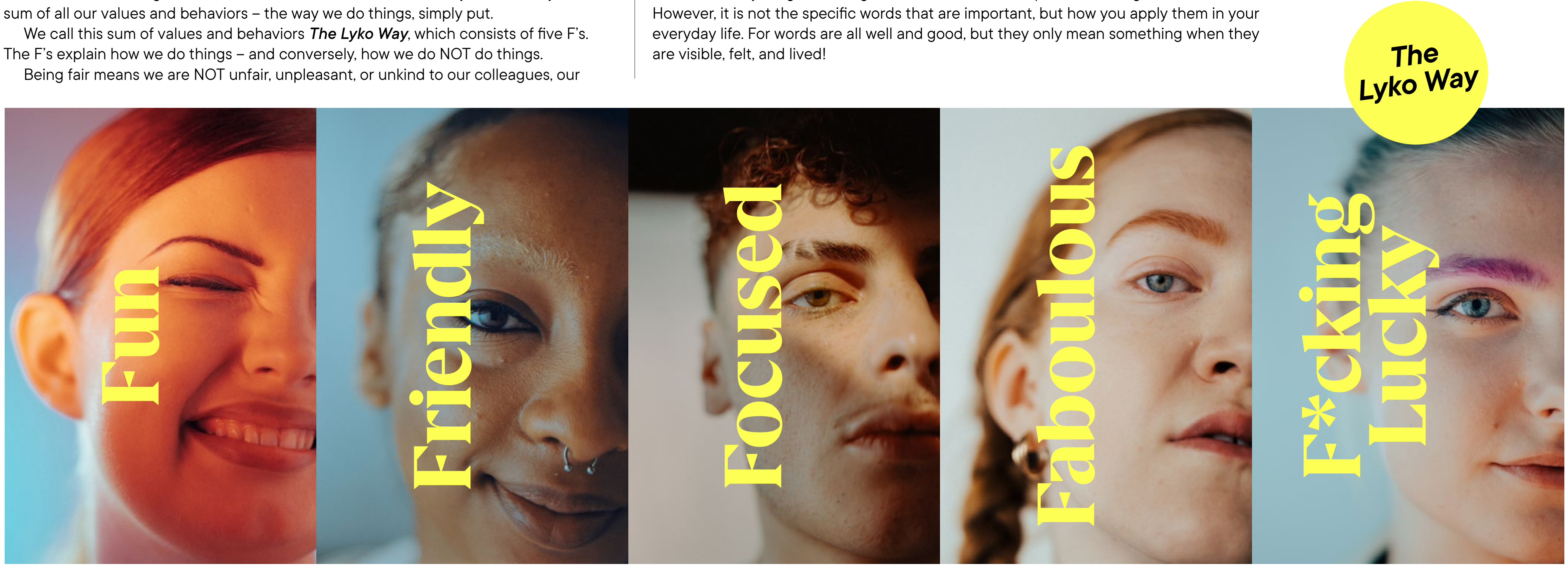
Everyone is different. Even those of us who work at Lyko.

We have different experiences, personalities, and perspectives.

At the same time, many of us probably work here because we love the culture at Lyko. The culture that “is ingrained in the walls.” And what is that? Well, you could say it is the sum of all our values and behaviors – the way we do things, simply put.

We call this sum of values and behaviors ***The Lyko Way***, which consists of five F’s. The F’s explain how we do things – and conversely, how we do NOT do things.

Being fair means we are NOT unfair, unpleasant, or unkind to our colleagues, our customers, or ourselves. Taking responsibility for the results means we do NOT just take credit for everything that has gone well, but also own up to what has gone less well. However, it is not the specific words that are important, but how you apply them in your everyday life. For words are all well and good, but they only mean something when they are visible, felt, and lived!



HISTORY

The family business with roots in Dalarna, Sweden

Lyko has its roots in Dalarna, where Frans Lyko arrived in 1945. The strong connection to the Lyko family remains at the heart of the company today, along with the entrepreneurial spirit that defines its culture. Now in its third generation, the Lyko family continues to play a key role in both operational leadership and in the boardroom, ensuring continuity and long-term vision.

FIRST GENERATION

Frans Lyko was born in Lviv, Ukraine (formerly Poland), but moved to Gdańsk at an early age, where he trained as a hairdresser in the 1930s. During World War II, he was imprisoned in a concentration camp but managed to survive. After the war, he settled in Vansbro, Sweden, where he opened his own men's hair salon in 1952.

SECOND GENERATION

Frans' son, Stefan Lyko, also pursued a career in hairdressing. In 2003, Stefan and his wife Rita expanded their salon by launching a simple online store. Initially, products were showcased on the website with orders processed via cash on delivery. Over time, the website evolved into a fully integrated e-commerce platform with a digital payment solution.

THIRD GENERATION

In 2008, Stefan and Rita's son, Rickard Lyko, took over as CEO, focusing on expanding Lyko's e-commerce platform. Under his leadership, Lyko has won multiple awards for excellence in online retail. His sister, Erika Lyko, a trained hairdresser, has also been actively involved in the company since 2008.

Lyko's operations in Vansbro grew steadily, with larger warehouses and offices. In November 2014, Lyko merged with Bellbox, combining Lyko's e-commerce expertise with Bellbox's physical retail and salon network. In recent years, the physical store network has been developed with Lyko Your Beauty Playground Concept, while the launch of Lyko Community and Lyko Booking has been a further development of the e-commerce platform.

The next chapter began in 2017 when Lyko was listed on Nasdaq First North Premier, and since autumn 2018, Rickard Lyko has once again been the CEO of Lyko. In 2019, the company surpassed 1 billion SEK in revenue.

In 2020, the operations moved into a newly built, highly automated warehouse three kilometers outside Vansbro. In October of the same year, operations were opened in four new countries: Germany, the Netherlands, Poland, and Austria.

In 2021, the company's investments in own brands were expanded with the acquisition of the brands Make Up Store, Pusher, and the Swedish factories Grazette and INZO. Revenue surpassed 2 billion SEK.

In 2022, A major sustainability milestone is reached as Lyko becomes the first e-retailer to offer only fossil-free deliveries in Sweden. The advertising agency Honesty is acquired and transformed into in-house agency Lyko Studio. Several new brands join the growing portfolio, including Love'n Layer, influencer brand Rebecca Stella Beauty, Acasia Skincare, and Eyracure. At the end of the year, the first version of the Lyko app was launched.

In 2023, Revenue surpasses 3 billion SEK. Lyko acquires Estelle & Thild and opens its first store in Finland in May. At the end of the year, the beauty destination Lyko FABShip Store opens at Sergels Torg in Stockholm.

2024

Revenue exceeds 3.5 billion SEK, with Own Brands accounting for 7.7% of total sales. Lyko acquires the skincare brand Reserol and launches PLY Skin. New stores open in Turku, Finland, and Bergen, Norway.

From a small men's hair salon in Vansbro to a leading beauty powerhouse, Lyko's journey is one of resilience, innovation, and continuous growth. And the story is far from over.

Erika Lyko

Rickard Lyko

Lyko's growth journey continues...

Stefan Lyko launches Lyko.se to showcase products from the family's salon. One of them is the rare Fudge Shaper wax, which Stefan brings back from London. Suddenly, email requests start pouring in from across the country, asking to have the wax shipped via cash on delivery. "No problem!" – and just like that, the Lyko family has launched an e-commerce business!

2008

Lyko becomes a registered company, and Rickard Lyko moves back into his childhood bedroom to go all in.

2011

Lyko invests in TV advertising for the first time, producing its first commercial themselves at the local cinema in Vansbro.

2014

Acquires Bellbox, adding 30 stores to the business.

2017

Lyko goes public in December to refinance the loans taken for the Bellbox acquisition.

Lyko's Community is launched.

2019

Named Best Workplace in Retail by the Swedish trade union Handels.

Annual revenue surpasses 1 billion SEK.

Lyko expands into Denmark.

2020

Moves into a highly automated warehouse in February.

Expands into four new European markets.

2021

Revenue exceeds 2 billion SEK.

Acquires several brands, including Make Up Store, and two Swedish beauty product manufacturing facilities.

2022

Becomes Sweden's first e-commerce retailer to offer only fossil-free deliveries.

Annual revenue surpasses 2.5 billion SEK.

2023

Opens its first store in Finland.

Launches Lyko FABShip Store at Sergels Torg.

Revenue exceeds 3 billion SEK.

2024

Launches Lyko AI in the app.

Introduces a new brand concept.

Revenue surpasses 3.5 billion SEK.

For the first time, a single quarter generates over 1 billion SEK in revenue!

...and we continue to grow with joy! :)

Top of mind in beauty

Lyko sells beauty products in Sweden, Norway, Finland, Denmark, Germany, the Netherlands, Austria, and Poland. While Lyko has a growing portfolio of own brands, the majority of products are sourced from external distributors and suppliers.

OMNIKANALMODELL

Lyko offers an integrated omnichannel experience, where the majority of sales occur online, complemented by physical stores. Most physical stores also include salons that provide services such as haircuts, styling, and, in some cases, skincare treatments. The salon business is a key part of Lyko's customer offering, as it not only enhances credibility but also enables the sale of professional haircare and skincare products. Many professional beauty and haircare brands require retailers to operate salon services to be authorized sellers.

Lyko Group reports its operations within two business segments: Nordics, which includes Sweden, Norway, Finland, and Denmark, and Europe, which includes Germany, Austria, Poland, and the Netherlands.

Lyko's business model is focused on selling beauty products within haircare, skincare, makeup, and fragrance across these two geographic segments. In the Nordics, sales are conducted online via lyko.com and the Lyko App, as well as through 32 Lyko stores. In Europe, sales are conducted online via lyko.com and the Lyko App.

Lyko's omnichannel offering

lyko.com | 32 stores | Lyko app

In 2024, net sales for the Nordics segment reached SEK 3,3 billion, reflecting an impressive 18.2% growth. Lyko Europe continues to expand, although net sales decreased to SEK 132 million, a decline of 9.4% (SEK 13.8 million) this year.

In addition to these two segments, the company also includes group-wide functions such as HR, IT, and Marketing.

Other operations include Lyko's production facilities, Own brand organization, third-party logistics, and sales teams targeting hair salons and other professional customers.

BRAND SEGMENTATION

Lyko's product sales consist of haircare and beauty products, categorized into four primary product categories and three brand segments.

Brand segmentation is based on specific criteria set by brand owners, who determine which retailers are authorized to sell their products. The majority of Lyko's sales come from professional haircare and skincare brands, which generally require retailers to operate salons or treatment services in order to sell them.

For selective brands, brand owners set additional requirements for retailers, not only regarding basic qualifications but also in terms of being a desirable long-term partner.

Semi-selective brands, on the other hand, are those where brand owners impose very few – if any – requirements on retailers. These brands are widely available through multiple sellers.

> **Our goal is for our stores to be an inspiring space for beauty enthusiasts and a physical meeting place for our community. The in-store experience is always at the core – where customers can test, try, smell, touch, and feel products in an inspiring, playful, and welcoming environment. Everyone should feel at home at Lyko. We believe beauty should be fun, not overly serious or pretentious.**
>
> *Rickard Lyko*

your beauty playground

The fastest growing beauty specialist in the Nordics

We continued to see strong sales growth, achieving a 16.6% increase for the full year. We are gaining market share and strengthening our position in the Nordics while finding our footing in Europe.

Lyko continues to build on the strategic focus areas described below: growth in existing markets, geographic expansion, development of own brands, platform, customer offering, brand awareness, and store network.

VISION

Lyko's vision is to be the obvious choice and the starting point for everything beauty in all markets where Lyko operates.

BUSINESS IDEA

Lyko's business idea is to be a pioneering player in the beauty industry. This is achieved by offering an innovative platform that includes both e-commerce and physical store sales and salon services – both in stores and through digital consultations such as skin and hair tests or perfume selectors. The ambition is to constantly be at the forefront of new concepts and collaborations, for example through events in flagship stores on Karl Johan in Oslo, Forum in Helsinki, and Sergels Torg in Stockholm. Our events attract customers, influencers, and celebrities, creating waves on social media and keeping us constantly relevant.

GOALS

Growth: Lyko's goal is to grow total revenues by an average of 15 to 20 percent annually in the medium term.

Profitability: Lyko's goal is to achieve an EBITDA margin of 10 percent in the long term, before the effects of IFRS 16.

DIVIDEND POLICY

Lyko's board will primarily use generated cash flows for continued expansion in the coming years. The board does not intend to propose any dividend for the current financial year. Thereafter, the board will annually evaluate the possibility of dividends, taking into account the company's development, operating results, financial position, current and expected liquidity needs, and expansion plans.

Organic growth
15-20%
annual growth in the medium term

Profitability
10%
EBITDA margin before the effects of IFRS 16 in the long term

Focus on growth
For the foreseeable future, growth will be prioritized over dividends

FOCUS AREAS

Lyko has a well-developed growth strategy consisting of eight focus areas:

- **Continued growth in existing markets** – Lyko's position as an online market leader and beauty specialist provides good conditions to gain additional market share with good profitability. The business benefits from overarching trends, such as increased online shopping and growth for specialists compared to generalists.
- **Develop and broaden the product offering** – Lyko will continue to expand the number of products and brands within existing categories to support the market's broadest beauty range, which is Lyko's positioning driver. Growth categories include makeup and skincare, particularly professional skincare, where the offering of both products and services will be further developed. In addition to existing product categories, new categories will be added that complement the range and have a clear connection to beauty.
- **Geographic expansion** – In addition to developing the store network in existing markets, Lyko sees potential for further geographic expansion. Lyko's strategy for geographic expansion is to leverage our scalable and flexible platform through an "online first" strategy by launching locally adapted websites and then evaluating where and when physical presence is appropriate. In 2023 and 2024, local country managers were recruited to further adapt our local presence.
- **Develop Lyko's store network** – Lyko will continue to develop the physical store network and sees continued potential in increasing the relevance of physical presence through a more developed product and service offering. We continuously adjust our portfolio of stores to ensure they are well-located, build the brand, and contribute to profitability. Furthermore, Lyko's salon operations are important as they create legitimacy and enable the sale of professional hair and skincare products. Stores are important for introducing new products, organizing events, and providing advice. Strategically advantageous locations also lead to increased brand awareness and acquisition of new potential customers. Our latest city stores have also given us better proposals from the real estate market for future locations.
- **Own Brands** – Lyko has a growing range of products under its own name called by Lyko. New products are continuously released, and today it covers everything from hair care and heat tools to skincare, makeup, and accessories. In 2021, two factories in Sweden were acquired that manufacture for both internal and external brands. In recent years, a large portfolio of own brands has been built up, and the ambition is to increase the percentage share of sales of these. In 2023, the brand Estelle & Thild was acquired for the brand portfolio, which today includes fifteen brands. In 2024, the brand Reserol was acquired, and the self-developed skincare brand PLY Skin was launched.

- **Develop brand and awareness** – Lyko sees potential in further strengthening its current position and brand awareness. This is done through communication concepts and continued investment in digital marketing and communication via social media and broad traditional media such as TV, radio, and outdoor advertising. In 2020, the advertising concept Your Beauty Playground was launched with great success in Sweden and Norway. In 2021, we further scaled it up while rolling out the first campaign in Finland. Our brand-building activities have yielded good results, and we believe they will benefit our growth in the long term. Lyko continuously works to improve the customer experience and constantly tries new things to further increase brand awareness.

  In 2022, Lyko acquired the production part of our former advertising agency Honesty with the goal of quickly building Sweden's best in-house agency and starting LYKO Creative Agency to take content production and moving images to the next level. The acquisition is another investment in Lyko's growing portfolio of own brands. In 2023, outdoor advertising was rolled out in Denmark for the first time, while the number of events in our stores increased.

  In 2024, Lyko launched the new concept 'Welcome to your beauty playground,' a playful and visual experience where customers can explore beauty in a whole new way. With an imaginative world where makeup brushes form forests and shampoo bottles rise like skyscrapers, we want to inspire and entertain. The goal of the concept is to offer a light-hearted and engaging experience that invites our customers into a playful fantasy world.
- **Further developed platform for increased growth** – Lyko continuously develops and improves its platform to strengthen its position as the leading retailer of beauty products. In 2021, many employees were recruited to the IT department, and two IT hubs were opened, one in Borlänge and one in Lund. The IT department delivered, among other things, a self-developed app and a supplier portal called Lyko Insight in 2022. In 2023, the ability to manage multiple warehouse hubs was created, and we chose to show price history on products for customers.
- **Strategic acquisitions** – Lyko has successfully acquired and integrated businesses to increase physical presence and build a broader portfolio of own products, brands, and categories. To offer customers an expanded, broad, and relevant range and to achieve further geographic expansion, Lyko sees continued potential in strategic acquisitions but emphasizes that organic growth is the company's main focus.

The opening of the store in Bergen, Norway...

...on October 26, 2024.
The best store opening ever, completely without Goodie Bags!

Continued investment in Own Brands

Over the years, Lyko has made several acquisitions of brands and operates its own manufacturing facility in Gothenburg, Sweden. The share of sales from Own Brands continues to grow each year, and we see numerous synergies emerging as our portfolio expands.

AGILE AND EFFICIENT

Building strong brands and developing new products takes time, but acquisitions enable Lyko to rapidly expand its portfolio of Own Brands. Through these acquisitions, we gain immediate revenue streams while simultaneously strengthening our assortment with unique and attractive offerings. Over the past year, we have expanded our in-house expertise – ranging from product development and manufacturing to marketing and sales – through both acquisitions and strategic recruitment. With full control over the entire value chain, we have unlocked significant opportunities for our Own Brands portfolio.

The first acquisition was the iconic brand Make Up Store, a well-known name among Swedish consumers. Lyko recognized substantial potential in leveraging economies of scale and expertise in both physical and digital retail. Next, we acquired Pusher, a lifestyle brand targeting a male audience. This was followed by the acquisition of Grazette, a company specializing in the development and production of innovative beauty products for hair care, skincare, beard care, and styling, with its own factory in Gothenburg. In the same year, during the fall, we acquired Inzo, which operates a manufacturing facility in Stockholm, along with the Waterclouds brand.

In 2022, Lyko acquired a 40% stake in the "nail tech" company behind Love'n Layer, which developed a UV-cured nail layer with unique patterns. Further acquisitions included the influencer-driven beauty brand Rebecca Stella Beauty and the skincare brand Acasia, both offering a broad range of products. Additionally, Lyko invested in Eyracure, a company that developed an innovative method using the Swedish BioLAP-20® (Bio-Light Activated Plant Protein) technology. This UV-activated brush repairs hair in an environmentally friendly, effective, and gentle way.

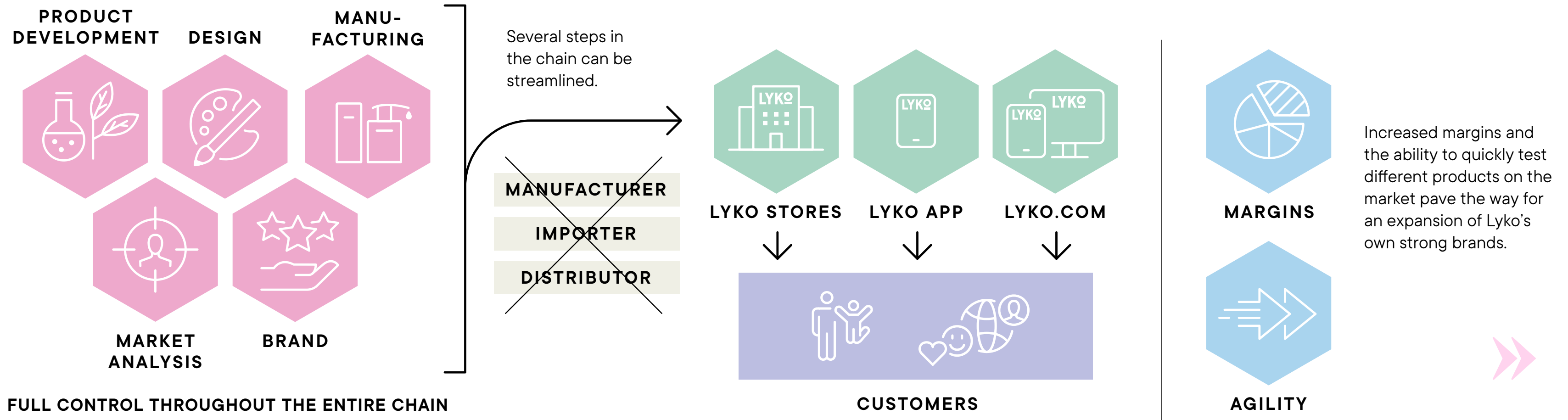
In 2023, we acquired Estelle & Thild, a Swedish organic beauty brand specializing in sustainable and organic ingredients. The brand offers a wide range of skincare and makeup products, each featuring a unique combination of active ingredients. Utilizing the latest innovations in organic beauty care, all product formulas are Ecocert-certified.

In 2024, Lyko acquired Reserol, a science-backed beauty brand focused on activating the body's own systems to enhance beauty from within. Reserol's products have been highly praised by both the beauty industry and consumers and have received international recognition. Additionally, Lyko acquired the remaining 60% of Love'n Layer, securing full ownership.

During the year, Lyko also launched PLY Skin, a brand developed entirely in-house, leveraging our expertise from formulation to production. The initiative was driven by co-founders and stakeholders Morten Hegseth (known from Let's Dance, VGTV, and TV 2 in Norway), along with creative duo Jone Fjellstad and Christopher Waldekrantz. PLY Skin is positioned as an "anti-beauty beauty brand," with products designed with a clear mission: to nourish and strengthen the skin barrier.

INCREASING MARGINS

Own Brands play a key role in strengthening our margins and are a natural part of our assortment strategy for European expansion. Looking ahead, we see significant potential to develop new Own brands and further expand our product range, leveraging our in-house expertise in development and production across our own factories. However, building brands takes time, and we recognize the valuable role our physical stores can play in product launches and customer consultations. At the same time, we can harness traffic from our own digital channels and content production to showcase new brands. As a result, we see continued opportunities for further vertical acquisitions.



FULL CONTROL THROUGHOUT THE ENTIRE CHAIN
Lyko has unique expertise across the entire chain – from product development to sales.

- HAIR - SKIN - MAKEUP - FRAGRANCE - HAIR - SKIN - MAKEUP - FRAGRANCE - HAIR -

LYKO GRAZETTE REBECCA stella MAKE UP STORE Happy Crazy Mine estelle&thild ORGANIC BEAUTY

waterclouds BEARD JUNK BY WATERCLOUDS EYRACURE RESEROL LOVE'N LAYER CRUSH

Pusher waterclouds THE DUDE XL ACASIA SKINCARE NECCIN ADD SOME RE-BOOST DAVROE

PLY SKIN

Strong nomentum in the Nordics

Lyko operates in two business segments: the Nordics, which includes Sweden, Norway, Finland, and Denmark, and Lyko Europe, which comprises Germany, Austria, Poland, and the Netherlands. In the Nordics, sales are conducted online via lyko.com and the Lyko App, as well as through 32 Lyko stores. In Europe, sales take place online in the local language via lyko.com and the Lyko App.

Lyko's omnichannel offering enables customers to seamlessly transition between online and physical stores – for example, by allowing in-store returns for online purchases or by enabling customers to order items from Lyko's online assortment in-store. Naturally, Lyko applies the same pricing across both channels.

LYKO NORDICS

At the end of 2024, Lyko Nordics accounted for 91.5% of total sales.

During 2024, revenue in Lyko Nordics grew by 18.2% to SEK 3.3 billion. In recent years, the company has strengthened its market position thanks to broad marketing efforts and the successful development of its omnichannel model. Flagship stores in Sweden, Norway, and Finland have facilitated numerous high-impact events.

Sales growth in Lyko Nordics has been strong in recent years, driven by overall category expansion and the shift from physical retail to online, which accelerated during the pandemic. Additionally, Lyko has been able to increase marketing investments and expand its market share.

With extensive experience in online sales, Lyko has continuously refined its e-commerce operations. In 2022, the company launched its own app, further enhancing the user experience. Lyko had already adopted a mobile-first strategy with a user-friendly and fast-performing platform, but the app provided an additional level of convenience. Over the years, Lyko's website has received multiple awards for its usability and performance.

Physical stores play a crucial role in supporting online sales by offering an attractive product selection. These stores, in turn, benefit the online channels by enabling the sale of premium and selective brands while strengthening customer relationships.

LYKO EUROPA

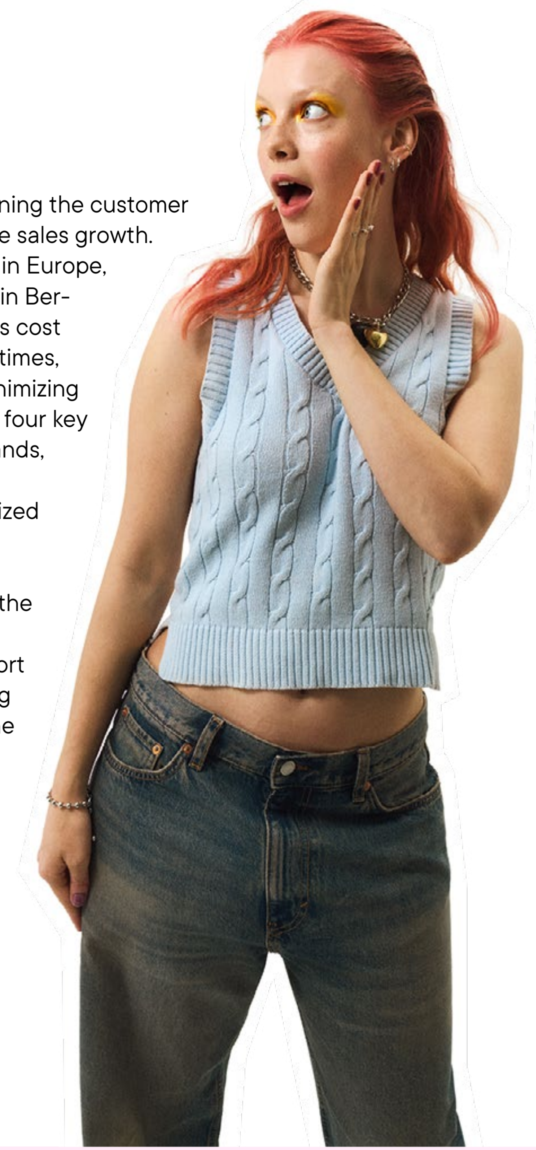
Europe remains a smaller portion of net revenue, and during the year, we adjusted our strategy to reduce losses. Total sales amounted to SEK 132.4 million, a decrease of 9.4%.

New logistics providers have been added in Europe, along with an improved line-haul system, leading to better customer service with shorter delivery times and lower logistics costs for the company.

During the year, we recruited country managers for Germany, the Netherlands, and Poland, who have begun tailoring operations to each local market. The potential is there, and Lyko's concept has proven successful. The next step is refining the customer offering and preparing for future sales growth.

To support Lyko's expansion in Europe, a logistics hub was established in Berlin, Germany. This hub enhances cost efficiency by reducing delivery times, lowering logistics costs, and minimizing environmental impact. It serves four key markets: Germany, the Netherlands, Poland, and Austria.

The warehouse hub is optimized for the best-selling products in Europe. Meanwhile, the central warehouse in Vansbro remains the optimal solution for the Nordic markets and continues to support European operations by fulfilling orders that require access to the full product assortment.



Exclusive launch of Milk Makeup in Oslo

Milk Makeup is one of the hottest brands right now, and in Oslo, we made sure no one missed out on the excitement!

Building a beauty powerhouse

Lyko's core markets are beauty products for consumers in Sweden, Norway, and Finland. Over the past few years, the company's operations in Finland have experienced strong growth in both sales and brand awareness.

The Nordic consumer beauty market is characterized by stable growth, largely unaffected by economic fluctuations. Over the past decade, the market has increasingly shifted towards e-commerce, a trend that accelerated during the pandemic in 2020 and 2021. While consumers have partially returned to physical stores, the underlying shift towards online shopping continues.

CHARACTERISTICS AND KEY DRIVERS

A number of factors define Lyko's market:

- Steadily growing e-commerce in a relatively underpenetrated market.
- Increased omnichannel behavior among consumers.
- Significant entry barriers.
- High gross profit margins.
- Low return rates.
- Low inventory risk.
- Low shipping costs.

A STABLE MARKET WITH LIMITED MACROECONOMIC IMPACT

The market is considered relatively recession-resistant and, for example, was not significantly affected by the global financial crisis of 2007–2008. One key reason is that beauty products fulfill fundamental needs and are consumable goods. However, demand can be temporarily influenced by factors such as weather and seasonal changes. The pandemic and the rise of remote work have somewhat increased interest in skincare, but all beauty categories have experienced significant sales growth as more consumers have turned to online shopping.

GROWING E-COMMERCE IN AN UNDERPENETRATED MARKET

Similar to many other consumer-oriented industries, the beauty sector is seeing an increasing shift toward online sales. While it is difficult to precisely estimate the penetration rate of e-commerce, it is clear that the pandemic has driven a significant transition. The growth rate of online beauty sales is substantially higher than that of the overall market and has accelerated significantly in the past five years.

Despite the continuous rise in online beauty sales, e-commerce penetration remains relatively low compared to other consumer industries, such as electronics and fashion.

FUNDAMENTAL OMNICHANNEL BEHAVIOR AMONG CONSUMERS

As retail shifts from physical stores to e-commerce, consumer shopping behavior has changed. Today's consumers move fluidly between different sales channels. In the beauty segment, for instance, a customer may browse products via an app or website before purchasing in-store, or vice versa. Beauty is a category that includes product groups where customers may want to see and test products before making a purchase. This highlights the need for personalized customer service and guidance, reinforcing the importance of physical retail as a complement to e-commerce.

SIGNIFICANT ENTRY BARRIERS

Brand owners of professional and selective products impose requirements on retailers before granting access to their products. For example, retailers may need to operate salons to qualify as authorized distributors. This creates barriers for pure-play e-commerce businesses and grocery chains. Major retailers such as ICA, Coop, and Axfood, which together account for a significant portion of the industry's total revenue, typically do not have access to professional and selective brands. Meanwhile, the salon market remains highly fragmented, with approximately 8,500 hair salons in Sweden due to low entry barriers.

For individual salon businesses, the challenge lies in developing significant and profitable product sales alongside service offerings, which can be difficult. Economies of scale act as a barrier for smaller retailers and can only be achieved with large product volumes. Additionally, brand owners and agencies generally prefer to sign agreements with retailers that can offer high sales volumes. Scale advantages are also crucial in e-commerce, which demands strong capabilities in driving traffic to online platforms. Acquiring traffic through paid search ads and social media visibility is essential. Consequently, size and volume create better conditions for profitability.

A network of physical stores and salons also strengthens customer relationships, enhances legitimacy, and boosts brand awareness. Pure-play e-commerce retailers thus face a competitive disadvantage compared to retailers that operate both online and physical stores. Online retail also presents entry barriers in terms of investments in websites, logistics, and inventory scaling.

HIGH GROSS PROFIT MARGINS

The beauty and haircare retail market is characterized by strong gross profit margins. This is partly due to high purchasing margins from brand owners and agencies for both regular sales and promotional campaigns. Large players in the beauty market can also secure volume discounts through favorable agreements with brands and distributors. Since 2021, Lyko has acquired several in-house brands and its own manufacturing facility in Gothenburg, Sweden, further strengthening its gross profit margins.

LOW RETURN RATES

Compared to many other consumer product categories, the haircare and beauty industry experiences low return rates, consistently under 1%. A key reason for this is that most beauty products are not as individualized as apparel and footwear, which require specific sizing.

Additionally, hygiene considerations mean that once customers receive and test products, they generally cannot return them unless the item is defective. End consumers also tend to repurchase the same types of beauty and haircare products regularly, further minimizing return rates.

A MARKET IN TRANSITION EVEN BEFORE COVID

Like other consumer-driven industries, the haircare and beauty market is undergoing significant changes. The rise of online sales has made it challenging for smaller physical stores and salons, with some forced to close or relocate. This transformation is reshaping retail landscapes, favoring larger shopping centers over smaller individual stores.

The online segment is experiencing different trends. E-commerce players that previously focused primarily on clothing and pharmaceuticals have started to expand into haircare and beauty. Meanwhile, international giants like Amazon are expanding globally and have entered the Swedish market. However, Lyko's CEO believes the company's well-established market position, specialization in selected segments, and omnichannel strategy provide strong defenses against increased competition. In some cases, Lyko has even benefited from heightened competition, as it drives sales volumes and highlights the company's broad product selection.

In recent years, several beauty brands have embraced direct-to-consumer (DTC) sales. Lyko's CEO welcomes this trend, as it strengthens the understanding of Lyko's value proposition. Most consumers purchase multiple beauty brands, and Lyko's position – offering a wide selection, fast and reliable deliveries, a modern e-commerce platform, and knowledgeable, customer-focused staff – remains the most attractive long-term proposition.

We have taken the next step in our logistics journey!

The building, hardware, and software are now in place!
By summer 2025, our new automation system at the central warehouse in Vansbro will be fully operational, enabling us to process up to 100,000 orders per day. This new automation is specifically optimized for beauty products, enhancing inbound deliveries, packing, and order picking.

"To support our growth, this expansion is crucial. Next year, we aim for a 150% increase in delivery capacity," says Rickard Lyko, CEO.

During Black Week, we broke delivery records thanks to our in-house developed system, Lyko GLAM, which ensures stable and efficient workflows while reducing error rates. The software integrates two different hardware providers, serving as a key component that gives us unique control over our processes.

With Lyko GLAM and the new automation, we are securing the future of logistics – faster, smarter, and more efficient.

Sustainability at Lyko

Lyko strives to grow and manage its business in a sustainable way, with high ethical standards and long-term responsibility, by continuously improving resource efficiency, reducing our climate footprint, and ensuring health and well-being in our value chain.

Sustainability has been a central part of Lyko's business since the beginning, with the main focus on creating an attractive and safe workplace, investing in resource-efficient solutions at the central warehouse in Vansbro, and collaborating with logistics providers to maximize the use of fossil-free delivery services for our customers

As a company in strong growth, we have intensified our sustainability efforts. During the year, the focus has been on preparations for CSRD reporting, which will mean increased clarity, long-term perspective, and comparability in sustainability reporting. These requirements offer a chance to improve and systematize our approach to sustainability.

SUSTAINABILITY ORGANIZATION

Sustainability is an integrated part of the business and is governed at a strategic level by the board, which has overall responsibility. The operational responsibility lies with the CEO, while the daily sustainability work has been led since November 2024 by Lyko's new Sustainability Lead Annelie Källebo. The function reports to the CFO and collaborates with various business areas to ensure that the sustainability strategy is implemented throughout the business. Employees are expected to contribute within their areas of responsibility, and managers have a clear responsibility for monitoring and compliance with sustainability goals and guidelines.

Annelie Källebo, Sustainability Lead.

BUSINESS MODEL AND VALUE CHAINT

Lyko operates as a leading retailer of beauty products in the Nordics and has a strong presence through both e-commerce and physical stores. The assortment includes a wide variety of products within cosmetics and hair care, consisting of both own and external brands. In addition to the Nordic markets, products are distributed via e-commerce platforms in the Netherlands, Germany, Poland, and Austria.

DESCRIPTION OF THE VALUE CHAIN:

PRODUCTION OF OWN BRANDS AND BUSINESS TO BUSINESS
The Own Brands development team creates a product, sources the raw materials, manufactures it at Lyko's Gothenburg facility, and performs quality inspections

SOURCING OF OWN BRAND PRODUCTS
The Own Brands development team develops products and procures them from external producers.

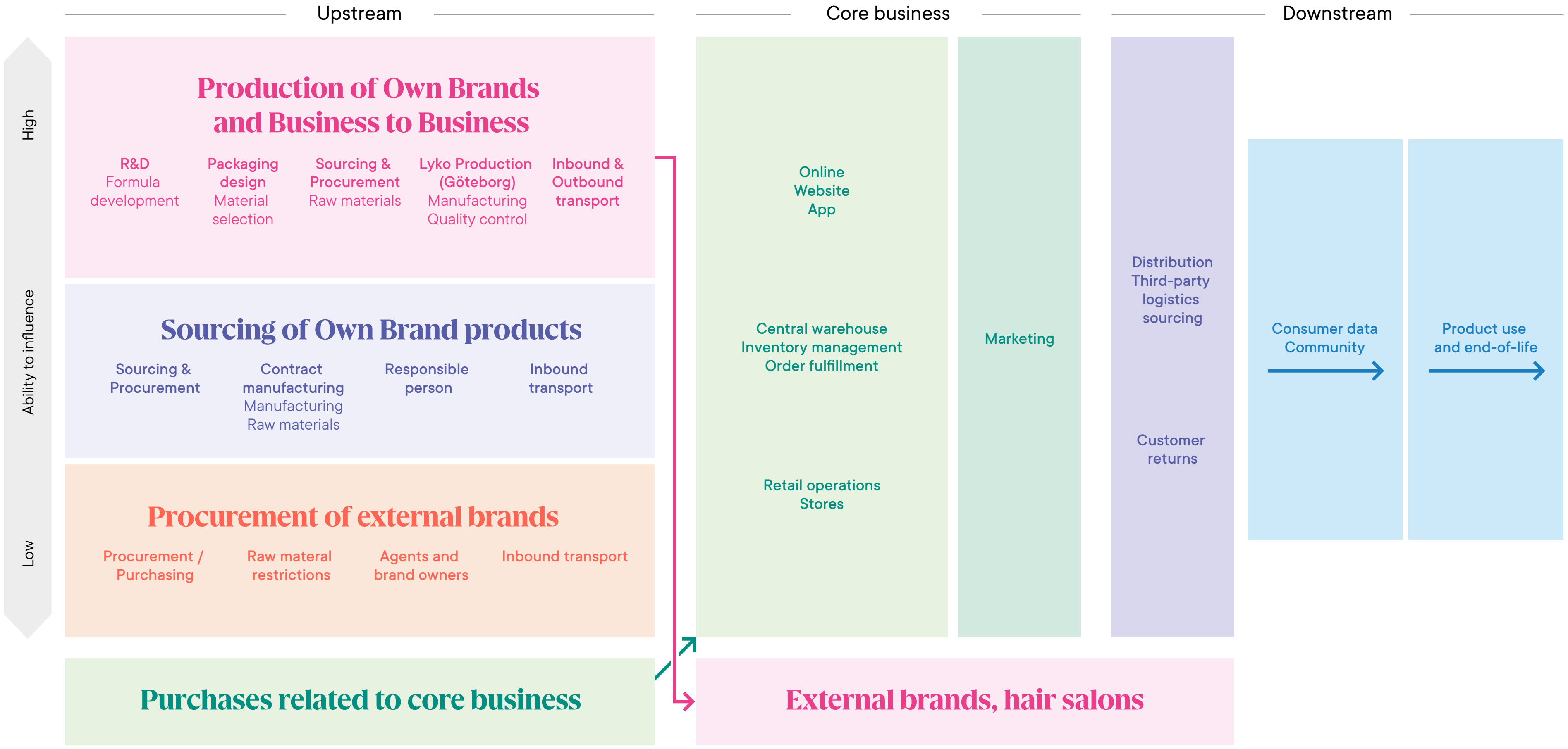
PROCUREMENT OF EXTERNAL BRANDS
The purchasing department buys the products from agents and suppliers.

CORE BUSINESS
Lyko's core business is the sale of beauty products via e-commerce and stores. Products are stored and packaged at the central warehouse and distributed via external logistics providers to end customers or physical stores.

Products are marketed primarily to consumers, but a small portion is sold to hair salons and external brands that then sell to end consumers.

PURCHASES RELATED TO CORE BUSINESS
Lyko purchases goods and services required to operate the core business.

Value chain



PRODUCTION OF LYKO'S OWN BRANDS

Over 80% of Lyko's own brand production occurs in Europe, with the majority taking place at Lyko's own production facility outside Gothenburg, Sweden, where most hair and skincare products are manufactured.

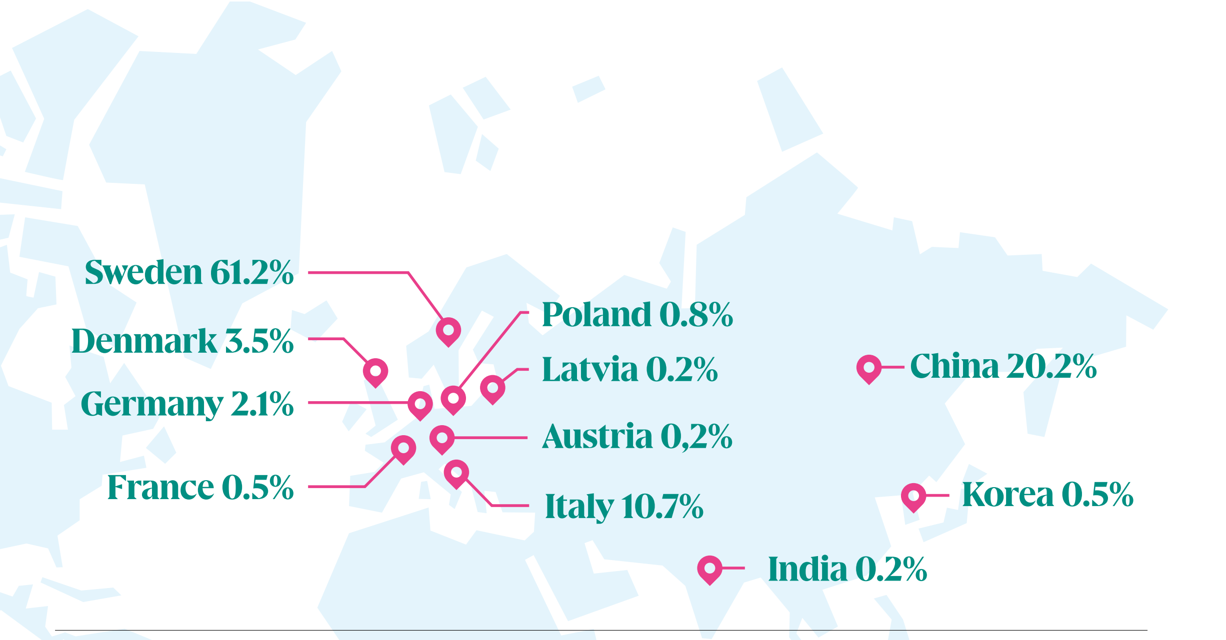
In addition to Sweden, there are strategic partnerships in Italy, where a large part of the makeup is produced, and in China, where the production of hair accessories, makeup brushes, and heat tools takes place.

During the year, production has been consolidated to bring production closer to Lyko's home market. As part of this strategy, parts of the production have been moved from Asia to Sweden and Europe, which has contributed to a strengthened supply chain, increased efficiency, and reduced complexity.

Work to improve follow-up and data quality for Own Brands has continued to create better decision-making bases when choosing suppliers, ingredients, and packaging materials. Parallelly, the development of a sustainability policy for own brands is ongoing, with the goal of being completed and rolled out in 2025.

Production countries

Europe	Over 80% of the production of Lyko's own brands takes place within Europe.
Sweden	A significant part of the production takes place in Lyko's production facility in Sweden, where the majority of hair and skincare products are manufactured.
Italy	Large parts of the makeup segment is produced in Italy.
China	The production of hair accessories, makeup brushes, and heat tools, such as curling irons and hair dryers, takes place in China.



Percentage distribution of purchase value in 2024.

STAKEHOLDER DIALOGUE AND MATERIALITY ASSESSMENT

During the year, preparations for sustainability reporting in line with the CSRD directive have intensified. A central part of this work has been deepening stakeholder dialogue and completing the double materiality assessment, which provides a clearer picture of the sustainability issues most relevant to the business and stakeholders.

This analysis is based on a mapping of the value chain and dialogues with key stakeholders. The results form the basis for both the sustainability strategy and future CSRD reporting.

IMPLEMENTATION

To identify and prioritize the most material sustainability matters, a double materiality assessment has been conducted in accordance with CSRD and ESRS. The work has included the following steps:

1. MAPPING AND ANALYSIS OF STAKEHOLDER PERSPECTIVES
   - Gathering internal data, analyzing market trends, and conducting interviews and surveys with relevant stakeholders, including employees, suppliers, and customers.
2. IDENTIFICATION OF IMPACT AND FINANCIAL RISKS
   - Assessment of environmental, social, and governance-related factors to determine the most significant direct and indirect impact areas.
   - Analysis of how sustainability issues can pose financial risks or opportunities for the business.
3. VALIDATION AND PRIORITIZATION OF SUSTAINABILITY MATTERS
   - Review and validation of results by management and relevant business functions.
   - Determination of the most material sustainability matters based on double materiality, which includes both impact on people and the environment as well as economic consequences for the business.

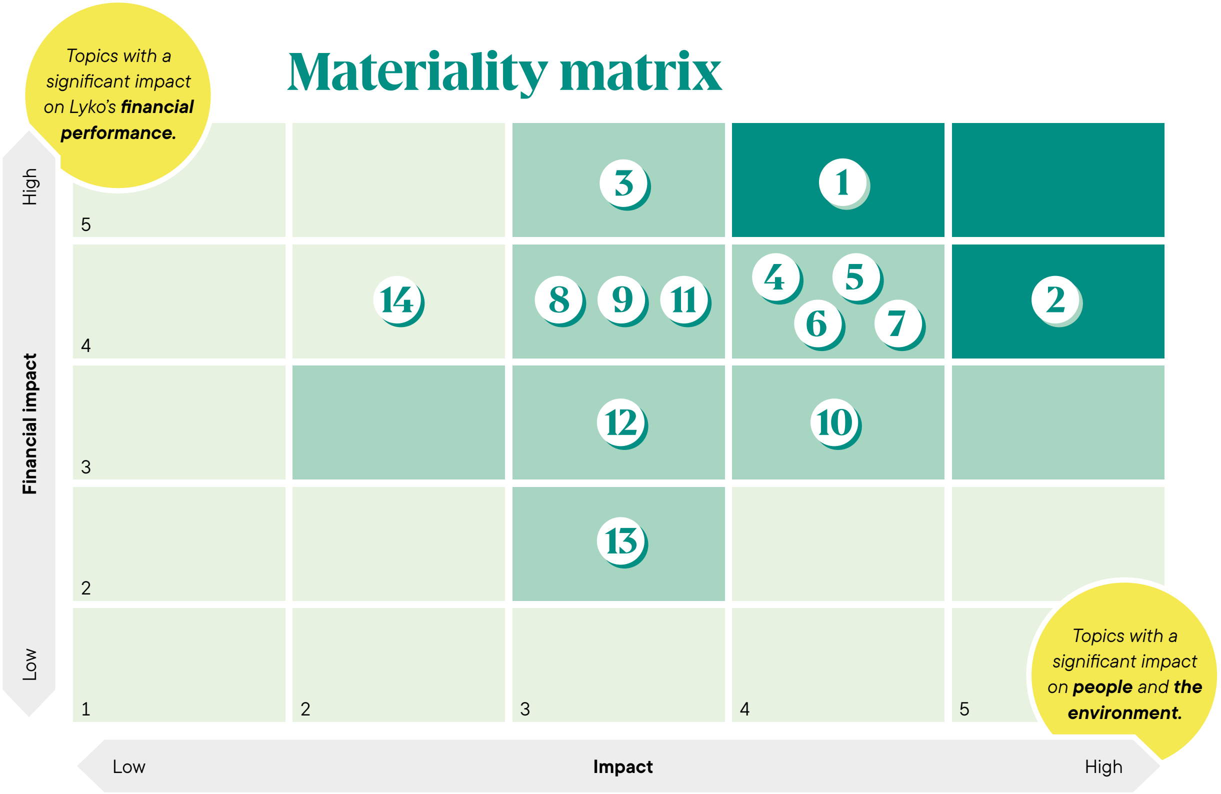
RESULTS

Through the materiality assessment, the most significant impact on the environment and society has been identified, as well as the sustainability-related risks and opportunities that affect the business. The main environmental aspects include climate change, resource use, and waste management. In the social area, working conditions and work environment for the own workforce, working conditions in the value chain, and impact on end consumers are the most significant issues.

Stakeholder engagement

Stakeholder group	Stakeholder dialogue	Identified expectations
Customers	Customer service, customer surveys, social media, customer satisfac-tion measurements, industry reports	Organic ingredients and products, recy-clable packaging, product refills, product quality, working conditions in the value chain, product information
Employees	Employee surveys via Winningtemp, employee interviews, training sessions	Health & Safety, equality, automation to reduce manual work, sustainability issues, work-life balance
Investors	Communication and meetings with analysts, ESG reporting, financial reports	CSRD compliance, reduced climate footprint, working conditions and human rights in the value chain
Suppliers & business partners	Supplier evaluations, industry collaborations, partner evaluations, supplier meetings	Contracts and payment terms, efficient processes and data collection with low administrative burden, collaborations to reduce climate emissions, accurate order forecasting, regulatory compliance

Materiality matrix



Topics have been scored on a scale from 0 to 5.
0 – Not important, 1 – Of little importance, 2 – Somewhat important,
3 – Important, 4 – Very important, 5 – Crucial.
Issues within the same quadrant have equal weighting.

CRUCIAL

1	Climate Change Mitigation	E1	E1.1	Climate Change Mitigation
2	Circular Economy	E5	E5.1	Resource inflows including resource use
			E5.2	Resource outflows related to products and services
			E5.3	Waste

VERY IMPORTANT

3	Own workforce	S1	S1.1	Working Conditions
			S1.2	Equal Treatment and Opportunities for All
4	Workers in the value chain	S2	S2.1	Working Conditions of Workers in the Value Chain
			S2.2	Equal Treatment and Opportunities for Workers in the Value Chain
5	Customer Privacy	S4	S4.1	Information-related impacts for consumers and/or end-users
6	Substances of Concern	E2	E2.5	Substances of Concern
			E2.7	Microplastics
7	Pollution	E2	E2.2	Pollution of Water
			E2.3	Pollution of Soil
			E2.4	Pollution of Living Organisms
8	Corporate culture	G1	G1.1	Corporate Culture
9	Quality Product Information	S4	S4.1	Information-related impacts for consumers and/or end-users
10	Water Stress	E3	E3.1	Water
11	Energy	E1	E1.3	Energy
12	Consumer health & safety	S4	S4.2	Personal safety of consumers and/or end-users
13	Supplier relations	G1	G1.5	Management of Relationships with Suppliers, Including Payment Practices

IMPORTANT

14	Responsible marketing	S4	S4.3	Social inclusion of consumers and/or end-users

ENVIRONMENTAL RESPONSIBILITY

Packaging, ingredients, and transportation impact the environment through resource consumption, emissions, and waste. Products require materials and energy, and how they are packaged and transported determines the climate footprint and recycling opportunities. By reducing emissions, choosing resource-smart materials, and improving waste management, the environmental impact can be reduced. Effective solutions in these areas are crucial for a sustainable and competitive business.

CLIMATE IMPACT AND ENERGY

Addressing climate change, a significant challenge, involves concentrating on understanding and minimizing the business's climate footprint by accurately mapping emissions and implementing effective solutions.

In 2023, Lyko started using Normative for calculating greenhouse gas emissions in Scope 1, 2, and 3 based on business data. This mapping has created a deeper understanding of emission distribution and forms the basis for future climate goals. For retail businesses like Lyko, the largest proportion of emissions occurs in the value chain, where the purchase of products, raw materials, packaging, and transportation has the most significant impact.

Emissions within Scope 1 and 2 constitute a smaller part of the total climate impact, but energy efficiency measures and reducing direct emissions are prioritized. Electrification of transport flows and investments in renewable energy are important parts of the strategy to reduce the company's climate impact in its own operations.

Work to improve data quality in climate reporting continues, and further efforts are being made to create more accurate emission calculations. Dialogue with suppliers is central to identifying solutions that can reduce Scope 3 emissions and enable a more sustainable supply chain.

FOSSIL-FREE DELIVERIES

As the first e-commerce retailer in Sweden, fossil-free deliveries has been chosen as the only delivery option for all Swedish customers. By only offering fossil-free deliveries, a climate-smart delivery option is ensured that reduces emissions and contributes to more sustainable e-commerce. In other markets, work is underway to steer customers towards more sustainable delivery options, and collaboration with transport companies to accelerate the transition to fossil-free deliveries in more regions is ongoing.

RENEWABLE ELECTRICITY AND ENERGY CONSUMPTION

Energy consumption and renewable energy generation are important levers for reducing Lyko's climate footprint. In 2024, solar panels were installed on the roof of the central warehouse in Vansbro. With a capacity of 499 kW and an area of 2,200 m², the proportion of self-produced renewable energy is increased, reducing dependence on external energy.

We use LED lights in our stores to help reduce energy consumption and excess heat. Currently, 99% of the lighting in stores consists of LEDs. Where possible, Lyko procures renewable electricity, but in some store properties where the landlord controls the electricity contract, there are limitations.

RESOURCE USE AND WASTE

One of the most significant environmental aspects within the business is resource use related to packaging materials, ingredients, and waste management. The beauty industry generates large amounts of plastic and paper waste, where material choices and waste management determine the extent to which resources can be recycled after use.

The focus is primarily on packaging materials and waste within our own operations, where opportunities exist to increase the proportion of recycled and recyclable materials and improve waste management, especially for own brands and at the central warehouse. For external brands, this work is carried out through dialogue and commitments supplier agreements and the Supplier Code of Conduct. Initiatives are continuously implemented to optimize material choices and reduce environmental impact through more sustainable packaging solutions and more efficient waste management systems.

PACKAGING

Every year, millions of packages are sent from the central warehouse in Vansbro. The packaging boxes are made of 100% recycled fibers, produced from materials that have been recycled three times to reduce the need for virgin resources.

E-COM READY

E-com ready is an important solution in Lyko's work to optimize packaging and minimize excess materials. By adapting product packaging for direct delivery to customers, material use, filling material, and transport volume are reduced, contributing to more efficient logistics and lower environmental impact.

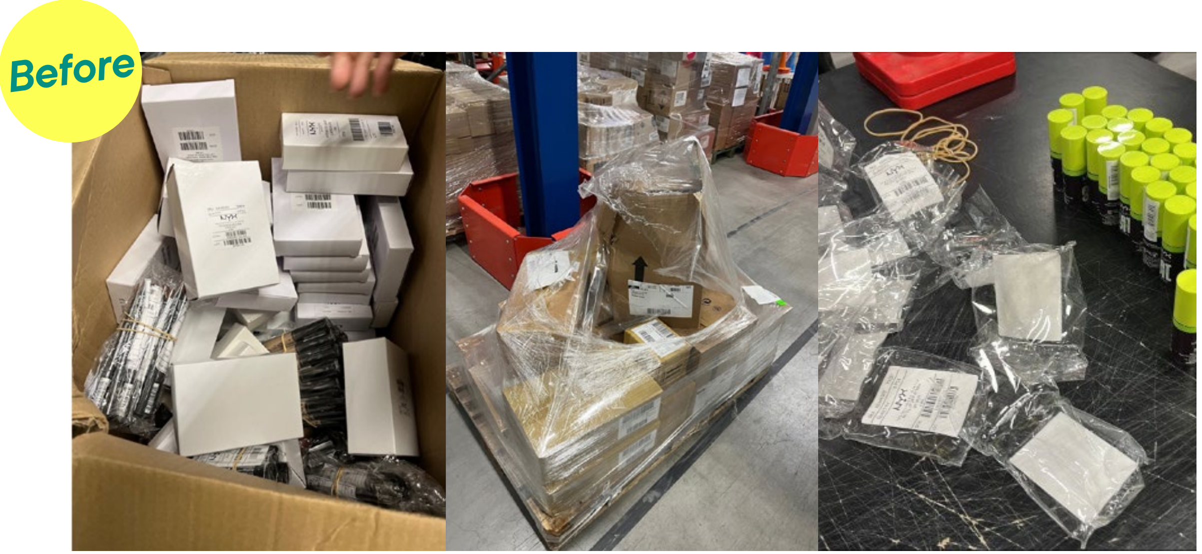
The transition to E-com ready is ongoing and happens in close collaboration with suppliers. For Lyko, it is a careful balance to ensure that it does not create problems in other parts of the logistics chain. For certain product categories, especially those handled in larger volumes for B2B customers and physical stores, other packaging solutions may be more suitable. Safety in storage and transport is essential, requiring products to be protected and stacked efficiently during both internal handling and distribution. Therefore, E-com ready is combined with store packaging to ensure a sustainable and functional delivery chain.

INGREDIENTS & CHEMICALS

Careful handling of ingredients and chemicals is a priority to ensure that the products developed within own brands meet high standards of safety, quality, and environmental consideration. A comprehensive restriction list is used to limit or prohibit substances with potential health or environmental risks, and this list goes beyond legal requirements. Updates are made continuously in line with the latest research and changes in legislation.

For external brands, applicable legal requirements such as the EU's chemical legislation (REACH) and other relevant regulations within each product category are followed.

Through our supplier agreements, Supplier Code of Conduct and dialogue, we work to ensure that suppliers adhere to existing regulation.



E-com ready involves modifying transport packaging for e-commerce by substituting small, unnecessary retail packaging with larger, optimized solutions designed for e-commerce, thereby minimizing excess material.

WASTE MANAGEMENT

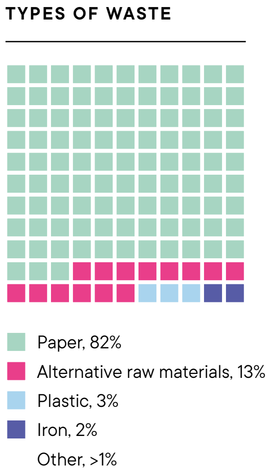
Effective waste management is an important part of Lyko's sustainability work, where the focus is on maximizing recycling and minimizing the amount of waste that goes to incineration or long-term storage.

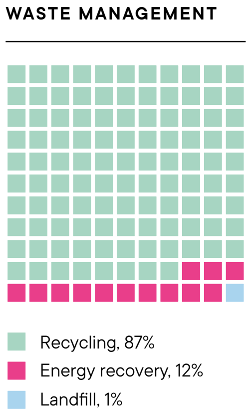
The largest part of the waste generated in the business consists of transport packaging from incoming products to the central warehouse, damaged goods, and returns. Corrugated cardboard constitutes the largest volume and has a high recyclability, which allows large amounts of material to be returned to the system instead of becoming waste.

Through structured waste management, it is ensured that 87% of the waste is recycled, while 12% is used for energy recovery where the waste is incinerated to produce district heating and electricity. Less than 1% of the waste goes to landfill at waste facilities.

Producer responsibility applies to all packaging placed on the market in all countries where the business operates. This means that fees are paid to ensure that transport and consumer packaging are collected and recycled in accordance with local rules and legislation.

Lyko continuously works to minimize waste throughout the value chain, focusing on optimizing packaging solutions, improving material choices, and streamlining processes to further increase recycling. Through collaborations with waste management partners and suppliers, the work to develop more sustainable waste flows continues.





SOCIAL RESPONSIBILITY

People are a central part of the business throughout the value chain – from employees in stores, warehouses, and offices to workers in the production of own brands and the consumers who use the products. Secure working conditions, maintaining strong relationships with suppliers, and customer trust are crucial for a long-term sustainable and successful business.

EMPLOYEES AND WORK ENVIRONMENT

A safe and developing work environment is a prerequisite for a sustainable business. The work focuses on identifying and minimizing work environment risks, and through education and leadership, creating a safe and inclusive workplace. Leaders undergo work environment training, and employees' work environment and well-being are continuously monitored through surveys via Winningtemp.

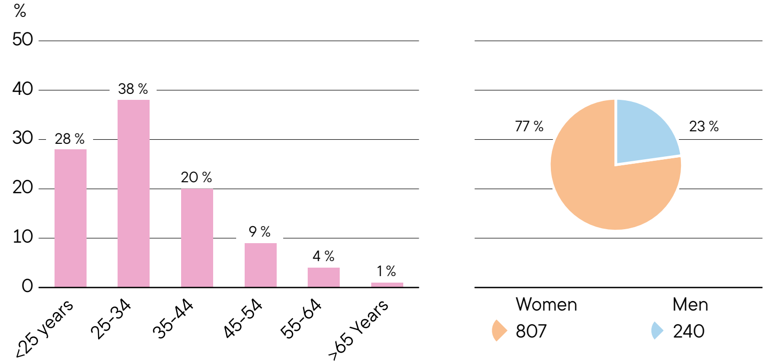
Safety representatives and union cooperation play an important role in ensuring a good work environment. Lyko has a HR policy that includes guidelines regarding skills development, wage formation, work environment, equal treatment, and alcohol and drugs. Work environment and safety in warehouse operations are prioritized, focusing on managing workload, improving ergonomics, and optimizing work routines to reduce risks and create a safe work environment. Lyko's Work Environment Policy highlights the importance of a safe, inclusive, and developing work environment where clear responsibility, cooperation, and leadership create conditions for well-being and long-term sustainability in the organization.

During the year, measures have been taken to broaden skills in the central warehouse, enabling greater variation in work tasks and reducing the risk of work injuries. Rotation between different workstations, such as inbound and outbound deliveries, has been implemented to make the work more sustainable and efficient.

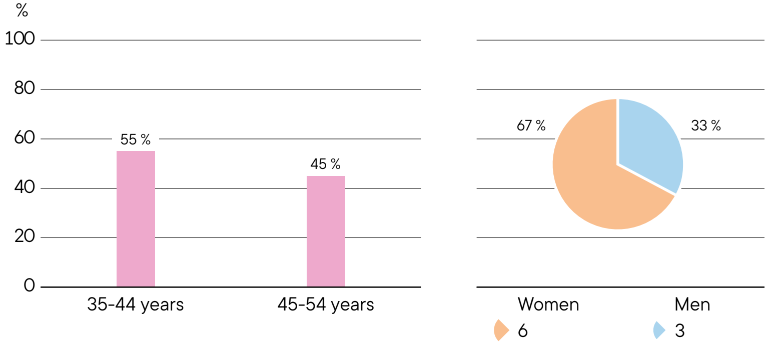
To further strengthen safety, ongoing training is conducted for warehouse employees in fire safety, CPR, and other relevant areas. The goal is for all employees to have knowledge and preparedness to handle various situations and contribute to a safe workplace.

To strengthen inclusion and diversity, there is an equality and diversity plan as well as a routine against harassment. These guidelines are actively applied in recruitment, skills development, and daily work to ensure a work environment where everyone is treated with respect and has equal opportunities. During the year, extensive work has been carried out to systematize efforts against harassment, and in the coming year, a review of policies is planned to further strengthen work with social sustainability.

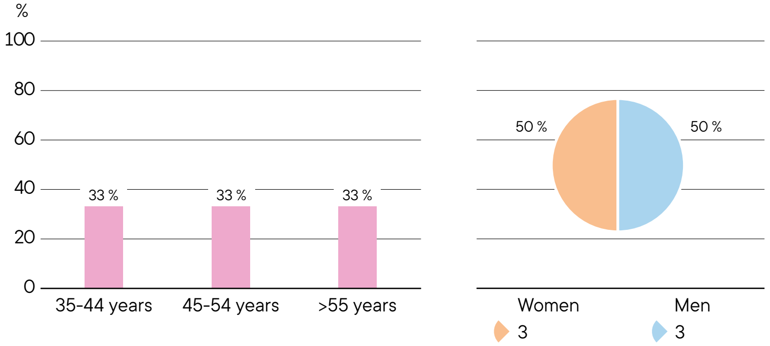
ALL EMPLOYEES (1 047)



EXECUTIVE TEAM (9)



BOARD OF DIRECTORS (6)



WORKING CONDITIONS IN THE VALUE CHAIN

Lyko is committed to ensuring that the products they sell are manufactured under safe and lawful working conditions. The Supplier Code of Conduct mandates that suppliers adhere to international standards on human rights, fair wages, reasonable working hours, and safe working conditions. Our ability to influence working conditions is greatest with the suppliers that produce our own brands, thanks to our close relationship and better visibility into their operations.

To ensure compliance, we work with third-party audits and conduct supplier visits.

During the year, the Supplier Code of Conduct has been updated to reflect new legal requirements and industry standards. In 2025, the updated version will be widely implemented, with the goal that 75% of the purchase value will be covered by the signed code by the end of the year. At the same time, due diligence processes are being reviewed to create more effective risk management and long-term improvements in the supply chain.

PRODUCT SAFETY, MARKETING, AND DATA PROTECTION

Lyko takes responsibility for ensuring that the products produced and sold are safe to use and meet high-quality standards. For own brands, a restriction list is used that goes beyond legal requirements and limits ingredients with negative health or environmental effects. The need for clear and substantiated product claims and marketing practices is increasingly emphasized. Lyko works to ensure that communication is honest, accurate, informative, and inspiring, so that customers can make informed choices and the risk of unwanted effects from use is minimized.

To encourage responsible marketing, young people are consistently excluded, whenever possible, from segmentation for targeted online marketing campaigns. Meanwhile, there is a growing trend of beauty products being used by increasingly younger audiences. Therefore, it is important to ensure that marketing and product information do not indirectly contribute to products being used by young consumers in a way that is not intended.

HANDLING OF CUSTOMER DATA

Customer data is valuable to us and helps us understand and meet our customers' preferences and needs as well as develop our business. At the same time, we want to protect our customers' privacy. It is very important to us at Lyko that our customers feel safe with how we handle their personal data. Building trust is crucial for long-term customer relationships. Responsible handling of customer data is not only a legal obligation but also a matter of respect for individuals and ethics.

Our colleagues in customer service regularly receive questions from customers who want information about how we at Lyko handle their personal data. Customers have extensive rights under data protection legislation. During the year, we have started work on training initiatives and developing information materials for our colleagues in customer service to ensure a high level of knowledge and thus correct handling of customer cases related to data protection.

The rapid technological development brings new technical solutions for how we handle our customers' data and what services we can offer them. This means new opportunities and new risks. During the year, we will therefore focus on further developing our work with AI to ensure that we can take advantage of new opportunities in a strategic and responsible way.

Apart from the fact that deficiencies in our data protection work can damage our customer relationship, it can also harm our brand and lead to financial consequences. GDPR compliance is therefore crucial for our long-term resilience.

Maria Laura John
Compliance & Legal Counsel

BUSINESS ETHICS AND GOVERNANCE

Operating responsibly and in accordance with the law is essential for Lyko's long-term success and growth.

Lyko has its roots in a hair salon in Vansbro, founded in 1952 by Frans Lyko. Two generations later, the company culture is still characterized by entrepreneurship, a passion for beauty, and a strong sense of community. Business ethics are not just about following laws and regulations – they are a central part of the culture, where responsibility extends to business relationships, suppliers, and the products offered.

Business ethics are integrated into the operations and encompass everything from regulatory compliance to responsible business relationships with suppliers, partners, and customers.

A core principle of the business is maintaining zero tolerance for bribery and corruption. Consequently, Lyko has implemented an anti-corruption policy that outlines clear guidelines for business conduct and specifies measures for addressing violations of relevant laws or policies. As part of the onboarding program, all employees are introduced to Lyko's anti-corruption policy. To further ensure compliance, Lyko has a whistleblower function, where both employees and external parties can anonymously report suspected irregularities or other deviations.

During the year, a review of supplier agreements and internal processes has been conducted to ensure compliance with both existing and new regulations. Efforts to further strengthen these processes will continue throughout 2025.

Auditor's statement

on the statutory sustainability report

To the general meeting of the shareholders of Lyko Group AB (publ), corporate identity number 556975-8229

ENGAGEMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the statutory sustainability report for the year 2024 on pages 25-33 and for ensuring that it is prepared in accordance with the Annual Accounts Act in accordance with the previous wording that applied before July 1, 2024.

THE FOCUS AND SCOPE OF THE REVIEW

Our review has been conducted in accordance with FAR's recommendation RevR 12 The auditor's statement regarding the statutory sustainability report. This means that our review of the statutory sustainability report 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 review has provided us with sufficient basis for our statement.

STATEMENT

A statutory sustainability statement has been prepared.

Stockholm, March 27, 2025

Ernst & Young AB

Charlotte Holmstrand
Authorized Public Accountant

Disclaimer. This English translation of the annual and sustainability report is provided for informational purposes only. It has not been reviewed or audited by the company's statutory auditors. In the event of any discrepancies between this translation and the original Swedish version, the Swedish version shall prevail. Only the Swedish version has been subject to audit.

MILK MAKEUP LAUNCH

Lyko is the first in the Nordics to exclusively launch Milk Makeup

In 2024, Lyko made history in the beauty industry by exclusively launching the American cult brand Milk Makeup. The launch took place simultaneously in Norway and Finland, marking a major milestone for Lyko – our first exclusive release of a highly sought-after international brand.

Milk Makeup, known for its vegan, multifunctional, and trend-driven products, has long been in demand among beauty enthusiasts in the Nordics. By securing exclusivity, Lyko strengthened its position as the leading beauty retailer.

"This is a major achievement for us and proof that our efforts are being recognized globally. We know our customers have been eagerly waiting for Milk Makeup, and we are proud to offer it first in Norway and Sweden," says Anna Alvemo, Lyko's Head of Purchasing.

The launch was a resounding success, with products selling out quickly and generating significant engagement on social media. This exclusive collaboration confirms Lyko's ability to attract the world's most sought-after beauty brands and deliver first-class experiences to customers.

PLY SKIN

The new Scandinavian skincare rebel

On December 3rd, PLY Skin was launched. The brand is the brainchild of TV host and influencer Morten Hegseth in collaboration with Lyko.

The launch campaign, "Break all barriers but the skin," was designed to position PLY as an "anti-beauty beauty brand," focusing on strengthening the skin barrier rather than altering its natural properties.

Lyko played a key role in bringing the bold PLY brand to life, leveraging its expertise in everything from product formulation to production and distribution.

"We strongly believe that PLY has the potential to become one of the major brands of the future," says Rickard Lyko.

BERGEN STORE OPENING

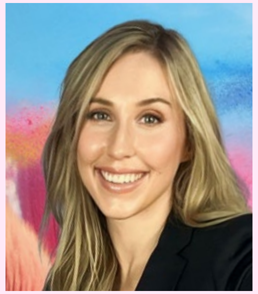
Lyko's fourth store in Norway opens in Bergen

Lyko welcomed the people of Bergen to its new Beauty Playground in the heart of the city!

The store offers an inspiring and playful environment where visitors can explore and experience beauty in a fun and interactive way.

"We took the best elements from our flagship store in Oslo and elevated them even further," says Aleksandra Dybdal-Holthe, Lyko's Country Manager in Norway, who saw the store quickly become a new beauty destination in Bergen.

Lyko has been growing rapidly in Norway, and the Bergen opening was supported by a local campaign, including a presence at the Feelings Festival during the summer and collaborations with local media. The grand opening on October 26th was our most successful store launch ever – without even offering goodie bags.



Aleksandra Dybdal-Holthe

TURKU STORE OPENING

Lyko doubled the store count in Finland

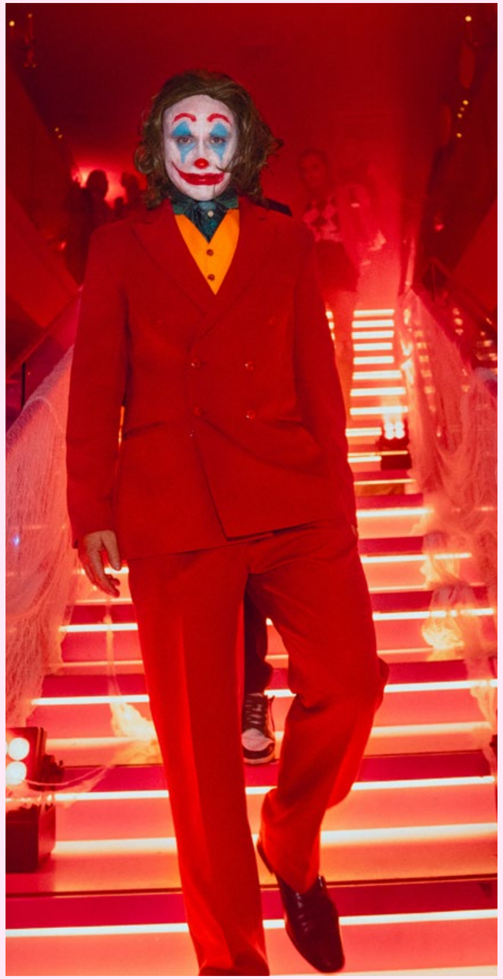
In 2024, Lyko continued its expansion in Finland by opening its second store in Turku.

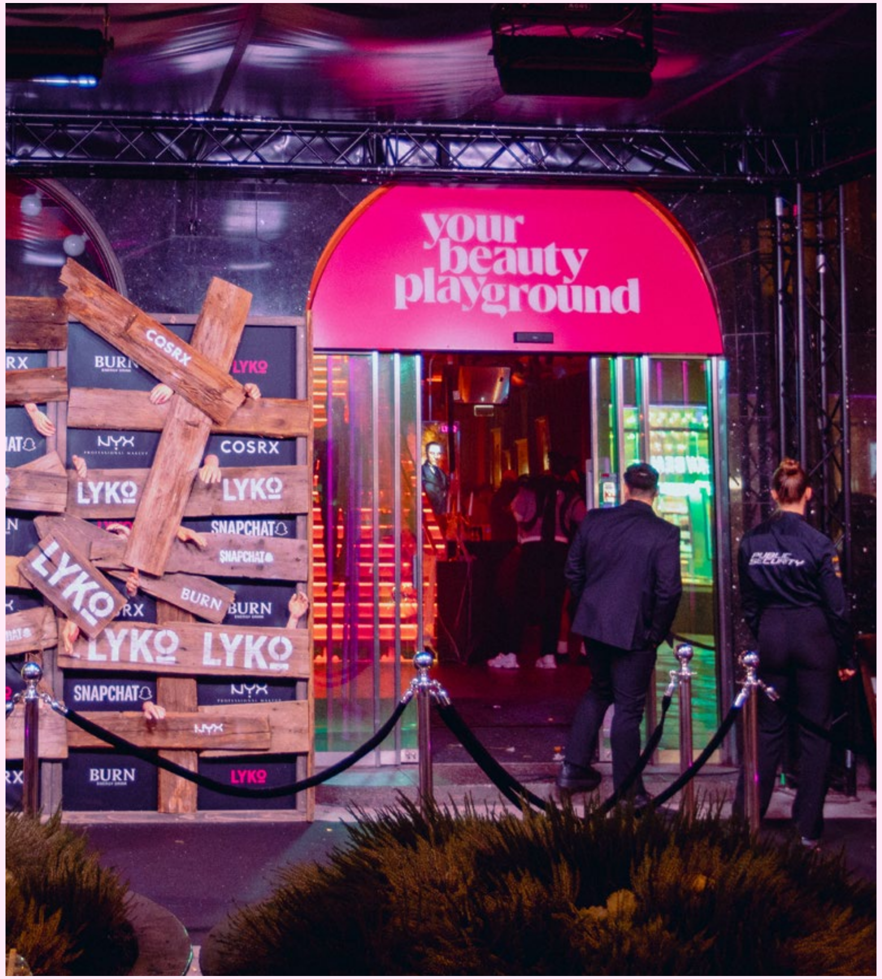
"We are excited to establish ourselves in the trendy university city of Turku. Our brand presence has grown significantly, and we are investing in more stores to accelerate our growth in Finland," says Rickard Lyko, CEO and Founder.

Halloween Norway/Sweden

Lyko's annual Halloween party in Oslo has grown year after year and is now one of the most coveted events, with influencers and celebrities reaching out months in advance to secure an invitation. Outside the store, curious onlookers gathered to catch a glimpse of the spectacular red carpet creations. This year also marked history, as the party was held in Stockholm for the first time – and what a success it was!

Help! I want to go home!





17 MAI

Lyko's mirror installation celebrated May 17th in Oslo

To celebrate Norway's National Day, Lyko created a unique and attention-grabbing installation in Oslo.

The mirror quickly became a popular attraction, drawing in both curious passersby and beauty enthusiasts eager to capture the moment.

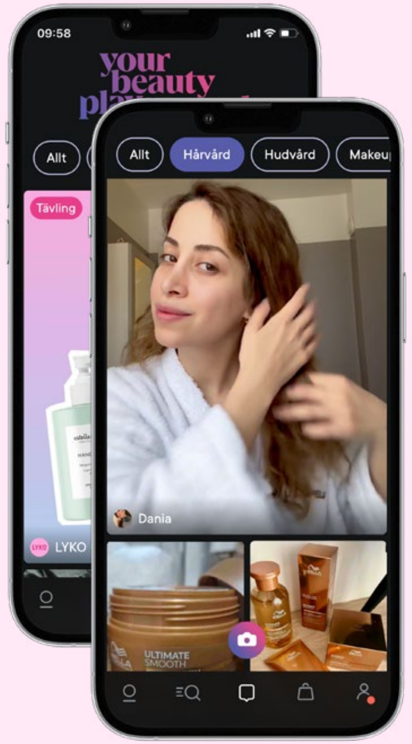
Through this creative initiative, Lyko strengthened its presence in Norway and delivered a memorable experience.

PRODUCT LAUNCH – PEGGY WORLD

Peg Parnevik

Every year, numerous product launches take place in our stores, but one that truly stood out was Peg Parnevik's launch party, where influencers flocked to celebrate and discover the new products.

Lyko Community



The Lyko Community continues to grow rapidly every year, with our mission to create a vibrant and inspiring space for beauty enthusiasts to connect, share experiences, and celebrate their passion in a creative beauty world.

By joining the Lyko Community, you become part of an engaged and supportive network dedicated to inspiring and enriching your beauty journey.

Christmas campaign

Ahead of the holiday season, we transform our stores to give customers an inspiring experience as they step inside.

True to the spirit of Your Beauty Playground, but this time, makeup brushes were swapped for giant candy canes.

A WINNING ROUTINE

The national ski team and Lyko

Ahead of the season, the national ski team received a visit from Lyko's Beauty Scan team, who helped them develop routines tailored to the challenges their skin and hair face in harsh winter conditions. This collaboration has grown into a key part of their preparation for competitions.

Lyko also launched a new campaign where the team's top athletes share their daily routines and how beauty care helps them find the right mindset before the start line. A partnership that makes a difference – both on the track and in front of the mirror.

Risks

A range of factors influence, or could potentially influence, Lyko's operations, both directly and indirectly.

Lyko identifies, assesses, and manages risks based on its vision and objectives. Operational risks are continuously evaluated within daily operations. Risk assessments for strategic, compliance, operational, and financial risks are conducted annually by the CEO and presented to the Board of Directors, which is responsible for internal control. To protect the company, the brand, and to support employees in making the right decisions, Lyko has implemented a Code of Conduct for all employees. Additionally, several company-wide policies have been adopted, and a Supplier Code of Conduct has been established. Below are the key risk factors and significant circumstances that are particularly relevant to Lyko's operations and future development.

IT SECURITY AND LOGISTICS

Lyko's logistics processes – including documentation upon delivery, storage systems, packaging, outbound shipments and receipts, testing, and returns handling – are based on semi-automated systems. Errors or disruptions in any of these systems, whether due to software malfunctions, natural disasters, illness, vandalism or sabotage, or human error, could impair Lyko's ability to deliver customer purchases on time and damage its reputation.

MITIGATING ACTIVITIES:

- Ensuring the latest IT security solutions to minimize intrusion risks.
- Implementing robust backup routines.
- Ongoing system development for logistics flows and processes.
- Employing only in-house staff, without reliance on staffing agencies.
- Conducting regular fire drills and system tests.

COMPETITION

The market for haircare and beauty products is fragmented and highly competitive. Lyko competes with numerous players of varying sizes and business models, selling both in physical stores and online. The risk lies in competitors or new entrants gaining market share, potentially reducing Lyko's market position.

MITIGATING ACTIVITIES:

- Launch of the unique communication concept Welcome to Your Beauty Playground in 2024, evolving from the Your Beauty Playground concept introduced in 2020.
- Increasing the share of proprietary brands.
- Controlling the entire value chain from manufacturing to product sales.
- Expanding product and service offerings, including Business-to-Business sales.
- Geographic expansion into Germany, Austria, the Netherlands, and Poland in Q4 2020; Denmark in 2019; Finland in Q2 2018; and an intensified focus on the Norwegian online market since 2017.
- Physical stores enhance customer experience and are strategically important. Lyko has successfully expanded its store presence in Norway and Finland, featuring a distinctive store design.

GROWTH

Lyko's rapid growth has placed, and is expected to continue placing, significant demands on its management and operational and financial infrastructure. Failure to effectively manage the increasing scale and complexity of operations could materially and adversely impact Lyko's business, financial performance, and stability.

MITIGATING ACTIVITIES:

- Clear growth strategy.
- Continuous monitoring of performance and adjustment of plans as needed.
- Development of the Lyko Playbook to clarify strategy across the organization.

ECONOMIC DOWNTURN

Lyko is affected by general economic, financial, and political conditions. Uncertainty regarding economic prospects that influence consumer spending habits may negatively impact sales and gross profit margins. Although the consumption of haircare and beauty products has historically been relatively stable, macroeconomic shifts could alter consumer behavior and reduce demand.

MITIGATING ACTIVITIES:

- Expanding product offerings into adjacent categories.
- Real-time tracking of sales and key performance indicators to respond swiftly to changes in purchasing behavior.
- Ensuring a broad product mix across multiple price points.

BRAND REPUTATION

The Lyko brand is one of the company's most valuable assets. Maintaining brand equity and reputation is crucial for success, as it influences both new and existing customers. Customer complaints, negative publicity, or unfavorable perceptions of the brand or company could result in lost sales and growth opportunities.

MITIGATING ACTIVITIES:
- Internal Lyko Code.
- Supplier Code of Conduct.
- Professional customer service.
- Continuous investment in marketing.

SUPPLIERS AND BRAND OWNERS

One of Lyko's key competitive advantages is its extensive product assortment, making supplier and distributor relationships critical

MITIGATING ACTIVITIES:
- Maintaining a broad selection to diversify supplier-related risks.
- Adding value for suppliers through initiatives like Lyko Community and Lyko Insight.
- Long-term relationships with multiple suppliers and brand owners.
- Enforcing contractual agreements.
- Positioning as a desirable business partner.
- Maintaining a diverse supplier portfolio.

PRODUCTS

Lyko retails over 1,000 brands, ranging from global names to niche Swedish labels. The supply chain includes multiple steps and stakeholders, posing potential risks. Lyko's private-label products are partly manufactured by subcontractors, limiting Lyko's direct control over production. International political decisions may affect procurement capabilities before adjustments can be made.

MITIGATING ACTIVITIES:
- All cosmetic products sold by Lyko comply with EU regulations. For proprietary products, Lyko imposes even stricter requirements, including a blacklist of substances excluded due to environmental or allergenic concerns.
- Most Own brand production occurs in Lyko's own facilities or through carefully selected manufacturers in Sweden, Europe, and a limited number in China for electrical tools and hair accessories.
- Lyko's Supplier Code of Conduct mandates compliance with human rights, working conditions, environmental sustainability, anti-corruption measures, and product safety. Suppliers must also ensure their consultants, agents, and subcontractors adhere to these standards.

CLIMATE AND ENVIRONMENT

Transport to warehouses, stores, and customers contributes to environmental impact. Most shipments are conducted via trucks or ships, with minimal reliance on air freight.

MITIGATING ACTIVITIES:
- In Sweden, customers can only choose carriers using fossil-free fuels or bicycle deliveries for parts of the transport.
- Active efforts to increase the share of fossil-free carriers and optimize e-commerce distribution from the central warehouse to maximize load capacity.
- Lyko played a leading role in Swedish Trade's industry agreement on fossil-free deliveries and was among the first to sign the initiative.

The share

Lyko's communication with its shareholders and the capital market aims to provide a fair and accurate picture of the company's development, minimize the risk of rumors and speculation, and increase interest in the company's stock. Lyko's share has been listed on Nasdaq First North Growth Premier since 2017.

MARKET CAPITALIZATION AND TRADING VOLUME

As of December 31, 2024, the last closing price was SEK 97.10, giving Lyko a market capitalization of SEK 1,486 million. The lowest price during the year was SEK 81.50 on November 20, while the highest was SEK 153 on April 8. The share price declined by 10.6% in 2024, compared to Nasdaq OMX SPI, which rose by 6.0% during the same period.

DIVIDEND POLICY AND DISTRIBUTION

Over the coming years, Lyko's Board of Directors intends to primarily allocate generated cash flows toward continued expansion. Given this strategy, the Board does not plan to propose a dividend for the current financial year. Moving forward, the Board will annually evaluate the possibility of a dividend, considering business performance, operating results, financial position, current and expected liquidity needs, and expansion plans.

SHARE CAPITAL DEVELOPMENT

As of December 31, 2024, Lyko's share capital amounted to SEK 7.7 million, distributed across 15.3 million shares. Each share carries equal rights to the company's assets and profits. At the Annual General Meeting, each share entitles the holder to one vote, and shareholders may vote with the full number of shares they own without any voting restrictions. The shares are freely transferable.

FINANCIAL INFORMATION

Lyko publishes four interim reports and an annual report each year. These reports are available for reading, downloading, or ordering as a printed copy from the company's website: www.lykogroup.se.

ANNUAL GENERAL MEETING 2024

The Annual General Meeting will be held in person on April 28 at 9:00 AM at Lyko's store, located at Drottninggatan 39 in Stockholm.

INVESTMENT CASE

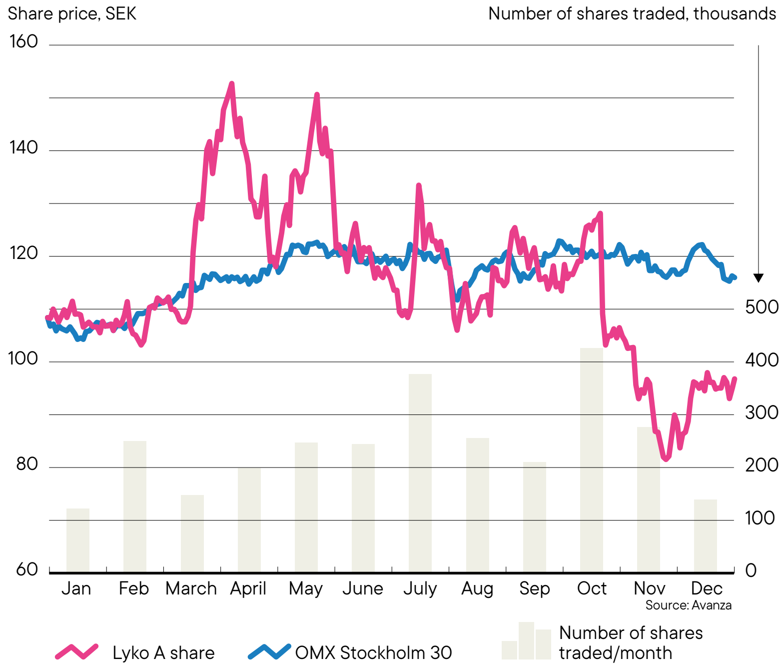
- Large addressable market with low cyclicality and structural growth.
- The largest e-retailer in haircare and beauty in Sweden and a leading player in professional haircare.
- High level of automation in warehouse operations, ensuring cost, resource, and capital efficiency.
- Established and proven omnichannel model with a competitive offering across all sales channels.
- Strong corporate culture and long-term growth support from the Lyko family.
- Track record of consistent, high, and profitable growth.
- Clear strategy for continued profitable growth.

SHAREHOLDERS

The major shareholders	Capital, %	Votes, %	Antal aktier
Lyko Holding AB	50.11%	50.11%	7,672,087
Familjen Hamrin	16.72%	16.72%	2,559,293
Fidelio Capital	12.97%	12.97%	1,986,246
Swedbank Robur Fonder	3.59%	3.59%	550,000
Handelsbanken Fonder	3.09%	3.09%	473,473
Unionen	3.05%	3.05%	466,500
FE Fonder	0.99%	0.99%	151,735
Avanza Pension	0.73%	0.73%	111,907
Nordnet Pensionsförsäkring	0.42%	0.42%	64,695

Source: Modular Finance

THE LYKO SHARE 2024



As of December 31, 2024, Lyko had 7,457 shareholders. The proportion of shares registered abroad was 0.11%.

The nine largest shareholders collectively owned 91.69% of the capital and voting rights as of the same date.

Corporate governance

Lyko is a Swedish public limited company whose shares have been listed on Nasdaq First North Growth Premier since December 12, 2017. The corporate governance of Lyko aims to ensure sustainable value creation for shareholders through effective management, control, and follow-up. The Corporate Governance Report has been prepared by the company's Board of Directors.

Since its listing on Nasdaq First North Growth Premier, the company has followed the First North Growth Premier regulations for issuers and applies the Swedish Corporate Governance Code ("the Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden, and it is recommended that companies on Nasdaq First North Growth Premier also apply the Code. The company is not required to comply with all rules in the Code, as the Code itself allows for deviations, provided that any such deviations and the chosen alternative solutions are described and justified in the Corporate Governance Report (according to the "comply or explain" principle). The company has applied the Code since its shares were listed on Nasdaq First North Growth Premier. No deviations from the Code have occurred.

GENERAL MEETING

According to the Swedish Companies Act (2005:551), the General Meeting is the company's highest decision-making body. At the General Meeting, shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, disposition of the company's results, discharge from liability for the Board of Directors and the CEO, election of Board members and auditors, and remuneration for the Board and auditors. The Annual General Meeting (AGM) must be held within six months of the end of the financial year. In addition to the AGM, an Extraordinary General Meeting may be convened.

According to the Articles of Association, notice of a General Meeting is given by announcement in the Swedish Official Gazette (Post- och Inrikes Tidningar) and by making the notice available on the company's website. An announcement that notice has been given shall also be published in Svenska Dagbladet.

RIGHT TO PARTICIPATE IN THE GENERAL MEETING

Shareholders wishing to participate in negotiations at the General Meeting must be registered in the share register maintained by Euroclear Sweden five business days before the meeting and must notify the company of their attendance no later than the date specified in the notice of the meeting. Shareholders may attend the General Meeting in person or by proxy and may be accompanied by a maximum of two assistants. Typically, shareholders can register for the General Meeting in several ways, which are detailed in the notice of the meeting. Shareholders are entitled to vote for all shares they own.

SHAREHOLDER INITIATIVES

Shareholders wishing to have a matter addressed at the General Meeting must submit a written request to the Board of Directors. The request must normally be received by the Board at least seven weeks before the General Meeting.

ANNUAL GENERAL MEETING 2024

The shareholders of Lyko Group AB (publ), 556975-8229, registered office in Vansbro, are invited to the Annual General Meeting on Monday, April 28, 2025, at 09:00 in Lyko Group AB's (publ) premises, Drottninggatan 39, Stockholm.

Information on the resolutions adopted at the Annual General Meeting will be published on April 28, 2025, as soon as the voting results are finalized.

The notice of the meeting has been issued in accordance with the Articles of Association and complies with the Swedish Companies Act and the recommendations set forth in the Swedish Corporate Governance Code. For further information about the Annual General Meeting, please visit the company's website, www.lykogroup.se.

NOMINATION COMMITTEE

Companies that follow the Code must have a Nomination Committee. According to the Code, the General Meeting shall appoint the members of the Nomination Committee or determine how they are to be appointed. The Nomination Committee must consist of at least three members, the majority of whom must be independent of the company and its executive management. At least one member must also be independent of the largest shareholder or the group of shareholders acting in concert regarding the company's management. Lyko's Nomination Committee shall consist of the Chairman of the board and representatives of the three largest shareholders.

The Nomination Committee shall meet as often as necessary to fulfill its duties and responsibilities. The scheduling of meetings shall take into account the timing of the Annual General Meeting. Members of the Nomination Committee shall perform their duties in accordance with the Code. The main tasks of the Nomination Committee are to nominate candidates for the positions of Chairman and other members of the Board and to propose remuneration and other compensation for each Board member.

The Nomination Committee shall also nominate candidates for the position of auditor and propose remuneration for this role. The Nomination Committee shall safeguard the interests of all shareholders in matters within its scope of responsibility. The company shall, well in advance but no later than six months before the Annual General Meeting, publish the names of the members of the Nomination Committee on its website. If a member has been appointed by a specific shareholder, the name of that shareholder shall also be stated. If a member leaves the Nomination Committee, this shall be reported, and if a new member is appointed, equivalent information shall be provided.

Composition of the Nomination Committee for the 2025 Annual General Meeting

- Stefan Lyko, appointed by Lyko Holding AB (Chairman of the Nomination Committee)
- Kenneth Bengtsson (Chairman of the board)
- Alexsandra Björklund, appointed by Bellbox Holding AB
- Carl-Mikael Lindholm, appointed by Carl-Olof och Jenz Hamrins Stiftelse, appointed by Herenco Holding AB
- Celia Grip, appointed by Swedbank Robur AB

THE BOARD OF DIRECTORS

The Board of Directors is the company's highest decision-making body after the General Meeting. According to the Swedish Companies Act, the Board is responsible for the company's management and organization. This entails responsibilities such as establishing goals and strategies, ensuring procedures and systems for evaluating set objectives, continuously assessing the company's performance and financial position, and evaluating the operational management. The Board is also responsible for ensuring that the annual report and interim reports are prepared on time. Additionally, the Board appoints the company's CEO.

Board members are typically elected by the Annual General Meeting (AGM) for the period until the conclusion of the next AGM. According to the company's Articles of Association, the Board, to the extent elected by the General Meeting, shall consist of a minimum of three and a maximum of seven members without deputies.

According to the Code, the Chairman of the board shall be elected by the AGM and has a particular responsibility for leading the Board's work and ensuring that it is well-organized and conducted effectively. The Board follows a written work procedure, which is revised annually and adopted at the inaugural Board meeting each year. This procedure regulates Board practices, functions, and the division of responsibilities between Board members and the CEO. In connection with the inaugural Board meeting, the Board also establishes the CEO's instructions, including financial reporting.

During the year, the Board evaluated its work using the BoardClic tool to enhance its work methods and efficiency.

The Board meets according to an annually established schedule. In addition to these scheduled meetings, additional Board meetings may be convened to address matters that cannot be deferred until a regular Board meeting. Beyond Board meetings, the Chairman and the CEO maintain an ongoing dialogue regarding the management of the company. As of the date of publication of this annual report, the company's Board consists of six ordinary members elected by the General Meeting, who are presented in the section "Board of Directors, Executive Management, and Auditors."

At the 2024 AGM, the re-election of sitting Board members Kenneth Bengtsson, Rickard Lyko, Marie Nygren, Erika Lyko, and Håkan Håkansson was proposed and approved, with Kenneth Bengtsson re-elected as Chairman of the board. Carl-Mikael Lindholm was proposed and elected as a new Board member.

The Board has two committees: the Remuneration Committee and the Audit Committee. These committees consist of Board members and are responsible for preparing matters within their respective areas of responsibility before decisions are made by the Board.

CEO AND OTHER EXECUTIVE MANAGEMENT

The CEO is subordinate to the Board and responsible for the company's ongoing management and daily operations. The division of responsibilities between the Board and the CEO is specified in the Board's work procedure and the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management for Board meetings and presenting the material at these meetings.

According to the financial reporting instructions, the CEO is responsible for the company's financial reporting and must ensure that the Board receives sufficient information to continuously assess the company's financial position. The CEO must keep the Board informed about the development of the company's business, revenue trends, financial results, economic position, liquidity, and credit situation, as well as any significant business events or other circumstances that may be of material importance to the company's shareholders. The CEO and other executive management members are presented in the section "Board and Management."

REMUNERATION TO BOARD MEMBERS, CEO, AND EXECUTIVE MANAGEMENT

REMUNERATION TO BOARD MEMBERS

Fees and other remuneration to Board members, including the Chairman, are determined by the General Meeting. At the AGM on April 28, 2024, it was decided that fees shall be paid to Board members Carl-Mikael Lindholm, Marie Nygren, and Håkan Håkansson in the amount of SEK 250,000 each, and to the Chairman of the board, Kenneth Bengtsson, in the amount of SEK 500,000. Board members and principal shareholders Rickard Lyko and Erika Lyko receive no fees, as they are employees of the company, in accordance with the AGM's decision. No specific remuneration is paid for committee work.

Name	Position	Board fee (SEK 000s)
Rickard Lyko	Board member	0
Erika Lyko	Board member	0
Kenneth Bengtsson	Chairman of the board	500
Håkan Håkansson	Board member	250
Carl-Mikael Lindholm	Board member	250
Marie Nygren	Board member	250

CURRENT EMPLOYMENT AGREEMENTS FOR CEO AND EXECUTIVE MANAGEMENT

Decisions regarding current remuneration levels and other employment terms for the CEO and executive management are made by the Board. The table below presents the remuneration for the CEO and executive management for the 2024 financial year.

Name	Base Salary/ Board Fee	Variable Compen-sation	Other Benefits	Pension Cost	Total (SEK million)
Rickard Lyko	1.9	1.5	0.1	0.9	4.4
Other executives	11.4	4.2	0.5	3.6	19.7
Total	**13.3**	**5.7**	**0.6**	**4.5**	**24.1**

Pension agreements are based on defined contributions and formulated in accordance with prevailing levels, practices, and collective agreements in the country where the executive is employed.

For the CEO, the notice period is six months for the employee and nine months for the employer. For two other executive managers, the mutual notice period is six months, while for the remaining five, it is three months. None of the executives are entitled to severance pay beyond salary and other employment benefits during the notice period.

INTERNAL CONTROL

Internal control encompasses monitoring the company's and the group's organization, procedures, and support measures. The objective is to ensure reliable and accurate financial reporting, that financial reports are prepared in accordance with applicable laws and accounting standards, that the company's assets are safeguarded, and that other requirements are met. The internal control system also monitors compliance with the company's policies, principles, and instructions. Risk analysis and the monitoring of implemented information and business systems are also included. The company identifies, assesses, and manages risks based on its vision and objectives. Risk assessments of strategic, compliance, operational, and financial risks are conducted annually by the CEO and presented to the Board.

The Board of Directors is responsible for internal control. Processes for managing operations and delivering value must be established within the business management system. The CEO is responsible for the process structure within the Group. An annual self-assessment of the minimum requirements for defined controls related to identified risks in each business process must be conducted and reported to the Board. The CEO oversees the self-assessment process, which is facilitated by the effectiveness of internal control.

In addition, the internal control function conducts assessments of risk controls and internal systems in accordance with the plan agreed upon with the Board and Group management.

Lyko has not yet identified a need to establish a dedicated internal audit function. The company's internal control aims to create an efficient decision-making process in which requirements, objectives, and frameworks are clearly defined. Ultimately, the purpose of internal control is to safeguard the company's assets and, by extension, protect shareholder investments. The company currently deems this achievable without an internal audit function; however, the matter will be reviewed annually.

DIVERSITY POLICY

Lyko applies Rule 4.1 of the Swedish Corporate Governance Code as its diversity policy when nominating Board members. The rule states that the Board should have a composition appropriate to the company's business, development stage, and other circumstances, characterized by diversity and breadth in terms of the competencies, experience, and backgrounds of the General Meeting-elected members. A gender balance should be pursued.

The current Board consists of four men and two women, with women representing 33%, which is below the Swedish Corporate Governance Board's long-term target of approximately 40% for the least represented gender. Ahead of the 2025 AGM, the Nomination Committee has therefore proposed expanding the Board by one member and has suggested a female candidate.

AUDIT

The auditor shall examine the company's annual report and accounts, as well as the administration of the Board and the CEO. After each financial year, the auditor shall submit an audit report and a consolidated audit report to the AGM.

According to the company's Articles of Association, the company shall have a minimum of one and a maximum of two auditors, with a maximum of two deputy auditors. The company's auditor is Ernst & Young AB, with Charlotte Holmstrand as the principal auditor.

No limited auditor review has been conducted on the Company's half-year or nine-month financial report. The board justifies this by stating that it has not been requested by stakeholders, nor is it a legal requirement or a deviation from the Swedish Corporate Governance Code applicable to Nasdaq First North.

Board of directors

Kenneth Bengtsson

Born: 1961.
Chairman of the board since 2018.
Education: High School Diploma in Economics.
Other current positions: Chairman of the board at Clas Ohlson AB, Lyko, SJ, Mio AB, JumpYard, and the non-profit organizations Ersta Diakoni and World Childhood Foundation. Board member at Synsam AB.
Previous positions: CEO and Group President of ICA, Chairman of the Confederation of Swedish Enterprise and the Swedish Trade Federation.
Shareholding in the company: Kenneth Bengtsson, indirectly together with related parties, holds 4,000 shares in the company.
Dependent/independent: Independent of the company and management, independent of the company's major shareholders.

Rickard Lyko

Born: 1982.
Board member since 2008.
Education: Studies in Economics, Uppsala University.
Other current positions: Chairman of the board at Lyko Holding AB, Lyko Group ABs dotterbolag, board member at Deodoc AB.
Previous positions: Chairman of the board at Bellbox Hårvårdsbaren AB, B & B Stockholm AB, and Concept YOU AB. Board member at Företagarna Dalarna Service AB and Företagsamma Dalarna Service AB.
Shareholding in the company: Rickard Lyko, indirectly together with related parties, holds 7,672,087 shares in the company.
Dependent/independent: Dependent on the company and management, dependent on the company's major shareholders.

Erika Lyko

Born: 1986.
Board member since 2020
Education: Professional training as a hairdresser.
Other current positions: Board member at Lyko Holding AB, Lyko Group AB, and Lyko Group AB's subsidiaries.
Shareholding in the company: Erika Lyko, indirectly together with related parties, holds 7,672,087 shares in the company.
Dependent/independent: Dependent on the company and management, dependent on the company's major shareholders.

Cont.

Board of directors

Marie Nygren

Born: 1965.

Board member since 2017.

Education: Studies in Economics, Stockholm University.

Other current positions: Board member at Bravida Holding AB and the Swedish Trade Federation.

Previous positions: CEO of Kooperativa förbundet, CEO of Coop Sverige, Chairman of the board at Coop Logistik AB. Deputy CEO of Systembolaget AB, CEO of Stor & Liten. Board member at Apotek Hjärtat AB, Runsvensgruppen, Trettio.se, Kicks, and Svensk Dagligvaruhandel.

Shareholding in the company: Marie Nygren holds 1,965 shares in the company.

Dependent/independent: Independent of the company and management, independent of the company's major shareholders.

Håkan Håkansson

Born: 1981.

Board member since 2021.

Education: Master's degree in Financial Economics, Stockholm School of Economics.

Other current positions: Senior Advisor and Board member at Fidelio Capital AB and Board member at NN.07 ApS.

Previous positions: CEO of Lyko Group AB and Board member at Ellos Group Holding AB.

Shareholding in the company: Håkan Håkansson holds no shares in the company.

Dependent/independent: Independent of the company and management, dependent on the company's major shareholders.

Carl-Mikael Lindholm

Born: 1971.

Board member since 2024.

Education: Medical degree, Karolinska Institutet, and specialist degrees in General Medicine and Oncology.

Other current positions: Chairman of the board at Hamhus AB and its subsidiaries. Board member at Herenco Holding. Board member and management responsible at The Hamrin Foundation. Board member at Balco Group AB.

Previous positions: Physician at Radiumhemmet at Karolinska Hospital, Oncologist at the University Hospital in Linköping, Oncologist at Ryhov County Hospital, and Operations Manager at Bankeryd Health Center.

Shareholding in the company: Carl-Mikael Lindholm, indirectly together with related parties, holds 2,266,793 shares in the company.

Dependent/independent: Independent of the company and management, dependent on the company's major shareholders.

Revisor

CHARLOTTE HOLMSTRAND

The company's auditor since 2014 is Ernst & Young Aktiebolag.

Charlotte Holmstrand has been the principal auditor since 2024.

Charlotte Holmstrand is an authorized public accountant and a member of FAR (the professional institute for authorized public accountants).

Management

Rickard Lyko
Founder and CEO of Lyko.

Born: 1982.
Education: Studies in Economics, Uppsala University.
Previous positions: Chairman of the board at Bellbox Hårvårdsbaren AB, B & B Stockholm AB, and Concept YOU AB. Board member at Företagarna Dalarna Service AB and Företagsamma Dalarna Service AB.
Other current positions: Chairman of the board at Lyko Holding AB, Lyko Group ABs dotterbolag, board member at Deodoc AB.
Shareholding in the company: Rickard Lyko, indirectly together with related parties, holds 7,672,087 shares in the company.

Ylva Norlén
Chief Financial Officer since 2024

Born: 1981.
Education: Master's degree in Economics, Stockholm School of Economics.
Previous positions: CFO at H&M Home, Head of Expansion for New Business, UK & Ireland, and New Markets within H&M Group. Management Consultant at BCG.
Other current positions: Board member at DoSpace Sweden AB.
Shareholding in the company: Ylva Norlén holds 0 shares in the company.

Peter Gunnarsson
Chief Technology and Logistics Officer since 2016.

Born: 1981.
Education: Studies in Data and Media & Communication, Royal Institute of Technology, Stockholm.
Previous positions: ERP Consultant at Monitor ERP Systems, IT Manager at Autoform.
Shareholding in the company: Peter Gunnarsson holds 11,931 shares in the company.

Anna Alvemo
Chief Purchasing Officer sedan 2023.

Born: 1980.
Education: Master's degree in Economics, Stockholm University.
Previous positions: Various positions at Oriflame Cosmetics, most recently as Senior Director Global Direct Procurement. Analyst at Nutek & OECD.
Shareholding in the company: Anna Alvemo holds 600 shares in the company.

Cecilia Kroon
Chief Marketing Officer since 2024.

Born: 1979.
Education: Studies in Economics, School of Business, Economics and Law at the University of Gothenburg.
Previous positions: Marketing Director Brand & Acquisition at Storytel, Account Director at GTB Canada, Account Director at Volt Advertising Agency, Account Director at Saatchi & Saatchi, Nordic Senior Marketing Manager at Nordea.
Other current positions: Board member at IAB.
Shareholding in the company: Cecilia Kroon holds 44 shares in the company.

Cont.

Management

Moa Wictorén

Chief Human Resource Officer since 2019.

Born: 1979.

Education: PAO, Bachelor's degree in Psychology, Stockholm University.

Previous positions: HRM at Hi3G Access AB, Nordic HR Manager at KICKS, HR Manager at Lantmännen Cerealia AB.

Shareholding in the company: Moa Wictorén holds 75 shares in the company.

Erica Wredberg

Chief Retail Officer since 2018.

Born: 1977.

Education: Master's degree in Economics, Örebro University.

Previous positions: Sales and Marketing Manager at Finsmakarens Trädgård AB, Sales Manager at Åhléns City Stockholm, District Manager at Lidl Sweden KB.

Shareholding in the company: Erica Wredberg holds 750 shares in the company.

Lotta Onajin

Chief Sales Officer Nordic Markets since 2023.

Born: 1973.

Education: Master's degree in Economics, School of Business, Economics and Law at the University of Gothenburg.

Previous positions: Head of Commercial at Wolt, CMO at Daniel Wellington, CMO/founding team at Majority, Managing Director at Edelman Deportivo, Head of Brand at Tele2, Marketing Manager at Comviq.

Other current positions: Board member at Majority Sweden AB and Rebtel Networks AB.

Shareholding in the company: Lotta Onajin holds 0 shares in the company.

Philip Tropp

Chief Sales Officer New Markets and B2B since 2023.

Born: 1984

Education: Studies in Industrial Economics at KTH Royal Institute of Technology in Stockholm.

Previous positions: Telenor, CCO at Telenor Sweden, Head of Retail and B2B, Head of External Retail at Telenor, Head of Business Operations at Telenor.

Other current positions: Chairman of the board at Slättens Vind AB, Twenty Mile AB, Twenty Mile II AB, FBTC Invest AB. Board member at Long Vindpark AB, Lumbers Vind AB, PJT Fastigheter AB, AXYZ Holding AB.

Shareholding in the company: Philip Tropp holds 25 shares in the company.

Management report

The Board of Directors and the CEO of Lyko Group AB (publ) (org.no 556975-8229) hereby present the annual report and consolidated financial statements for the financial year January 1, 2024 – December 31, 2024. The company is headquartered in Vansbro. The annual report and consolidated financial statements are prepared in Swedish kronor and in accordance with IFRS Accounting Standards, as adopted by the EU.

GENERAL INFORMATION ABOUT THE BUSINESS

PARENT COMPANY

The parent company Lyko Group AB (publ) (org.no. 556975-8229), listed on Nasdaq First North Premier Growth Market, started its operations in November 2014 and is domiciled in Vansbro. The company is the parent company and operates, itself and through subsidiaries. Lyko Holding AB (org.no. 556975-5639) is the parent company of Lyko Group AB (publ) and the parent company of the largest group in which the company is included (see note 36 for more information).

THE GROUP

The group sells and produces hair care and beauty products through the e-commerce site Lyko.com, the Lyko app, through wholly-owned physical stores and salons, and via sales teams to hair salons. The group operates in a total of eight countries, which are; Sweden, Norway, Finland, Denmark, Germany, the Netherlands, Poland, and Austria. Online sales are conducted in all eight countries, with the group having stores in three of these. As of the balance sheet date, the total number of stores in the group is 32, distributed as follows: 26 in Sweden, 4 in Norway, and 2 in Finland.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On February 1, 2024, Lyko acquired the brand Reserol from Nutrinovate AB.
- On April 6, 2024, Lyko opened its second store in Finland, in Turku.
- On April 12, Lyko acquired the remaining 60% in the associated company Loveli Beauty AB.

- On October 26, 2024, Lyko opened its first store in Bergen, Norway.
- During the fourth quarter, Lyko completed a merger of its two production subsidiaries Inzo Lars Bratt AB and Grazette of Sweden AB. As a further step to realize synergies, Lyko will gather all expertise in a hub. Therefore, the production facility in Tyresö will close during the first quarter of 2025, and production will be consolidated and scaled up at the facility in Gothenburg.

SALES AND RESULTS

The group's net sales amounted to SEK 3,561.7 m (3,053.7), representing a growth of 16.6% compared to 2023. Growth was primarily driven by strong development in the Nordic segment, which accounted for growth of 18.2 (21.6) %. During the year, the share of the group's net sales attributable to the Nordic operations amounted to 92.8%, which totaled SEK 3,304.3 m (2,794.9), compared to a share of 91.5% for the same period last year. The European segment decreased sales by -9.4% in 2024, corresponding to sales of SEK 132.4 m (146.2). The decrease is a deliberate effort to focus on profitability going forward.

EBIT for the period amounted to SEK 117.4 m (67.7), with an EBIT margin of 3.3% (2.2). The group's depreciation and amortization increased to SEK 170.0 m (131.3).

The tax expense for the year amounted to SEK 16.6 m (8.4). The result for the year amounted to SEK 21.0 m (32.1).

KEY FIGURES

SEK million unless otherwise stated	2024	2023
Total revenue	3,579.1	3,087.1
Net sales	3,561.7	3,053.7
Sales growth, %	16.6%	22.8%
Gross profit	1,568.8	1,345.8
Gross margin, %	44.0%	44.1%
EBIT	117.4	67.7
EBIT margin, %	3.3%	2.2%
Profit (+)/Loss (-) for the period	21.0	32.1
Earnings per share (SEK)	1.37	2.09
Cash flow from operating activities	209.7	216.0
Net debt (+) / Net cash (-), excluding IFRS 16	333.1	226.4

NET SALES AND RESULTS PER SEGMENT

Nordic	2024	2023
Net sales	3,304.3	2,794.9
EBIT	416.7	283.7
Europe		
Net sales	132.4	146.2
EBIT	-33.6	-42.1
Other operations		
Net sales	180.6	104.9
EBIT	-44.8	-14.7
Group functions		
Net sales	-55.6	7.7
EBIT	-221.0	-159.2
Group		
EBIT	117.4	67.7
Financial income and expenses	-79.7	-27.2
EBT (Earnings Before Tax)	**37.6**	**40.5**

CASH FLOW

Cash flow from operating activities for the full year amounted to SEK 209.7 m (216.0). Cash flow from investing activities amounted to SEK -204.0 m (278.2). The most significant investments during the year include the new automation solution in the central warehouse, the opening of two new stores, one in Bergen, Norway, and one in Turku, Finland, along with continued digital development. The acquisition of subsidiaries refers to the purchase of the remaining shares in Loveli Beauty AB. Cash flow from financing activities amounted to SEK 65.9 m (-83.8) and mainly consists of loans taken out amounting to SEK 175.6 m and repayment of lease liabilities amounting to SEK -109.6 m. The total cash flow for 2024 amounted to SEK 71.7 m (21.6).

FINANCIAL POSITION

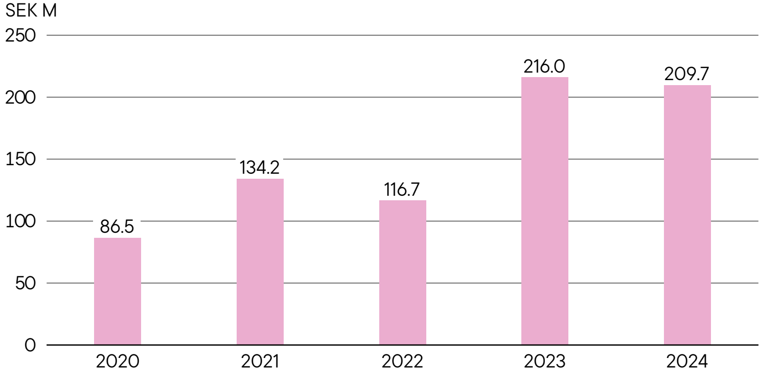
Equity as of the balance sheet date amounted to SEK 469.1 m (444.4), corresponding to an equity ratio of 20.3% (25.0). The decrease in equity ratio is due to the balance sheet total increasing by just over SEK 500 m, mainly attributable to increased investments in property, plant and equipment, increased borrowing, and higher lease liabilities.

The group's current liabilities, excluding liabilities to credit institutions and lease liabilities, increased to SEK 652.4 m (624.8) at the end of 2024. Interest-bearing liabilities including lease liabilities amounted to SEK 1,169.3 m (700.9). Lease liabilities amount to SEK 695.7 m (403.4). Net debt, excluding leasing, amounted to SEK 333.1 m (226.4) as of the balance sheet date, and cash and cash equivalents amounted to SEK 140.5 m (71.1), an increase of SEK 69.4 m.

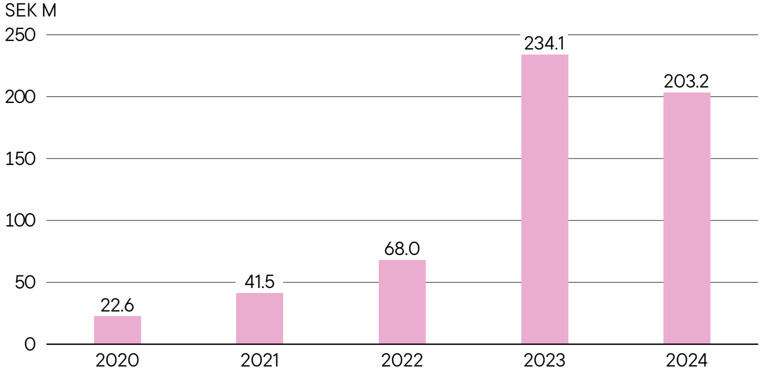
Inventory as of the balance sheet date amounted to SEK 512.0 m (507.7). The proportion of inventory in relation to net sales at the end of 2024 amounted to 14.4% (16.6).

As of December 31, 2024, the number of shares amounted to 15,310,012 (15,310,012).

CASH FLOW FROM OPERATING ACTIVITIES · 2020-2024



INVESTMENTS (EXCL. ACQUISITIONS) · 2020-2024



FINANCIAL GOALS AND STRATEGY

Lyko has set the following long-term financial goals:

Growth: To grow total revenues by an average of 15 to 20 percent annually over the medium term.

Profitability: To achieve an EBITDA margin of 10 percent in the long term, before the effects of IFRS 16 Leasing.

Dividend policy: The Board of Lyko will primarily use generated cash flows for continued expansion in the coming years.

Lyko has a well-developed growth strategy consisting of eight focus areas:

- Continued growth in existing markets.
- Develop and broaden the product offering.
- Geographic expansion.
- Develop Lyko's store network.
- Increase sales of own brands.
- Strengthen brand awareness and position.
- Further developed platform for increased growth.
- Strategic acquisitions.

The company's business benefits from overarching trends, such as increased online e-commerce and increased growth for specialists compared to generalists. Lyko sees signs of industry shifts and new players in the company's market, but at the same time a stronger trend where more and more brand owners are becoming interested in digital business and the shift that is happening both generally in retail and for beauty.

At the end of 2020, Lyko started sales in Germany, Austria, the Netherlands, and Poland with an "online first" strategy. The initiative is an investment in future growth, and with Lyko's strong and broad product range, there are favorable conditions to become a leading player in these markets in the long term. Lyko sees continued potential to increase relevance in our physical presence with a more optimized product and service offering. To meet the increased growth, the warehouse continues to expand. At the same time, the warehouse is being streamlined, mainly through the automation that is under development and is expected to be fully operational before the end of 2025.

SUSTAINABILITY

Lyko aims to be a sustainable company in all aspects. The business should be conducted legally, with high ethical standards, and with respect and consideration for human rights, people's health and safety, and for the best interests of society and the environment. The sustainability report according to the Swedish Annual Accounts Act is presented on pages 25-33 and pages 40-41.

THE SHARE AND SHARE CAPITAL

During the year 2024, the Lyko share decreased from SEK 107 to SEK 97. The market value as of December 31, 2024, amounted to SEK 1,487 m.

Lyko's largest shareholder is Lyko Holding AB with 50.1% of votes and capital. Lyko's other major shareholders are listed in the table on page 42.

EMPLOYEES

Lyko had 781 full-time employees (708) in 2024, calculated as an average for the year, of which 70% (68) are women. The majority of all employees are based in Sweden.

PARENT COMPANY

The parent company Lyko Group AB's operations consist management services to other companies in the group. Revenues for the full year amount to SEK 6.5 m (5.8).

Operating profit amounted to SEK -10.1 m (-10.6).

The net financial items amounted to SEK -5.5 m (-4.9). The parent company's profit before tax amounted to SEK 5.5 m (8.8). The change is mainly due to the received group contribution being lower than the previous year. Profit after tax amounted to SEK 1.5 m (6.6).

EVENTS AFTER THE END OF THE YEAR

Lyko has signed a lease agreement to open its third store in Finland, in Sello Shopping Center in Helsinki. The store opening will take place in the spring of 2025.

DIVIDEND

Lyko's dividend policy is to primarily use generated cash flows for continued expansion in the coming years. The Board therefore proposes no dividend for the financial year 2024.

PROPOSED DISTRIBUTION OF EARNINGS

Earnings available for distribution at the Annual General Meeting (SEK):

Share premium reserve	305,814,299
Retained earnings	117,340,520
Profit/loss for the year	1,546,864
Total	**424,701,683**

The Board of Directors proposes that earnings are distributed as follows:

Carried forward	424,701,683
Total	**424,701,683**

RISKS

The main risks related to Lyko and its operations consist of:

- Risks related to competitors' or new entrants' market entries or expansions, which may reduce Lyko's market share and have a significant negative impact on Lyko's operations, results, and financial position.
- Risks related to a negative macroeconomic development or a weakening of the retail market and changes in corporate and consumer purchasing power, which may have a significant negative impact on Lyko's operations, results, and financial position.
- The risk that Lyko's reputation and brand deteriorate, which may lead to a loss of sales or growth opportunities, which could have a significant negative impact on Lyko's operations, results, and financial position.
- The risk of errors or interruptions in Lyko's IT systems or logistics processes, for example, as a consequence of software malfunctions, natural disasters, illness, vandalism or sabotage, or human errors, which may mean that Lyko cannot deliver customers' orders on time, which could have a significant negative impact on Lyko's operations, results, and financial position.
- The risk that Lyko is unable to manage its growth effectively or that the expected growth on which Lyko's business plan is based is not achieved, which may have a significant negative impact on Lyko's operations, results, and financial position.
- The risk that suppliers, distributors, and brand owners terminate or limit Lyko's right to sell some or all of their products, which may limit Lyko's ability to offer a broad product range and have a significant negative impact on Lyko's operations, results, and financial position.
- The risk of quality problems in the product range that cause unexpected side effects for consumers, which may negatively affect Lyko's reputation and have a significant negative impact on Lyko's operations, results, and financial position.

For further information on financial risks, see note 27.

Group consolidated statement of comprehensive income

SEK M	Note	2024-01-01–2024-12-31	2023-01-01–2023-12-31
Operating income			
Net sales	3, 4	3,561.7	3,053.7
Other income	5	17.4	33.4
Total revenue		**3,579.1**	**3,087.1**
Operating costs			
Cost of goods sold		-1,992.9	-1,707.9
Other external expenses	7, 8	-741.7	-692.5
Employee benefits expenses	9	-538.1	-454.0
Depreciation and amortization	10	-170.0	-131.3
Other operating expenses		-19.0	-33.7
Operating profit (EBIT)		**117.4**	**67.7**
Financial income and expenses			
Financial income	11	3.0	6.1
Financial expenses	11	-82.7	-33.3
Profit (+) / Loss (-) before tax		**37.6**	**40.5**
Income tax	13	-16.6	-8.4
Profit / Loss for the year		**21.0**	**32.1**
Consolidated statement of other comprehensive income			
Items that may be reclassified to profit or loss			
Translation of foreign operations		3.7	-1.8
Other comprehensive income		**3.7**	**-1.8**
Total comprehensive income for the period		**24.7**	**30.3**
Profit / Loss for the year attributable to:			
Shareholders of parent company		21.0	32.0
Non-controlling interest		0.0	0.1
Total comprehensive income attributable to:			
Shareholders of parent company		24.7	30.2
Non-controlling interest		0.0	0.1
Average number of shares		15,310,012	15,310,012
Earnings per share after dilution, SEK	14	1.37	2.09
Proposed dividend per share, SEK		0.00	0.00

Group consolidated statement of financial position

SEK M	Note	2024-12-31	2023-12-31
Non-current assets			
Goodwill	15	304.7	304.7
Other intangible assets	16	109.3	87.6
Right-of-use assets	17	721.5	438.9
Property, plant and equipment	18	375.4	242.6
Deferred tax asset	13	17.6	8.3
Equity method investments		0.1	4.2
Other financial assets	19	9.4	9.2
Total non-current assets		**1,538.0**	**1,095.5**
Current assets			
Inventories	20	512.0	507.7
Accounts receivable	21	54.9	45.2
Current tax receivables		–	5.3
Other current receivables		34.7	24.3
Prepaid expenses and accrued income	22	33.3	27.0
Cash and cash equivalents	23	140.5	71.1
Total current assets		**775.4**	**680.6**
Total assets		**2,313.3**	**1,776.1**

SEK M	Note	2024-12-31	2023-12-31
Equity and liabilities			
Share capital	25	7.7	7.7
Other contributed capital		356.8	356.7
Reserves		2.1	-1.6
Retained earnings including profit for the year		102.5	81.5
Equity attributable to the shareholders of the parent		**469.0**	**444.3**
Non-controlling interest		0.1	0.1
Total equity		**469.1**	**444.4**
Non-current liabilities			
Deferred tax liabilities	13	14.5	–
Provisions	29	8.1	3.0
Non-current liabilities to credit institutions	19, 33	214.6	122.5
Long-term lease liabilities	7, 28	579.9	312.5
Other non-current liabilities	19, 33	0.0	3.0
Total non-current liabilities		**817.0**	**441.0**
Current liabilities			
Current liabilities to credit institutions	28	259.0	175.0
Short-term lease liabilities	7, 28	115.8	90.9
Current provisions	30	17.3	26.2
Account payables		325.4	367.8
Current tax liabilities		13.7	9.6
Other current liabilities	19	145.4	108.9
Accrued expenses and prepaid income	31	150.5	112.3
Total current liabilities		**1,027.2**	**890.7**
Total liabilities		**1,844.2**	**1,331.7**
Total equity and liabilities		**2,313.3**	**1,776.1**

Group consolidated statement of changes in equity

	Attributable to the shareholders of the parent company						
	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the year	Total	Non-controlling interest	Total equity
Equity as per Jan 1, 2023	**7.7**	**356.7**	**0.2**	**46.5**	**411.1**	**5.6**	**416.7**
Profit/ Loss for the year				32.0	32.0	0.1	32.1
Translation of foreign operations			-1.8		-1.8		-1.8
Other comprehensive income			**-1.8**		**-1.8**		**-1.8**
Total comprehensive income for the period			**-1.8**	**32.0**	**30.2**	**0.1**	**30.3**
Transactions with shareholders:							
Acquisition of non-controlling interest				3.0	3.0	-5.6	-2.6
Equity as per Dec 31, 2023	**7.7**	**356.7**	**-1.6**	**81.5**	**444.3**	**0.1**	**444.4**
Equity as per Jan 1, 2024	**7.7**	**356.7**	**-1.6**	**81.5**	**444.3**	**0.1**	**444.4**
Profit/ Loss for the year				21.0	21.0	0.0	21.0
Translation of foreign operations			3.7		3.7		3.7
Other comprehensive income			**3.7**		**3.7**		**3.7**
Total comprehensive income for the period			**3.7**	**21.0**	**24.7**	**0.0**	**24.7**
Equity as per Dec 31, 2024	**7.7**	**356.7**	**2.1**	**102.5**	**469.0**	**0.1**	**469.1**

Group consolidated statement of cash flow

SEK M	Note	2024-01-01–2024-12-31	2023-01-01–2023-12-31
Operating activities			
Profit after financial items		37.6	40.5
Adjustments for non-cash items	32	196.5	160.9
Paid tax		-1.6	-40.7
Cash flow before changes in working capital		**232.5**	**160.7**
Cash flow from working capital changes			
Change in inventories		-21.2	-90.6
Change in operating receivables		-40.9	-3.6
Change in operating liabilities		39.3	149.5
Cash flow from operating activities		**209.7**	**216.0**
Investing activities			
Investments in intangible assets	16	-41.0	-38.3
Investments in property, plant and equipment	18	-162.2	-195.8
Proceeds from sale of property, plant and equipment		–	0.5
Acquisition of subsidiaries	33	-0.3	-42.5
Change in financial assets		-0.4	-2.1
Cash flow from investing activities		**-204.0**	**-278.2**
Financing activities			
New loans	28	175.6	299.9
Repayment of loans	28	–	-127.3
Amortization of leases	28	-109.6	-88.8
Cash flow from financing activities		**65.9**	**83.8**
Cash flow for the period		**71.7**	**21.6**
Cash and cash equivalents at the beginning of the period		71.1	50.9
Exchange rate effects		-2.2	-1.4
Cash and cash equivalents at the end of the period	**23**	**140.5**	**71.1**

See note 32 for interest paid and received.

Parent company income statement

SEK M	Note	2024-01-01–2024-12-31	2023-01-01–2023-12-31
Net sales	6	6.5	5.8
Total revenue		**6.5**	**5.8**
Operating costs			
Other external expenses	8	-9.1	-8.5
Employee benefits expenses	9	-7.4	-6.0
Other operating expenses		0.0	-1.9
Operating profit (-loss)		**-10.1**	**-10.6**
Financial income and expenses			
Financial income	11	29.0	24.6
Financial expenses	11	-34.5	-29.5
Profit after financial items		**-15.5**	**-15.5**
Appropriations	12	21.1	24.3
Profit (+)/Loss (-) before tax		**5.5**	**8.8**
Income tax	13	-4.0	-2.2
Profit/ Loss for the year [1)]		**1.5**	**6.6**

[1)] The result for the year corresponds to the total comprehensive income for the year, and therefore only an income statement is presented without a separate statement of comprehensive income.

Parent company financial position

SEK M	Note	2024-12-31	2023-12-31
NON-CURRENT ASSETS			
Financial assets			
Shares in subsidiaries	26	580.7	575.3
Deferred tax asset		0.7	0.3
Equity method investments		0.3	5.0
Other non-current receivables		0.5	–
Total non-current assets		**582.2**	**580.6**
CURRENT ASSETS			
Receivables from group companies	36	559.9	129.9
Current tax receivables		–	11.0
Other current receivables		0.2	0.5
Prepaid expenses and accrued income	22	0.5	1.2
Cash and cash equivalents	23	138.6	67.1
Total current assets		**699.2**	**209.7**
Total assets		**1,281.4**	**790.3**

SEK M	Note	2024-12-31	2023-12-31
EQUITY			
Share capital	25	7.7	7.7
Total restricted equity		**7.7**	**7.7**
Share premium reserve		305.8	305.8
Retained earnings		117.3	110.8
Profit/ Loss for the year		1.5	6.6
Total non-restricted equity	24	**424.7**	**423.2**
Total equity		**432.4**	**430.9**
Untaxed reserves		**29.0**	**26.0**
Non-current liabilities			
Provisions	19, 33	0.6	0.0
Total non-current liabilities		**0.6**	**0.0**
Current liabilities			
Current liabilities to credit institutions	19, 28	259.0	175.0
Account payables	19	0.2	1.2
Liabilities to group companies	36	550.1	152.3
Current tax liabilities		2.1	0.0
Other liabilities	19	1.6	1.2
Accrued expenses and prepaid income	31	6.4	3.7
Total current liabilities		**819.4**	**333.4**
Total liabilities		**849.0**	**359.4**
Total equity and liabilities		**1,281.4**	**790.3**

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		
	Share capital	Share premium reserve	Retained earnings including profit for the year	Total equity
Equity as per Jan 1, 2023	**7.7**	**305.8**	**110.7**	**424.2**
Profit/ Loss for the year			6.6	6.6
Total comprehensive income for the period			**6.6**	**6.6**
Equity as per Dec 31, 2023	**7.7**	**305.8**	**117.3**	**430.9**
Equity as per Jan 1, 2024	**7.7**	**305.8**	**117.3**	**430.9**
Profit/ Loss for the year			1.5	1.5
Total comprehensive income for the period			**1.5**	**1.5**
Equity as per Dec 31, 2024	**7.7**	**305.8**	**118.9**	**432.4**

Parent company statement of cash flow

SEK M	Note	2024-12-31	2023-12-31
Operating activities			
Profit after financial items		-15.6	-15.5
Adjustments for non-cash items	32	1.0	0.4
Paid tax		8.5	-25.7
Cash flow before changes in working capital		**-6.1**	**-40.8**
Cash flow from working capital changes			
Change in operating receivables		-404.9	82.8
Change in operating liabilities		399.7	19.6
Cash flow from operating activities		**-11.4**	**61.6**
Investing activities			
Proceeds from sale of property, plant and equipment		–	0.1
Acquisition of subsidiaries		-0.3	-77.2
Acquistion of associated companies		-0.8	0.0
Cash flow from investing activities		**-1.1**	**-77.1**
Financing activities			
New loans		84.0	177.3
Repayment of loans		0.0	-127.3
Cash flow from financing activities		**84.0**	**50.0**
Cash flow for the period		**71.5**	**34.7**
Cash and cash equivalents at the beginning of the period		67.1	32.4
Cash and cash equivalents at the end of the period		**138.6**	**67.1**

See note 32 for interest paid and received.

Notes

NOTE 1 • ACCOUNTING AND VALUATION PRINCIPLES

GENERAL
The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU. The group also applies the Swedish Annual Accounts Act (1995:1554) and the recommendation from the Swedish Corporate Reporting Board RFR 1 Supplementary Accounting Rules for Groups.

The accounting principles stated below have, unless otherwise stated, been applied consistently to all periods presented in the group's financial reports. The group's accounting principles have been applied consistently by the group's companies.

Assets and liabilities are reported at acquisition value unless otherwise stated below. The company is under the controlling influence of Lyko Holding AB, org.no. 556975-5639, headquartered in Vansbro, which prepares consolidated financial statements for the largest group in which the company is included.

Registered office
The parent company is a limited company registered and domiciled in Vansbro, Sweden. The address of the registered office is Äppelbovägen 60, SE-786 91 Vansbro, Sweden.

Currency
The functional currency for the parent company is Swedish kronor (SEK), which constitutes the reporting currency for the parent company and the group. All amounts are stated in millions of Swedish kronor (SEK m) unless otherwise stated.

ACCOUNTING PRINCIPLES
Consolidated financial statements
Subsidiaries
Subsidiaries are all companies over which the group has controlling influence. The group controls a company when it is exposed to or has rights to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the group. They are excluded from the consolidated financial statements from the date on which control ceases.

Subsidiaries are accounted for using the acquisition method.

Contingent consideration is recognized at fair value at the acquisition date. If the contingent consideration is classified as an equity instrument, no revaluation is made, and settlement is made within equity. For other contingent considerations, these are revalued at each reporting date, and the change is recognized in the income statement under Other operating income or expenses.

For acquisitions made in stages, goodwill is determined on the date when control is obtained. Previous holdings are measured at fair value, and the change in value is recognized in the income statement. Acquisitions from non-controlling interests are accounted for as transactions within equity, i.e., between the owners of the parent company (within retained earnings) and non-controlling interests. Therefore, no goodwill arises in these transactions. The change in non-controlling interests is based on their proportional share of net assets.

Cont. Note 1

Translation of foreign currency

Transactions in foreign currency have been translated to the functional currency at the exchange rate on the transaction date. Financial assets and liabilities denominated in foreign currency are measured at the exchange rate on the closing date. Exchange differences on trade receivables and trade payables are recognized in operating profit, while exchange differences on financial assets and liabilities are recognized in the net financial items. The consolidated financial statements are prepared in Swedish kronor (SEK), which, in accordance with IAS 21, is the functional currency of the parent company and the group's reporting currency.

The balance sheets of foreign subsidiaries have been translated to SEK at the exchange rate on the closing date. The income statements have been translated at the average exchange rate for the year. The translation difference that arises in connection with currency translation is recognized in other comprehensive income.

	2024		2023	
SEK Exchange rate	Average	Closing	Average	Closing
NOK	0.98	0.97	1.01	0.99
EUR	11.43	11.49	11.48	11.10
DKK	1.53	1.54	1.54	1.49
PLN	2.66	2.69	2.53	2.56

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). In the group, the CODM has been identified as the group management. The group follows up the business according to a country-based organization where the group is managed and reported based on the operating segments Nordics and Europe. The Nordics include operations in the Swedish, Norwegian, Finnish, and Danish markets. Europe consists of the group's operations in the German, Dutch, Polish, and Austrian markets.

The same accounting principles are used within the segments as for the group. Operating segments that individually do not constitute reportable segments have been combined in Other operations and include the group's production operations, organization for own brands, and B2B sales. In addition, there are group-wide functions such as HR, IT, Marketing, Purchasing, Finance/Accounting.

Revenue

Sales revenue, which is synonymous with net sales, includes compensation for goods and services sold within the group's main business. These consist entirely of revenue from contracts with customers and are recognized in accordance with IFRS 15. Other operating income mainly consists of exchange rate gains.

Revenue from contracts with customers

Revenue from the sale of goods is recognized in the income statement when the group has fulfilled its performance obligations, which usually occurs when control of the goods sold by the group has been transferred to the buyer, i.e., at the time of delivery for online sales. Sales of the company's hairdressing services are recognized as revenue when the service is performed, i.e., at the time of sale. Sales of the company's B2B products are recognized as revenue when control of the goods has been transferred, which occurs when the goods are delivered to the customer.

Variable considerations such as discounts and price reductions are recognized in both cases by deducting the sales price directly at the time of the transaction in the store or at the time of online purchase.

All sales to consumers are made with a 14-day return policy. Revenue recognition occurs at the time of sale, taking into account the return policy by recognizing a provision for returns and complaints. The provision is based on sales statistics and an assessment of future complaints and returns and is made in the same period as the sale.

The group has a loyalty program where members of the customer club earn bonus points and have the opportunity to use accumulated points in the form of products from a points shop in the future. From an accounting perspective, the earnings are considered by reducing revenue at the time of earning with a corresponding provision in the balance sheet. For more information on provisions for the loyalty program, see note 2, "Significant estimates and judgments."

Financial income and financial expenses

Interest income and interest expenses are recognized in the period they arise, applying the effective interest method. Interest expenses also include loan-related bank fees.

Received dividends are recognized when the right to receive the dividend is established.

Exchange rate gains and exchange rate losses related to financial assets and liabilities are recognized net to the extent they relate to the same type of financial asset/liability and do not amount to significant amounts.

Leasing

The main types of the group's leased assets are, in order of size, premises/buildings, warehouse installations, IT equipment, and vehicles. The group applies IFRS 16 Leases from January 1, 2019. The group recognizes right-of-use assets and lease liabilities related to all lease contracts in the balance sheet, with certain exceptions. In evaluating a lease contract, the lease components are separated from the components that do not contain leases, and the lease term is defined considering any options that provide the right to extend or terminate.

Cont. Note 1

The right-of-use asset is initially measured at cost, which is initially the same amount as defined at the initial measurement of the lease liability, adjusted for any lease payments made before and at the commencement date, less any discounts received plus any initial direct costs incurred.

The lease liability is initially calculated as the present value of the lease payments that are not paid at the commencement date, discounted using the implicit interest rate if known. Otherwise, the group's incremental borrowing rate is used. The incremental borrowing rate is calculated based on the group's interest rate and credit spread at borrowing.

Lease payments included in the liability are fixed payments, variable payments affected by index or other adjustment factors, residual values, and penalties for terminating contracts. Lease payments are allocated between amortization and interest on the lease liability.

The group applies the provisions on relief rules for short-term leases with a term of less than 12 months and low-value assets. Lease fees for these leases are recognized as an expense linearly over the lease period.

The interest expense for lease liabilities is presented as a component of financial expenses separate from depreciation on right-of-use assets.

In the cash flow statement, payments related to the lease liability are reported within financing activities. Payments for short-term leases, low-value assets, and variable lease fees not included in the valuation of the lease liability are reported within operations.

When updating the assessment of the lease term, a corresponding adjustment is made to the right-of-use asset and lease liability.

Changes in the lease term occur when the last termination date has passed or when a significant event occurs or circumstances change significantly within the group's control that affects the assessment of the lease term.

For more information on leasing, see note 2 "Significant estimates and judgments" and note 7 "Leasing".

Employee benefits

Employee benefits consist of salaries, bonuses, paid vacation, paid sick leave, and other benefits, as well as pensions. Accounting is done as earned.

The group only has defined contribution pension plans. Since 2023, the group has set aside funds in a capital insurance, a so-called direct pension. The capital insurance is classified as a financial fixed asset and is recognized at acquisition value, which constitutes paid premiums. The group's obligation is recognized as a provision for direct pension and is recognized at the reported value of the capital insurance. A provision is also made for special payroll tax calculated based on the fair value of the capital insurance.

Tax

Income taxes consist of current tax and deferred tax.

Deferred tax is recognized in full, according to the balance sheet method, on all temporary differences that arise between the tax value of assets and liabilities and their reported values. Temporary differences related to shares in subsidiaries that are not expected to be reversed in the foreseeable future are not considered. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realized or settled.

Deferred tax assets related to deductible temporary differences and loss carryforwards are recognized only to the extent that it is probable that these will be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities, and the deferred taxes relate to the same tax subject and the same tax authority.

Deferred tax is recognized at the initial recognition of a right-of-use asset and a lease liability. In the balance sheet, deferred tax related to a right-of-use asset and lease liability continues to be offset, but in the note for deferred tax, deferred tax is handled gross.

Intangible assets and Goodwill

The group's intangible assets mainly consist of IT development for the website and app, software licenses, acquired trademarks, and goodwill.

Goodwill

Goodwill is measured at acquisition value less any accumulated impairment. Goodwill is tested for impairment annually and additionally as soon as indications arise that suggest the asset in question has decreased in value.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill if they meet the criteria for an intangible asset and their fair value can be reliably measured. The acquisition value for such intangible assets is the fair value at the acquisition date. After initial recognition, intangible assets acquired in a business combination are measured on the same basis as intangible assets acquired separately.

Cont. Note 1

Licenses and trademarks
Trademarks and software licenses are recognized at acquisition value after amortization, i.e., based on the costs incurred when the trademark was acquired or the software was acquired and put into operation.

Capitalized expenses
Costs during the development phase of the website, app, and other IT systems are capitalized as intangible assets when, in the management's assessment, it is probable that they will result in future economic benefits for the group, the criteria for capitalization are met, and the costs during the development phase can be reliably measured. Internally developed assets are recognized at acquisition value less accumulated amortization and any accumulated impairment. All other costs that do not meet the criteria for capitalization are expensed as they arise.

Property, plant and equipment
The group's property, plant and equipment mainly consist of warehouse installations and store and office furnishings and equipment.

Property, plant and equipment are recognized in the group at acquisition value less accumulated depreciation and any impairment.

The acquisition value includes the purchase price and expenses directly attributable to the asset to bring it to the location and condition necessary for it to be used in accordance with the purpose of the acquisition.

The reported value of an asset is removed from the balance sheet upon disposal or sale. The gain or loss that arises from the sale or disposal of an asset is the difference between the sales price and the asset's reported value, less direct sales costs, and is recognized in operating profit.

Subsequent expenses
Subsequent expenses are added to the acquisition value only if it is probable that the future economic benefits associated with the asset will flow to the group and the acquisition value can be reliably measured. All other subsequent expenses are recognized as an expense in the period they arise. Repairs are expensed as incurred.

Depreciation and amortization principles
Depreciation and amortization are done linearly over the estimated useful lives of intangible assets and property, plant and equipment from the time they are available for use.

The estimated useful lives are:

Property, plant and equipment	Group	Parent company
Improvements to leased property	5 years	–
Equipment, tools, and installations	4-10 years	4-5 years

The depreciation methods, residual values, and useful lives are reviewed at least annually.

Intangible fixed assets	Group	Parent company
Capitalized expenses for website, app, IT systems	5 years	5 years
Licenses and trademarks	5 years	5 years

The useful lives are reviewed at least annually and upon indication of change.

Impairment of non-financial assets
Goodwill is not amortized but is tested annually for impairment.

Assets that are amortized are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

An impairment is made with the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When assessing impairment, assets are grouped at the lowest levels where there are separately identifiable cash flows (cash-generating units). When an impairment need is identified for a cash-generating unit (group of units), the impairment amount is first allocated to goodwill. Then a proportional impairment of other assets included in the unit (group of units) is made.

Previously recognized impairments are reversed if the recoverable amount is assessed to exceed the carrying value. However, reversal does not occur with an amount greater than that the carrying value reaches what it would have been if impairment had not been recognized in previous periods. However, impairment of goodwill is never reversed.

Cont. Note 1

Financial assets and liabilities
At initial recognition, all financial instruments are recognized at fair value. After initial recognition, financial assets are measured at either amortized cost, fair value through profit or loss, or fair value through other comprehensive income.

Classification and measurement
The category to which a financial asset is classified is determined by the company's business model and the contractual cash flows the company will receive from the financial asset. The group does not engage in active trading of financial instruments unrelated to the group's business operations. As a result, the financial assets and liabilities recognized in the balance sheet are primarily cash and cash equivalents, trade receivables, trade payables, and interest-bearing liabilities. Financial liabilities measured at fair value through profit or loss are limited to contingent considerations from business acquisitions.

The group's financial assets are held with the purpose of collecting contractual cash flows for principal and interest and are therefore recognized at amortized cost. Interest income from such financial assets is recognized as financial income using the effective interest method.

In the category of financial assets measured at amortized cost, trade receivables, other receivables, and cash and cash equivalents are included. A financial asset is removed from the balance sheet when the rights in the contract are realized, expire, or the group loses control over them. Purchases and sales of financial assets are recognized on the trade date.

In the category of financial liabilities measured at amortized cost, loan liabilities to credit institutions, lease liabilities, trade payables, and other current liabilities are included. Contingent considerations are recognized at fair value through profit or loss in the period the gain or loss arises. A financial liability is removed from the balance sheet when the obligation in the contract is fulfilled or otherwise settled.

Borrowing
Loan liabilities to credit institutions are initially recognized at fair value, net of transaction costs. Borrowing is subsequently recognized at amortized cost, and any difference between the amount received (net of transaction costs) and the repayment amount is recognized in the income statement over the loan period, applying the effective interest method. Borrowing is classified as current liabilities unless the group has an unconditional right to defer payment of the liability for at least 12 months after the reporting period.

Impairment of financial assets
According to IFRS 9, the impairment need for receivables is determined based on expected credit losses, which primarily affects Lyko regarding the recognition of customer losses. For all receivables, a provision is made that corresponds to an expected credit loss within a period of 12 months. The group's customer losses have been, and are not significant.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and immediately available balances with banks and equivalent institutions, as well as short-term liquid investments with a maturity from the acquisition date of less than three months, which are subject to only an insignificant risk of value fluctuations.

Inventory
The group's inventory mainly consists of finished goods but also includes some raw materials and packaging. Inventory is measured at the lower of acquisition cost and net realizable value. The acquisition cost is calculated using weighted average cost method and includes expenses incurred in acquiring or manufacturing the inventory items and transporting and handling them to their current location and condition. Volume discounts or other discounts are included in the acquisition cost of inventory when it is probable that they have been earned and will accrue to the company.

Net realizable value is defined as the selling price reduced by costs of completion and selling costs. For inventory valuation, see note 2 Significant estimates and judgments.

Provisions
The group primarily recognizes provisions related to contract liabilities for loyalty programs and customer returns. Provisions are made with the amount that is the best estimate of what is required to settle the existing obligation at the balance sheet date. For more information on provisions for loyalty programs, see the section Significant estimates and judgments. For more information on returns, see the section on returns below. Other provisions refer to provisions for direct pensions and are recognized at the reported value of the capital insurance. A provision is also made for special payroll tax calculated based on the fair value of the capital insurance.

Cont. Note 1

Returns (right of withdrawal, return policy, and complaints)
Lyko offers its customers a 14-day return policy on all markets. For e-commerce sales, the right of withdrawal applies in accordance with the Swedish Distance Selling Act in Sweden or equivalent laws and regulations in other countries where the group operates. Regarding complaints, the company follows applicable laws and regulations in each country where the group operates. Most returns regarding sales through physical stores occur within 7 days. For sales through e-commerce, most returns occur within 7 days.

The company reduces the period's revenue and cost of goods sold by an amount corresponding to the estimated returns based on accumulated experience and historical returns.

Effects of changes in accounting standards
The amended standards and interpretations relevant to the group are in some cases already in line with applied interpretations and have otherwise had no or very limited impact on the financial statements.

The following amendments, which have been assessed as applicable to the group, have had no or very limited impact on Lyko's financial statements when applied for the first time:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current," effective January 1, 2024
- Amendments to IAS 1 "Non-current Liabilities with Covenants," effective January 1, 2024
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback," effective January 1, 2024

The group has not yet evaluated the effects of IFRS 18 "Presentation and Disclosure in Financial Statements," which comes into effect on January 1, 2027..

Other published amendments that came into effect on January 1, 2024, or are approved for application from 2025 and later are not considered applicable to the group.

Parent company's accounting principles
The parent company's annual report is prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Reporting Board's recommendation RFR 2, Accounting for Legal Entities. RFR 2 entails that the parent company should apply all IFRS and statements approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act and considering the relationship between accounting and taxation. The recommendation specifies which exceptions from IFRS and additions should be made.

Financial assets and liabilities and other financial instruments
The company applies fair value measurement according to the Swedish Annual Accounts Act 4:14a-d, and the description of accounting principles in the group's note 1 Financial assets and liabilities thus also applies to the parent company.

Shares in group companies and associates
Shares in subsidiaries and associates are recognized according to the acquisition cost method, including attributable transaction costs. The value of the shares is tested when indications exist that the value has decreased.

Group contributions
Group contributions that have been given or received by the parent company are recognized as appropriations in the income statement. Shareholder contributions given by the parent company are recognized in shares and participations and tested for impairment according to the above.

Pensions
The parent company's pension obligations have been calculated and recognized based on the Security Act. Application of the Security Act is a prerequisite for tax deductibility.

NOTE 2 • SIGNIFICANT ESTIMATES

Preparing the financial statements in accordance with IFRS requires management to make estimates and make assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, income, and expenses. The actual outcome may differ from these estimates. The estimates and assumptions are evaluated continuously. Changes in estimates are recognized in the period the change is made if the change only affected this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

KEY ESTIMATES

Net sales and cost of goods sold

Lyko sells its products with a right of return. The company reduces the period's revenue and cost of goods sold by an amount corresponding to the estimated returns based on accumulated experience and historical returns. Historically, the size of actual returns for the group has been low. A 1% change in the return reserve has only a marginal impact on the result.

Goodwill

The group tests annually whether there is any need for impairment of goodwill. In this impairment test, judgments are made about future financial development. The assumptions made in this calculation can be found in note 15.

Inventory

Inventory is measured at the lower of acquisition cost and net realizable value. The acquisition cost is calculated using weighted average prices and includes expenses incurred in acquiring or manufacturing the inventory items and transporting and handling them to their current location and condition. Net realizable value is defined as the selling price reduced by costs of completion and selling costs. In determining the net realizable value, management uses accumulated experience and historical data. It is primarily older products in inventory or items with low turnover rates that are subject to judgment and estimation. The actual outcome of future selling prices and costs to complete the sale may differ from the estimates made.

Provisions for loyalty programs

In 2022, the development of a new bonus points system began, which was put into operation at the beginning of 2023. The previous program ended in June 2022, and accumulated unused points expired. Since July 1, 2022, customers have earned points in the new customer club in connection with purchases. Each purchase generates points that can be redeemed for goods in a points shop. This means that the use of bonus points is recognized as a separate component at fair value at the original sale, and the revenue is recognized when the bonus points are redeemed for a product in the points shop or at the expiration date of the points (points are valid for 2 years from the earning date). As of the balance sheet date, the group recognizes a provision for the expected value of unused points in the new bonus points system. See also note 30. The points in the customer loyalty program give customers an enforceable right that they would not have if they had not joined the customer club. The promise to give the customer points is therefore a separate performance obligation. The transaction price is allocated to the goods and points based on a relatively standalone selling price. Management estimates the standalone selling price per point based on the value of the points and the likelihood of the points being used, based on previous experience. The estimate of the utilization rate is based on historical data and experience but is subject to some uncertainty. As of December 31, 2024, the provision for the group's customer club amounts to SEK 14.1 m. An actual utilization rate of +/- 1 percentage point of management's estimate results in a change in the result of less than +/- SEK 0.5 m.

Lease agreements

When accounting for lease agreements, a number of different assumptions may need to be made, and determining the discount rate as well as determining the lease term has been assessed as most critical. The implicit interest rate is used for lease contracts where it can be determined. For other contracts, the incremental borrowing rate is used, which is based on the group's external financing rate. The model for determining the incremental borrowing rate is reviewed at least annually or when there is an indication of the need for review to ensure the validity of the model. The lease term is determined based on the information available in the lease agreement and other relevant facts and circumstances according to management's assessment. There are not always specific clauses regarding termination, cancellation, or renewal of a lease agreement. In such cases, assumptions are made based on the information in the contract together with management's assessment of relevant circumstances. As of December 31, 2024, the carrying value of right-of-use assets amounted to SEK 721.5 m (438.9), and total lease liabilities amounted to SEK 695.7 m (403.4). Of the carrying value of right-of-use assets, SEK 574.6 m (286.9) is attributable to lease contracts for premises, many of which have various types of extension and termination options. Changes in the assessment of whether such types of options are reasonably certain to be exercised or not can have a significant effect on the carrying values of right-of-use assets and lease liabilities recognized under IFRS 16.

NOTE 3 · SEGMENT REPORTING

For reporting and follow-up purposes, the group has divided its operations into two operating segments: Nordics, which consists of Sweden, Norway, Finland, Denmark; and Europe, which consists of Germany, Austria, Poland, and the Netherlands. In the Nordics, sales are conducted online via lyko.com, the Lyko app and through 32 Lyko stores (as of December 31, 2024). In Europe, sales are conducted online via lyko.com and the Lyko app.

The division is based on differences in the segments' characteristics and on the reporting that management obtains to follow up and analyze the business as well as the information obtained to make strategic decisions. In addition to the two segments above, there are group-wide functions such as HR, IT, Marketing, Purchasing, Finance/Accounting. Other operations include the group's production activities, organization for own brands, sales force towards e.g. hairdressers. Group eliminations in connection with internal sales are also reported within other operations.

Segment reporting by business area	Nordics		Europe		Other operations		Group functions		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue from external customers	3,304.3	2,794.9	132.4	146.2	180.6	104.9	-55.6	7.7	3,561.7	3,053.7
Total net sales	**3,304.3**	**2,794.9**	**132.4**	**146.2**	**180.6**	**104.9**	**-55.6**	**7.7**	3,561.7	**3,053.7**
Operating profit (EBIT)	**416.7**	**283.7**	**-33.6**	**-42.1**	**-44.8**	**-14.7**	**-221.0**	**-159.2**	**117.4**	**67.7**
Financial income									3.0	6.1
Financial expenses									-82.7	-33.3
Profit after financial items									**37.6**	**40.5**
Income tax									-16.6	-8.4
Profit/ Loss for the year									**21.0**	**32.1**
Non-current assets per segment	1,205.5	1,060.8	11.9	13.0	26.6	0.0	267.0	0.0	**1,510.9**	**1,073.8**
Depreciation and amortization per segment	-87.6	-73.9	-0.8	–	-13.3	-8.9	-68.3	-48.5	**-170.0**	**-131.3**

NOTE 4 · REVENUE FROM CONTRACTS WITH CUSTOMERS

The group divides revenue from agreements with customers into revenue from Nordics and Europe. The amounts correspond to those reported within the respective segments with the same name. Revenue from agreements with customers reported within the item other operations and group-wide functions refers to the group's production activities and B2B sales.

	2024	2023
Nordic	3,304.3	2,794.9
Europe	132.4	146.2
Other Operations and Group functions	125.0	112.5
Total	**3,561.7**	**3,053.6**

Revenue from Swedish customers constitutes 50% (62) of the group's total revenue. The remaining part refers to revenue from customers in Norway, Finland, Denmark, Germany, the Netherlands, Austria, and Poland.

Of the non-current assets (financial instruments and deferred tax assets excluded), SEK 1,393.7 m (990.4) or 92.2% (92.3) are allocated to Sweden. The remaining part refers to non-current assets in Norway, Finland, Germany, and Denmark. There are no non-current assets in other countries.

NOTE 5 • OTHER OPERATING INCOME

	2024	2023
Government grants	0.9	1.5
Sick pay compensation	0.7	0.6
Currency gains/losses	11.6	21.7
Result effect adjustment contingent consideration	–	6.3
Other	4.3	3.3
Total	**17.4**	**33.4**

NOTE 6 • DISTRIBUTION OF NET SALES, PARENT COMPANY

	2024	2023
Sweden	4.6	4,6
Denmark	0,1	0,1
Finland	0,4	0,2
Norway	1,2	0,7
Germany	0,1	0,1
Netherlands	0,1	0,1
Poland	0,0	0,0
Total	**6,5**	**5,8**

NOTE 7 · LEASES

Lyko leases a number of properties and premises. In addition to properties and premises, Lyko primarily leases warehouse installations, trucks, servers, and passenger cars.

The agreements originally run with an agreed term of usually 3-5 years. Thereafter, the agreements usually continue with the same term if neither the lessor nor Lyko terminates the agreement. It is not uncommon for the lease agreement to be terminated for renegotiation by Lyko, the property owner, or both parties at the end of the agreement term. A renegotiation means that the rent to be paid in the next period is unknown until the renegotiation is completed if the agreement is extended through the renegotiation. This means that the most common lease period corresponds to the agreed lease period without extensions. The rents are in many cases variable but with a minimum rent that in practice means a fixed rent with a smaller variable rent if the turnover exceeds certain levels. Future agreed but not yet commenced contracts amount to SEK 19.3 m as of December 31, 2024. This is mainly attributable to a newly signed contract in Finland and an extended contract in Norway.

For a specification of right-of-use assets, see note 17.

For depreciation, see note 10. For interest expenses, see note 11.

Future lease payments	2024	2023
Within one year	152.3	105.0
Between one and two years	152.5	95.6
Between two and three years	83.1	99.8
Between three and fours years	68.3	37.6
Between four and five years	58.8	30.1
Longer than five years	478.3	78.5
Total payments	**993.3**	**446.6**
Effect of discounting	-297.6	-43.2
Total leasing liability according to balance sheet	**695.7**	**403.4**
of which current liability	115.8	90.9
of which non-current liability	579.9	312.5

Lease payments	2024	2023
Payment of lease liabilities	106.5	88.8
Variable lease payments not included in lease liabilities	12.8	8.5
Short-term and low value lease payments not included in lease liability	0.9	1.1
Total lease payments	**120.2**	**98.4**

There are no lease contracts in the parent company. Depreciation of right-of-use assets amounts to SEK -118.3 m (-89.9). Interest expenses for leasing amount to SEK -39.5 m (-13.4).

NOTE 8 · AUDIT FEES

	Group		Parent company	
Ernst & Young	2024	2023	2024	2023
Auditing assignment	3.1	2.8	2.0	1.7
Tax advice	0.2	0.4	0.2	0.4
Total EY	**3.3**	**3.2**	**2.2**	**2.1**
Other auditors				
Audit outside of audit assignment	0.1	0.1	–	–
Tax advice	0.2	0.4	0.2	0.4
Other services	0.2	–	0.2	–
Total other auditors	**0.5**	**0.5**	**0.4**	**0.4**
Total	**3.8**	**3.7**	**2.6**	**2.5**

Audit assignments refer to statutory audit of the annual and consolidated financial statements and accounting as well as the administration of the Board of Directors and the CEO, as well as audit and other review performed in accordance with agreement or contract. This includes other tasks that the company's auditor is required to perform as well as advice or other assistance prompted by observations during such review or the performance of such other tasks. Fees for tax consultations consist, among other things, of advice regarding compliance with tax regulations and other tax advisory services.

Other services refer to all other assignments that are not included in the above.

NOTE 9 • EMPLOYEES AND PERSONNEL COSTS

Average number of employees

	2024 Total	2024 Whereof women	2023 Total	2023 Whereof women
Parent company	1	–	1	–
Subsidiaries				
Sweden	680	451	632	410
Norway	50	49	43	43
Finland	25	25	11	11
Denmark	6	6	5	5
Germany	7	3	6	5
Netherlands	6	6	5	5
Poland	6	6	5	5
Total Group	**781**	**546**	**708**	**484**

As of the balance sheet date, there were 1,047 (976) employees in the group.

Gender distribution in the group (including subsidiaries) for board members and other senior executives

	2024 Number at end of period	2024 Whereof women	2023 Number at end of period	2023 Whereof women
Board of directors	5	2	5	3
CEO and senior executives	9	6	9	5
Total Group	**14**	**8**	**14**	**8**

Salaries, other remuneration, and social costs

	2024 Salaries and remuneration	2024 Social expenses (whereof pension cost)	2023 Salaries and remuneration	2023 Social expenses (whereof pension cost)
Parent company	4.4	2.6	3.7	2.4
		(0.9)		(1.0)
Subsidiaries	384.4	146.7	324.1	124.7
		(29.5)		(24.9)
Total Group	**388.8**	**149.3**	**327.8**	**127.1**
		(30.4)		**(25.9)**

Of the parent company's pension costs, SEK 0.9 m (1.0) refers to the company's management.

The company's outstanding pension commitments to these amount to SEK 0.0 m (0.0).

Of the group's pension costs, SEK 4.5 m (5.1) refers to the company's management. From 2023, parts of the CEO and management's pension have been secured through a capital insurance policy taken out and owned by the company. The capital insurance and the group's pension commitment excluding special payroll tax amount to SEK 3.6 m (2.4) at the end of 2024.

Salaries and other remuneration distributed between board members/other senior executives and other employees

	2024 Board of directors and CEO (whereof variable remuneration)	2024 Other employees	2023 Board of directors and CEO (whereof variable remuneration)	2023 Other employees
Parent company	4.4	–	3.7	–
	(1.5)	(–)	(0.5)	(–)
Subsidiaries	16.5	367.9	16.8	307.2
	(4.0)	(1.6)	(2.1)	(2.1)
Total Group	**20.9**	**367.9**	**20.5**	**307.2**
	(5.5)	(1.6)	(2.6)	(2.1)

Cont. Note 9

Senior executives' remuneration

Remuneration to the Board
Remuneration to the Chairman of the board and board members is paid in accordance with the decision at the Annual General Meeting in April 2024.

Remuneration to the CEO of Lyko and other senior executives
Remuneration to senior executives consists of base salary, pension benefits, variable remuneration in the form of cash bonuses, other remuneration and benefits, and severance pay. For the company's CEO, the employee has a notice period of six months, and the employer has a notice period of nine months. Other senior executives refer to persons who, together with the CEO of Lyko, constitute Lyko's group management. The number of senior executives, including the CEO of Lyko, amounts to 9 (9) as of the balance sheet date 2024, of which 6 (5) are women.

Comment regarding the table
The amounts stated refer to what has been expensed during each year and are stated excluding social security contributions.
The reported pension costs do not include special payroll tax.

2024	Base salary, board fees	Variable remuneration	Other benefits	Pensions costs	Total
Rickard Lyko, CEO	1.9	1.5	0.1	0.9	4.4
Håkan Håkansson, Board member	0.3				0.3
Marie Nygren, Board member	0.3				0.3
Carl-Mikael Lindholm, Board member	0.3				0.3
Erika Lyko, Board member	–				–
Kenneth Bengtsson, Chairman of the board	0.5				0.5
Other senior executives, 8 as of December 31, 2024	11.4	4.2	0.5	3.6	19.7
Total	**14.7**	**5.7**	**0.6**	**4.5**	**25.5**

2023	Base salary, board fees	Variable remuneration	Other benefits	Pensions costs	Total
Rickard Lyko, CEO	1.9	0.5	0.1	1.0	3.5
Håkan Håkansson, Board member	0.3				0.3
Marie Nygren, Board member	0.3				0.3
Lovisa Hamrin, Board member	0.3				0.3
Erika Lyko, Board member	–				–
Kenneth Bengtsson, Chairman of the board	0.5				0.5
Other senior executives, 9 as of December 31, 2023	13.8	2.1	0.8	4.1	20.8
Total	**17.0**	**2.6**	**0.9**	**5.1**	**25.6**

The amounts in the table for 2023 above include costs for compensation for early termination. During the year, a total of SEK 6.0 m was paid in compensation for early termination to senior executives, of which SEK 1.3 m refers to pensions. The amount excludes social security contributions and special payroll tax.

NOTE 10 · DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation and amortization in the income statement are distributed among the following asset classes.

	Group	
	2024	2023
Depreciations and amortizations		
Licenses and trademarks	-3.0	-2.5
Capitalized expenditure	-19.4	-15.9
Fixtures and fittings, leased property	-4.7	-7.5
Equipment, tools and vehicles	-24.5	-15.6
Right-of-use assets - Premises	-91.2	-64.7
Right-of-use assets - Other	-27.1	-25.2
Total depreciation and amortization	**-170.0**	**-131.3**

The group has not had any impairment during the period or the previous year. See further notes 16-18.

NOTE 11 · FINANCIAL INCOME AND EXPENSES

	Group		Parent company	
	2024	2023	2024	2023
Interest income and similar items				
Interest income and similar items	2.5	1.7	2.4	1.4
Interest income from group companies	–	–	26.1	22.5
Other financial income	0.0	0.0	–	–
Realized exchange gains	0.5	4.4	0.5	0.7
Total financial income	**3.0**	**6.1**	**29.0**	**24.6**
Interest expenses and similar items				
Interest expense	-35.4	-15.9	-22.5	-13.6
Interest expense leases	-39.5	-13.4	–	–
Interest expense to group companies	0.0	0.0	-15.9	-10.2
Exchange losses	-5.1	-3.0	4.5	-5.5
Results from participations in associates	-1.1	-0.6	–	–
Other financial expenses	-1.7	-0.4	-0.7	-0.2
Total financial expense	**-82.7**	**-33.3**	**-34.6**	**-29.5**
Net financial items	**-79.7**	**-27.2**	**-5.6**	**-4.9**

NOTE 12 · APPROPRIATIONS

Parent company	2024	2023
Tax allocation reserve, allocation for the year	-3.0	0.0
Group contribution received	126.0	30.0
Group contribution provided	-101.9	-5.7
Total	**21.1**	**24.3**

NOTE 13 · TAXES

Reported in the income statement	Group		Parent company	
	2024	2023	2024	2023
Current tax:				
Tax expense for the year	-11.9	-13.0	-4.4	-2.4
Total tax expense for the year	**-11.9**	**-13.0**	**-4.4**	**-2.4**
Deferred tax (note 23):				
Deferred tax on changes in temporary differences	-3.5	5.8	0.4	0.2
Utilization of tax losses carried forward	-1.2	-1.2	–	–
Total deferred tax	**-4.7**	**4.6**	**0.4**	**0.2**
Total reported income tax	**-16.6**	**-8.4**	**-4.0**	**-2.2**

The group has no tax items reported in other comprehensive income.

Reported in the income statement	Group		Parent company	
	2024	2023	2024	2023
Profit/loss before tax	37.6	40.5	5.5	8.8
Tax in accordance with current tax rates for parent company, 20.6%	-7.8	-8.3	-1.1	-1.8
Tax effect of:				
Impact of other tax rates in foreign subsidiaries	-0.4	-0.3	–	–
Non-deductible costs	-9.5	-2.1	-0.8	-0.3
Non-taxable income	1.3	1.3	0.1	0.0
Income attributable to tax allocation reserve	-0.2	-0.1	-0.1	-0.1
Current tax attributable to previous years	-0.7	-1.3	–	–
Non-capitalized tax losses carried forward	-0.1	0.0	–	–
Deferred tax attributatble to previous years	0.2	1.3	–	–
Utilization of previous years non-capitalized tax losses	2.7	1.2	–	–
Other	-2.1	-0.1	-2.1	–
Total tax	**-16.6**	**-8.4**	**-4.0**	**-2.2**

The following deferred tax liabilities and assets have changed during the year.

Deferred tax assets

	2024-12-31	2023-12-31
Lease liabilities	138.5	81.5
Intangible assets	-0.7	-1.3
Property, plant and equipment	6.6	6.0
Tax losses carried forward	3.4	4.9
Provision for loyalty club	3.6	5.0
Other temporary differences	2.2	5.7
Untaxed reserves	-9.7	-9.5
Total	**143.9**	**92.3**

Deferred tax losses

	2024-12-31	2023-12-31
Right-of-use assets	140.7	84.0
Total	**140.7**	**84.0**

Cont. Note 13

The following deferred tax liabilities and assets have changed during the year.
(Tax assets are stated with a positive amount and tax liabilities with a negative amount).

Change in deferred tax assets and deferred tax liabilities

	Right-of-use assets	Property, plant and equipments	Intangible assets	Tax losses carried forward	Untaxed reserves	Provision for loyalty club	Other temporary differences	Total
Opening balance as per Jan 1,2024	**-2.5**	**6.0**	**-1.3**	**4.9**	**-9.5**	**5.0**	**5.7**	**8.3**
Through acqusition of subsidiaries	–	–	0.6	–	–	–	–	0.6
Reclass	–	–	–	–	–	0.0	0.0	–
Recorded in profit and loss during the year (note 13)	0.3	0.6	-0.6	-1.5	-0.2	-1.6	-3.7	-6.7
Closing balance as per Dec 31, 2024	**-2.2**	**6.6**	**-1.3**	**3.4**	**-9.7**	**3.4**	**2.0**	**2.2**
Opening balance as per Jan 1, 2023	**-1.1**	**5.4**	**–**	**6.1**	**-9.6**	**3.5**	**1.1**	**5.4**
Through acqusition of subsidiaries	–	–	-1.6	–	–	–	–	-1.6
Reclass	–	–	–	–	–	-0.1	0.1	–
Recorded in profit and loss during the year (note 13)	-1.3	0.6	0.3	-1.2	0.1	1.7	4.5	4.7
Translation differences for the year	-0.1	–	–	–	–	-0.1	–	-0.2
Closing balance as per Dec 31, 2023	**-2.5**	**6.0**	**-1.3**	**4.9**	**-9.5**	**5.0**	**5.7**	**8.3**

NOTE 14 • EARNINGS PER SHARE

Change in the number of ordinary shares

	2024-12-31	2023-12-31
Outstanding ordinary shares at the beginning of the period	15,310,012	15,310,012
Outstanding ordinary shares at the end of the period	**15,310,012**	**15,310,012**

Calculation of earnings per share

	2024-12-31	2023-12-31
Net profit for the year attributable to shareholders in Lyko Group AB, SEK m	21.0	32.0
Earnings used in the calculation of earnings per ordinary share, before dilution	21.0	32.0
Average number of outstanding ordinary shares	15,310,012	15,310,012
Earnings per ordinary share, SEK	**1.37**	**2.09**

Earnings per share are calculated by dividing the net profit for the year attributable to the holders of shares in the parent company by the weighted average number of outstanding shares during the year. There are no instruments that can cause dilution.

NOTE 15 • GOODWILL

	2024-12-31	2023-12-31
Opening acquisition value	304,7	304,7
Closing acquisition value	304,7	304,7
Net carrying value	**304,7**	**304,7**

A summary of the allocation of goodwill by geographic area is found below.

	2024-12-31	2023-12-31
Sweden	304,7	304,7
Total goodwill	**304,7**	**304,7**

Impairment test

Impairment testing of the group's goodwill is carried out annually and at any given time when indications of impairment are identified. The group's goodwill of SEK 304.7 m (304.7) has arisen in connection with the acquisition of subsidiaries.

Goodwill impairment is tested at the lowest levels where there are separately identifiable cash flows (cash-generating units). The total group is considered to be the lowest identifiable level of separate cash flows. The impairment test consists of assessing whether the unit's recoverable amount is higher than its carrying value. The recoverable amount has been calculated based on the unit's value in use, which is the present value of the unit's expected future cash flows without considering any future business expansion and restructuring.

The calculation of the present value has been based on:
– A discount rate of 14.3% (12.7) before tax.
– A forecast of cash flows over the next five years.
– An extrapolation of cash flows after year 5 with a growth rate of 2% (2), which is considered reasonable over time as it is in line with GDP increases and the company's expectations in the market.

The discounted cash flow model includes forecasting future cash flows from operations, including estimates of revenue volumes and gross profits. The key assumptions driving expected cash flows over the next 5 years are future sales.

Values have been estimated for these variables mainly based on and in accordance with historical experience. The calculations show no need for impairment, and they do not indicate that any reasonably possible changes in key assumptions would lead to a need for impairment.

NOTE 16 · OTHER INTANGIBLE ASSETS

	Licenses and trademarks	Capitalized expenditure	Advances	Total
Accumulated acquisition value, Jan 1, 2024	**14.5**	**156.4**	**11.7**	**182.6**
Acquisitions	0.7	23.9	16.4	41.0
Acquried through subsidiaries	3.1	–	–	3.1
Reclassifications	0.0	3.8	-3.8	0.0
Closing acquisition value, Dec 31, 2024	**18.3**	**184.2**	**24.3**	**226.7**
Accumulated amortization value, Jan 1, 2024	**-5.7**	**-89.3**	**–**	**-95.0**
Amortization for the year (Note 10)	-3.1	-19.4	–	-22.5
Closing amortization value, Dec 31, 2024	**-8.8**	**-108.7**	**0.0**	**-117.5**
Closing book value, Dec 31, 2024	**9.5**	**75.5**	**24.3**	**109.3**

Accumulated acqusition value, Jan 1, 2023	**6.4**	**129.4**	**0.8**	**136.6**
Acquisitions	0.4	27.0	10.9	38.3
Acquried through subsidiaries	7.7	–	–	7.7
Reclassification	0.0	0.0	0.0	0.0
Closing acquisition value, Dec 31, 2023	**14.5**	**156.4**	**11.7**	**182.6**
Accumulated amortization value, Jan 1, 2023	**-3.2**	**-73.4**	**–**	**-76.6**
Amortization for the year (Note 10)	-2.5	-15.9	–	-18.4
Closing amortization value, Dec 31, 2023	**-5.7**	**-89.3**	**–**	**-95.0**
Closing book value, Dec 31, 2023	**8.8**	**67.1**	**11.7**	**87.6**

NOTE 17 · RIGHT-OF-USE ASSETS

2024	Premises	Other	Total
Accumulated acquisition value, Jan 1, 2024	**474.9**	**207.4**	**682.3**
New and amended contracts	378.2	22.0	400.2
Terminated contracts	-5.4	-6.0	-11.4
Translation differences for the year	0.2	0.0	0.2
Closing acquisition value, Dec 31, 2024	**847.9**	**223.4**	**1 071.3**
Accumulated depreciation value, Jan 1, 2024	**-188.0**	**-55.4**	**-243.4**
Depreciations (Note 10)	-91.2	-27.1	-118.3
Terminated contracts	5.4	6.0	11.4
Translation differences for the year	0.5	0.0	0.5
Closing depreciation value, Dec 31, 2024	**-273.3**	**-76.5**	**-349.8**
Closing book value, Dec 31, 2024	**574.6**	**146.9**	**721.5**

2023	Premises	Other	Total
Accumulated acquisition value, Jan 1, 2023	**311.9**	**193.8**	**505.7**
New and amended contracts	192.1	16.1	208.2
Terminated contracts	-25.0	-2.5	-27.5
Translation differences for the year	-4.1	0.0	-4.1
Closing acquisition value, Dec 31, 2023	**474.9**	**207.4**	**682.3**
Accumulated depreciation value, Jan 1, 2023	**-150.0**	**-32.4**	**-182.4**
Depreciations (Note 10)	-64.7	-25.2	-89.9
Terminated contracts	25.0	2.4	27.4
Translation differences for the year	1.7	-0.2	1.5
Closing depreciation value, Dec 31, 2023	**-188.0**	**-55.4**	**-243.4**
Closing book value, Dec 31, 2023	**286.9**	**152.0**	**438.9**

In Other, equipment such as warehouse installations, trucks, and cars are included. See also note 7.

NOTE 18 · PROPERTY PLANT AND EQUIPMENT

SEK m	Fixtures and fittings, improvements leased property	Equipment, tools and vehicles	Construction in progress and advance	Total	Parent company Equipment, tools and vehicles
Accumulated acquisition value, Jan 1, 2024	**50.3**	**169.4**	**134.6**	**354.3**	**0.0**
Acquisitions	0.0	21.3	140.9	162.2	–
Sale/disposals	0.0	-8.0	–	-8.0	–
Reclassification	–	0.1	-0.1	–	–
Translation differences for the year	–	0.4	–	0.4	–
Closing acquisition value, Dec 31, 2024	**50.3**	**183.1**	**275.4**	**508.9**	**0.0**
Accumulated depreciation value, Jan 1, 2024	**-45.0**	**-66.7**	**0.0**	**-111.7**	**0.0**
Depreciations (Note 10)	-4.7	-24.5	–	-29.3	–
Sale/disposals	–	7.5	–	7.5	–
Reclassification	–	–	–	–	–
Translation differences for the year	0.0	0.1	0.0	0.1	–
Closing depreciation value, Dec 31, 2024	**-49.7**	**-83.7**	**0.0**	**-133.5**	**0.0**
Closing book value, Dec 31, 2024	**0.6**	**99.4**	**275.4**	**375.4**	**0.0**

Accumulated acquisition value, Jan 1, 2023	**66.4**	**111.5**	**2.7**	**180.6**	**0.6**
Acquisitions	0.0	63.6	132.2	195.8	–
Sale/disposals	-16.1	-4.4	–	-20.5	-0.6
Reclassification	–	0.3	-0.3	–	–
Translation differences for the year	–	-1.6	–	-1.6	–
Closing acquisition value, Dec 31, 2023	**50.3**	**169.4**	**134.6**	**354.3**	**0.0**
Accumulated depreciation value, Jan 1, 2023	**-53.0**	**-55.8**	**0.0**	**-108.8**	**-0.6**
Depreciations (Not 10)	-7.5	-15.6	–	-23.1	–
Sale/disposals	15.5	4.4	–	19.9	0.6
Translation differences for the year	–	0.3	–	0.3	–
Closing depreciation value, Dec 31, 2023	**-45.0**	**-66.7**	**0.0**	**-111.7**	**0.0**
Closing book value, Dec 31, 2023	**5.3**	**102.7**	**134.6**	**242.6**	**0.0**

NOTE 19 · FINANCIAL INSTRUMENTS

Group 2024-12-31	Financial assets valued at amortized cost	Financial instruments measured at fair value via income statement	Financial liabilities valued at amortized cost	Total carrying amount
Financial assets				
Accounts receivable	54.9	–	–	54.9
Cash and cash equivalents	140.5	–	–	140.5
	195.4	**0.0**	**0.0**	**195.4**
Financial liabilities				
Liabilities to credit institutions	–	–	473.6	473.6
Lease liabilities	–	–	695.7	695.7
Other non-current liabilities	–	–	325.4	325.4
	0.0	**0.0**	**1,494.7**	**1,494.7**

Group 2023-12-31				
Financial assets				
Accounts receivable	45.2	–	–	45.2
Cash and cash equivalents	71.1	–	–	71.1
	116.3	**0.0**	**0.0**	**116.3**
Financial liabilities				
Liabilities to credit institutions	–	–	297.5	297.5
Lease liabilities	–	–	403.4	403.4
Other non-current liabilities	–	–	3.0	3.0
Account payables	–	–	367.8	367.8
Other current liabilities	–	–	14.6	14.6
	0.0	**0.0**	**1,086.3**	**1,086.3**

For all financial assets and liabilities except liabilities to credit institutions, the carrying value is considered to be an approximation of fair value.

Parent company 2024-12-31	Financial assets valued at amortized cost	Financial instruments measured at fair value via income statement	Financial liabilities valued at amortized cost	Total carrying amount
Financial assets				
Receivables from group companies	559.9	–	–	559.9
Cash and cash equivalents	138.6	–	–	138.6
	698.5	**0.0**	**0.0**	**698.5**
Financial liabilities				
Liabilities to credit institutions	–	–	259.0	259.0
Accounts payables	–	–	0.2	0.2
Liabilities to group companies	–	–	550.1	550.1
	0.0	**0.0**	**809.3**	**809.3**

Parent company 2023-12-31				
Financial assets				
Receivables from group companies	129.9	–	–	129.9
Cash and cash equivalents	67.1	–	–	67.1
	197.0	**0.0**	**0.0**	**197.0**
Financial liabilities				
Liabilities to credit institutions	–	–	175.0	175.0
Accounts payables	–	–	1.2	1.2
Liabilities to group companies	–	–	152.3	152.3
	0.0	**0.0**	**328.5**	**328.5**

For all financial assets and liabilities except liabilities to credit institutions, the carrying value is considered to be an approximation of fair value.

Cont. Note 19

Fair value measurement

Fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The table below shows financial instruments measured at fair value or where disclosure of fair value is provided, based on how the classification in the fair value hierarchy is made. The different levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Other observable inputs for the asset or liability than quoted prices included in level 1, either directly (i.e., as price quotations) or indirectly (i.e., derived from price quotations).

Level 3 – Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Calculation of fair value

Interest-bearing liabilities

For disclosure purposes, a fair value for interest-bearing liabilities is calculated by discounting future cash flows of principal amounts and interest discounted at the current market rate.

Short-term receivables and liabilities

For short-term receivables and liabilities, such as trade receivables and trade payables, which are classified as short-term, the carrying value is considered a reasonable approximation of fair value.

Group
2024-12-31

Assets	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	–	5.8	–	5.8
	0.0	**5.8**	**0.0**	**5.8**
Financial liabilities				
Liabilities to credit institutions	–	473.6	–	473.6
Lease liabilities	–	695.7	–	695.7
	0.0	**1,169.3**	**0.0**	**1,169.3**

Group
2023-12-31

Assets	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	–	6.8	–	6.8
	0.0	**6.8**	**0.0**	**6.8**
Financial liabilities				
Liabilities to credit institutions	–	297.5	–	297.5
Lease liabilities	–	403.4	–	403.4
	0.0	**700.9**	**0.0**	**700.9**

NOTE 20 · INVENTORY OF GOODS

	2024-12-31	2023-12-31
Finished goods	487.4	484.5
Products in progress	24.6	23.2
Total	**512.0**	**507.7**

	2024	2023
Cost of goods sold	-1,992.9	-1,707.9

This year increase in inventory reserve 7,0 (4,0) MSEK. Only an insignificant part of the inventory is measured at net realizable value.

NOTE 21 · ACCOUNTS RECEIVABLES

	2024-12-31	2023-12-31
Accounts receivables	55.8	45.9
Accounts receivables reserve	-0.8	-0.7
Total	**55.0**	**45.2**

Movements regarding the reserve for expected credit risk.

	2024-12-31	2023-12-31
Opening balance	-0.7	-0.2
Acquired through subsidiaries	-0.4	-0.5
This year increase	0.0	-0.3
This year reversal	0.4	0.2
Write down of accounts receivables during the year	-0.1	0.1
Closing balance	**-0.8**	**-0.7**

The aging analysis for non-impaired receivables on the balance sheet date is found in note 27.

NOTE 22 • PREPAID EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Deferred supplier bonus	6.9	6.2	–	–
Other deferred revenue	11.9	10.7	–	–
Advance payments for non-accessed lease agreements	1.7	–	–	–
Prepaid rent	8.1	2.1	0.2	–
Prepaid bank and insurance fees	0.4	0.3	0.3	0.3
Prepaid marketing expenses	4.3	0.4	–	–
Other prepaid expenses	0.0	7.3	0.0	0.9
Total	**33.3**	**27.0**	**0.5**	**1.2**

Prepaid rents refer to costs for short-term leases and leases of low-value assets as well as turnover rents.

NOTE 23 · CASH AND CASH EQUIVALENTS

The following components are included in cash and cash equivalents:

	Group		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Cash and cash equivalents	140.5	71.1	138.6	67.1
Total	**140.5**	**71.1**	**138.6**	**67.1**

NOTE 24 • DISTRIBUTION OF EARNINGS

Earnings available for distribution at the Annual General Meeting (SEK):	
Share premium reserve	305,814,299
Retained earnings	117,340,520
Profit/loss for the year	1,546,864
Total	**424,701,683**

The Board proposes that the earnings be appropriated as follows:	
Carried forward	424,701,683
Total	**424,701,683**

NOTE 25 • SHARE CAPITAL

SEK K	Ordinary shares series A	Total number of shares	Share capital, SEK	Quota value, SEK
Opening balance January 1, 2024	15,310,012	15,310,012	7,658,610	0.5002
Closing balance December 31, 2024	15,310,012	15,310,012	7,658,610	0.5002

NOTE 26 • SHARES IN GROUP COMPANIES

The parent company's holdings in direct and indirect subsidiaries included in the consolidated financial statements are shown in the table below.

Book values	2024-12-31	2023-12-31
At the beginning of the year	575.3	484.2
Business combinations	0.4	25.7
Adjustment of contingent consideration	–	-6.3
Reclassification of associates	5.0	–
Shareholder contributions	–	71.7
Total acquisition values	**580.7**	**575.3**
Reported value at the end of the year	**580.7**	**575.3**

Specification of the parent company's and the group's holdings of shares in group companies
The ownership share of the capital is referred to, which also corresponds to the share of votes for the total number of shares.

Company	Org no	Domicile	Number of shares	Capital and voting rights share, %	Book value	Equity	Net prof-it/loss for the year
Lyko Operations AB (formerly Lyko Online AB)	556740-9502	Vansbro, Sweden	16,292	100	93.8	61.2	-30.5
Lyko Sverige AB (formerly Lyko Retail AB)	556575-3018	Stockholm, Sweden	1,000	100	245.8	49.1	36.7
Lyko Denmark ApS	40753613	Copenhagen, Denmark	40,000	100	38.4	24.0	1.4
Valley Beauty Brands AB (formerly Make Up Store Int AB)	556933-4849	Stockholm, Sweden	500	100	0.1	1.0	0.3
Lyko GmbH	HRB 224175 B	Berlin, Germany	25,000	100	54.6	33.9	1.5
Lyko B.V.	861 600 071	Amsterdam, Netherlands	100	100	40.6	22.7	1.5
Lyko Sp z o o.	5252840423	Warsaw, Poland	100	100	13.8	11.1	1.5
Lyko Brand AB	559318-2610	Stockholm, Sweden	500	90.1	0.8	1.9	0.4
Lyko New AB	559333-4567	Stockholm, Sweden	500	100	0.0	0.0	-0.2
Inzo Lars Bratt AB	556532-2681	Stockholm, Sweden	3,000	100	64.1	39.0	-8.3
Estelle&Thild AB	556731-5659	Stockholm, Sweden	1,333	100	22.8	16.4	-0.2
Lyko Services GmbH	HRB 252662 B	Berlin, Germany	25,000	100	0.6	0.9	0.5
Loveli Beauty AB	559322-9304	Stockholm, Sweden	41,666	100	5.4	1.2	-0.3
Total					**580.7**		

Owned within the group (indirect shareholdings)	Org no	Domicile	Number of shares	Capital and voting rights share, %
Lyko Oy	2913064-2	Helsinki, Finland	1 000	100
Lyko A/S	995 398 214	Oslo, Norge	1 000	100

NOTE 27 • FINANCIAL RISKS

The group is exposed through its operations to various types of financial risks, such as credit risk, market risks (currency risk, interest rate risk, and other price risk), and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial results.

The group's financial transactions and risks are managed by the board and management. The group's overall objective regarding financial risks is to ensure the group's ability to continue its operations and maintain a good financial position. Financing for the group is a priority for the board and management, and there is an ongoing dialogue with financiers to ensure short- and long-term financing in an optimal way.

Credit risk

Credit risk is the risk that the group's counterparty in a financial instrument cannot fulfill its obligation, thereby causing the group a financial loss.

Credit risk in trade receivables

The group has established guidelines to ensure that the sale of products and services is made to customers with appropriate credit backgrounds. Payment terms range from 15-30 days depending on the counterparty. Since the group generally receives payment for its products and services immediately at the time of sale, the group's credit risk is very low, and credit losses amount to a small amount relative to the group's revenue.

According to IFRS 9, the impairment need for receivables is determined based on expected credit losses, which primarily affects Lyko regarding the recognition of customer losses.

The aging analysis for non-impaired receivables on the balance sheet date is stated below:

2024

Accounts receivables	Gross	Reserved	Net
Not due	44.6	–	44.6
Overdue 1-30 days	4.9	–	4.9
Overdue 31-60 days	2.6	–	2.6
Overdue 61-90 days	2.6	–	2.6
Overdue 91-180 days	0.3	0.0	0.3
Overdue 181-360 days	0.1	-0.2	-0.1
Overdue >361 days	0.7	-0.6	0.1
Closing balance	**55.8**	**-0.8**	**55.0**

2023

Accounts receivables	Gross	Reserved	Net
Not due	35.2	–	35.2
Overdue 1-30 days	6.7	–	6.7
Overdue 31-60 days	2.8	–	2.8
Overdue 61-90 days	0.4	–	0.4
Overdue 91-180 days	0.6	-0.5	0.1
Overdue 181-360 days	0.1	-0.1	0.0
Overdue >361 days	0.1	-0.1	0.0
Closing balance	**45.9**	**-0.7**	**45.2**

Market risk

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. Market risks are divided according to IFRS into three types: currency risk, interest rate risk, and other price risks. The market risks affecting the group mainly consist of interest rate risks. As the group's revenue outside Sweden increases, there is an increasing effect of currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market interest rates. A significant factor affecting interest rate risk is the interest rate binding period. The group is primarily exposed to interest rate risk regarding the group's expansion facilities. Given the interest-bearing assets and liabilities as of the balance sheet date, an interest rate change of +/- 1 percentage point on the balance sheet date has an impact on the net interest income before tax of +/- SEK 11.7 m (7.0).

The table below specifies the distribution between fixed and variable interest rates on borrowing as of each balance sheet date.

	2024-12-31	2023-12-31
Fixed interest rate	0%	0%
Variable interest rate	100%	100%

Currency risk

Currency risk is limited as most trade payables and the largest sales are in SEK, in addition to which the largest exposure is to NOK. Based on this, a change in the value of the Swedish krona by 10 percent in relation to other currencies would have an insignificant immediate effect on the result related to holdings of financial instruments as of the balance sheet date.

Cont. Note 27

Liquidity risk

Liquidity risk is the risk that the group will have difficulty fulfilling its obligations related to financial and operational liabilities. To finance new warehouse automation, the group underwent refinancing during the financial year 2023, where the group signed agreements for an additional SEK 498.8 m in loan capacity beyond the previous framework agreement of SEK 500 m signed in 2022. The new loan is an investment loan where the group borrows in line with the investment. The loan extends over five years and is amortization-free for the first two and a half years. As of the balance sheet date, December 31, 2024, the group has utilized SEK 218 m.

The existing financing includes a framework agreement with a revolver of SEK 500 m. Within the revolver, as of the balance sheet date, there are two tranches of SEK 130 m each, as well as an ancillary “overdraft facility” with a credit of SEK 100 m, combined with a so-called multi-currency cash pool. The SEK 500 m capacity also includes financial leasing. Tranches within the revolver usually run between three and six months and expire in full no later than March 2026.

Interest is charged on the utilization of the credit in the respective currency. Of the group’s approved credit amount for the overdraft facility, SEK 100.0 m (100.0) is in the parent company.

The group’s financing is based on an agreement with the group’s banks that stipulates earnings in relation to debt (covenant), which is evaluated quarterly. The covenant has not been breached since the loan was taken out. On the balance sheet date, the debt linked to the covenant commitment amounted to SEK 473.6 m (297.6).

The group’s contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Financial instruments with variable interest rates have been calculated with the interest rate prevailing on the balance sheet date. Liabilities have been included in the period when repayment can be demanded at the earliest.

Group, SEK m	< 1 year	1-3 years	3-5 years	> 5 years	Total
2024-12-31					
Liabilities to credit institutions*	285.8	117.4	128.0	–	531.2
Lease liabilities	152.3	235.6	127.1	478.3	993.3
Other non-current liabilities	–	–	–	–	0.0
Accounts payables	325.4	–	–	–	325.4
Other current liabilities	145.4	–	–	–	145.4
Accrued expenes and deferred income	150.5	–	–	–	150.5
	1,059.4	**353.0**	**255.1**	**478.3**	**2,145.8**

* Including future interest payments calculated with an interest rate of 5.4%.

Group, SEK m	< 1 year	1-3 years	3-5 years	> 5 years	Total
2023-12-31					
Liabilities to credit institutions*	187.7	18.5	138.9	–	345.1
Lease liabilities	105.0	195.4	67.7	78.6	446.7
Other non-current liabilities	–	3.0	–	–	3.0
Accounts payables	367.8	–	–	–	367.8
Other current liabilities	108.9	–	–	–	108.9
Accrued expenes and deferred income	112.3	–	–	–	112.3
	881.7	**216.9**	**206.6**	**78.6**	**1,383.8**

* Including future interest payments calculated with an interest rate of 6.8%.

Refinancing risk

Refinancing risk is the risk that liquid funds are not available and that financing can only be obtained partially or not at all, or at an increased cost. If the group could not obtain, or could only obtain such financing on unfavorable terms, it could have a significant negative impact on the group’s operations, results, and financial position. The group then has the option to finance projects through loans or new share issues.

NOTE 28 • INTEREST-BEARING LIABILITIES

	Group		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Short-term financial liabilities				
Bank loans	259.0	175.0	259.0	175.0
Overdraft facility	–	–	–	–
Financial lease liabilities	115.8	90.9	–	–
Total short-term financial liabilities	**374.8**	**265.9**	**259.0**	**175.0**
Long-term financial liabilities				
Bank loans	214.6	122.5	–	–
Financial lease liabilities	579.9	312.5	–	–
Total long-term financial liabilities	**794.5**	**435.0**	**0.0**	**0.0**
Total financial liabilities	**1,169.3**	**700.9**	**259.0**	**175.0**

The fair value of short-term loans is considered to be equal to the carrying value. The interest rate on short-term loans is considered to be in line with the market rate as they have a short interest rate binding period.

Change in interest-bearing liabilities

	2024-12-31	2023-12-31
Opening interest-bearing liabilities	**700.9**	**415.5**
Amortization of loan liabilities	–	-127.3
Amortization of lease liabilities (IFRS 16)	-109.6	-88.8
New loans	175.6	299.9
New lease commitments	401.9	204.4
Cancellation of contracts	–	-0.1
Translation difference	0.5	-2.7
Closing interest-bearing liabilities	**1,169.3**	**700.9**

The parent company has an overdraft facility of SEK 100 m (100). As of 2024-12-31, SEK 0.0 m (0.0) is utilized.

Interest-bearing borrowing has the following maturity structure

	Within one month	Between one and three months	Between three months and one year	Between one and two years	Between two and five years	More than five years	Total
Short-term financial liabilities							
Bank loans	–	259.0	0.0	–	–	–	259.0
Financial lease liabilities	6.3	22.2	87.3	–	–	–	115.8
Long-term financial liabilities							
Bank loans	–	–	–	96.3	118.3	0.0	214.6
Financial lease liabilities	–	–	–	121.5	130.2	328.2	579.9
Total	**6.3**	**281.2**	**87.3**	**217.8**	**248.5**	**328.2**	**1,169.3**

NOTE 29 • PROVISIONS FOR PENSIONS

	2024-12-31	2023-12-31
Opening provisions	**3.0**	**0.0**
Change during the year	5.1	3.0
Closing provisions	**8.1**	**3.0**

Provisions for pensions refer to commitments for pensions to the CEO and management through a capital insurance policy taken out by the company. The amount includes special payroll tax.

NOTE 30 • PROVISIONS FOR CONTRACT LIABILITIES

	2024-12-31	2023-12-31
Opening provisions	**26.2**	**18.6**
Change during the year	-8.9	7.6
Closing provisions	**17.3**	**26.2**
Of which:		
Provision – long-term part	–	–
Provision – short-term part	17.3	26.2
Total	**17.3**	**26.2**

The group's provisions refer to provisions for contract liabilities such as loyalty programs and provisions for returns. Provisions for loyalty programs and returns amount to SEK 14.1 m (23.7) and SEK 3.2 m (2.5) respectively as of the balance sheet date 2024.

In 2022, the development of a new bonus points system began, which was put into operation at the beginning of 2023. The previous program ended in the summer of 2022, and accumulated unused points expired. Since July 1, 2022, customers have earned points in the new customer club in connection with purchases. Each purchase generates points that can be redeemed for goods in a points shop. As of the balance sheet date 2024, the group recognizes a provision for the expected value of unused points in the new bonus points system.

NOTE 31 • ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Accrued salaries	34.6	22.0	1.4	0.5
Accrued social security contributions	25.1	18.5	1.0	0.4
Vacation pay liability	41.2	35.1	–	–
Audit fees	2.3	1.8	0.9	0.6
Accrued marketing expenses	17.1	16.3	–	–
Accrued freight costs	18.6	8.6	–	–
Other accrued expenses	11.6	10.0	3.1	2.2
Total	**150.5**	**112.3**	**6.4**	**3.7**

NOTE 32 • CASH FLOW ANALYSIS

	Group		Parent company	
	2024	2023	2024	2023
Depreciation, amortization and impairment of non-current assets	170.0	106.2	–	0.1
Accrued interest	2.7	2.5	–	–
Inventory-related items	18.2	7.2	–	–
Other non-cash items	5.7	-0.2	0.4	0.0
Total	**196.5**	**115.7**	**0.4**	**0.1**

Interest received by the group amounts to SEK 2.5 m (1.7) and interest paid amounts to SEK 74.6 m (28.5). Interest received by the parent company amounts to SEK 28.5 m (23.9) and interest paid amounts to SEK 38.0 m (23.3).

NOTE 33 • BUSINESS COMBINATIONS

Loveli Beauty AB

On April 12, 2024, Lyko acquired the remaining 60% of the shares in Loveli Beauty AB for SEK 0.3 m excluding acquired cash. The company had a turnover of SEK 2.7 m for the financial year 2023. Loveli Beauty AB, which owns the brand and Swedish innovation LOVE'N LAYER, provides a nail polish product in the form of a layer applied directly to the nail bed. The acquisition should be seen as a complement to Lyko's portfolio of own brands. All surplus value in connection with the transaction has been allocated to the brand. Previously, the holding was classified as an associate.

Reported amounts of identifiable net assets	Book value	Fair value adjustment	Fair value
Other intangible assets	0.1	3.0	3.1
Other long-term receivables	0.1	–	0.1
Inventory	0.9	–	0.9
Prepaid expenses and accrued income	0.1	–	0.1
Deferred tax	0.0	-0.6	-0.6
Trade payables	-0.1	–	-0.1
Other operating liabilities	-0.1	–	-0.1
Deferred income and accrued expenses	-0.7	–	-0.7
Net identifiable assets and liabilities	**0.9**	**2.4**	**3.3**
Purchase price			**3.3**

Purchase price	2024
Purchase price Loveli Beauty AB	3.3
Total purchase price	**3.3**

Cash impact on the group	2024
Purchase price Loveli Beauty AB	-3.3
Less value of previous shares in associate	
Acquired cash	0.0
Total cash impact	**-0.3**

Contingent considerations	2024	2023
Opening balance	**0.0**	**31.5**
Profit recognized in the income statement	–	-6.3
Paid contingent considerations	–	-25.2
As of December 31	**0.0**	**0.0**

NOTE 34 • PLEDGED ASSETS

	Group		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Company mortgages	130,0	130,0	5,0	5,0
Rental guarantees	5,3	6,4	2,8	2,8
Pledged shares	407,1	383,8	339,5	339,5
Restricted funds	0,5	0,5	0,5	–
Total	**542,9**	**520,7**	**347,8**	**347,3**

Company mortgages and pledged shares refer to security for bank loans and credits with lenders. Restricted funds refer to allocated funds for customs guarantees.

NOTE 35 • CONTINGENT LIABILITIES

	Koncernen		Moderbolaget	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Contingent liabilities in favor of subsidiaries	–	–	2,6	3,7
Total	**0,0**	**0,0**	**2,6**	**3,7**

The group is from time to time involved in various processes and legal proceedings that have arisen through everyday business operations. These claims relate to, but are not limited to, the group's business practices, personnel matters, and tax issues. Regarding matters that do not require any provisions, the group, based on information currently available, considers that these will not have any significant negative effect on the group's financial results.

NOTE 36 • TRANSACTIONS WITH RELATED PARTIES

Purchases and sales between group companies
Below is the share of the year's purchases and sales regarding group companies in the parent company.

Sales	100%	100%
Purchases	0%	0%

Receivables/liabilities at the end of the year related to sales/purchases of goods and services

	2024-12-31	2023-12-31
Lyko Oy	-55.9	-1.9
Lyko Operations AB	527.9	91.3
Lyko Brand AB	-0.4	0.9
Lyko Sverige AB	-267.1	11.9
Grazette of Sweden AB	–	10.9
Inzo Lars Bratt AB	1.7	5.0
Valley Beauty Brands AB	-1.9	0.5
Lyko Denmark ApS	-28.2	-13.5
Lyko Sp z.o.o.	-24.5	-7.4
Lyko GmbH	-33.0	0.4
Lyko AS	-107.3	-108.5
Lyko B.V	-22.1	-12.2
Lyko Services GmbH	30.3	9.1
Estelle&Thild AB	-9.4	-8.7
Lyko New AB	-0.3	-0.1
	9.8	**-22.4**

Other
In separate notes, there are disclosures about:
– Salaries and other remuneration to the board, CEO, and other senior executives (note 9)
– Shares in group companies (note 26)
– Pledged assets for group companies (note 34)
– Contingent liabilities for group companies (note 35)

NOTE 37 • DEFINITIONS

Earnings per share before dilution
Earnings per share before dilution are calculated as the period's result divided by the average number of outstanding shares.

Earnings per share after dilution
Earnings per share after dilution are calculated as the period's result divided by the average number of outstanding shares, adjusted by the weighted average number of outstanding shares for the dilution effect of all potential shares. Potential dilution occurs when the exercise price of issued warrants is lower than the current market price. Potential ordinary shares cause dilution only if their conversion results in lower earnings per share or higher loss per share.

Return on equity
Rolling twelve-month result in relation to average equity. This key figure measures how profitable the company is for its shareholders.

Balance sheet total
Total assets. This key figure can be analyzed in relation to other key figures to assess the company's position and development.

Gross profit
Net sales minus trade goods. This key figure provides an overview of the contribution margin generated by ongoing operations.

Gross profit margin
Net sales minus trade goods and other income divided by total income. The gross profit margin provides an overview of the contribution margin generated by ongoing operations.

EBITDA
Operating profit before depreciation, amortization and impairment. EBITDA provides an overall picture of the result generated by ongoing operations.

EBITDA margin
EBITDA as a percentage of operating income for the period. This key figure is used for value creation analysis.

EBIT margin
Operating profit divided by the period's total income. The EBIT margin provides an overview of the result generated by ongoing operations.

Sales growth
The development of total income in relation to the same period last year. This key figure allows the company to compare its growth rate between different periods and with the market as a whole.

Investments
Investments in tangible and intangible non-current assets. This key figure provides the company with an overview of investments in ongoing operations.

Average number of employees
The number of employees in the company converted to full-time equivalents, i.e., the number of full-time employees who have worked during the year. This key figure can be analyzed in relation to total income to assess the company's efficiency based on the number of employees.

Net debt (+) / Net cash (-)
Interest-bearing liabilities less cash and cash equivalents at the end of the period. Net debt/net cash is a key figure that shows the company's total net indebtedness.

Working capital
Current assets excluding cash and cash equivalents minus non-interest-bearing current liabilities at the end of the period. This key figure is analyzed in relation to total income to assess how effectively working capital is used in the business.

Operating profit (EBIT)
Profit before financial items and tax. Operating profit provides an overall picture of the result generated by ongoing operations.

Equity ratio
Equity, including non-controlling interests, divided by the balance sheet total. This key figure is a measure of the company's financial position and indicates the proportion of the balance sheet total financed by equity.

Total income
The main operating income in the form of sales of goods and services, invoiced costs, side income, and income adjustments, after deduction of value-added tax. This key figure indicates the company's total sales and is used, among other things, to assess the company's sales development.

Board assurance

The undersigned certify that the consolidated and annual financial statements have been prepared in accordance with international accounting standards IFRS Accounting Standards, as adopted by the EU., and generally accepted accounting principles, and provide a true and fair view of the group's and the company's financial position and results. Furthermore, the management report provides a fair overview of the development of the group's and the company's operations, financial position, and results, and describes significant risks and uncertainties faced by the companies included in the group.

Stockholm, March 27, 2025

Kenneth Bengtsson
Chairman of the board

Carl-Mikael Lindholm
Board member

Marie Nygren
Board member

Erika Lyko
Board member

Håkan Håkansson
Board member

Rickard Lyko
Board member & CEO

Our audit report was submitted on March 27, 2025
Ernst & Young AB

Charlotte Holmstrand
Authorized Public Accountant

Auditor's report

Disclaimer. This English translation of the annual and sustainability report is provided for informational purposes only. It has not been reviewed or audited by the company's statutory auditors. In the event of any discrepancies between this translation and the original Swedish version, the Swedish version shall prevail. Only the Swedish version has been subject to audit.

To the general meeting of the shareholders of Lyko Group AB (publ), corporate identity number 556975-8229

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Lyko Group AB (publ) for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 50-90 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 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 Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet for the parent company, as well as the statement of comprehensive income and statement of financial position for the group.

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.

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

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 1-49 and 93-94. 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 Swedish 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.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 Lyko Group AB (publ) for the year 2024 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 Swedish 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 27 March 2025

Ernst & Young AB

Charlotte Holmstrand
Authorized Public Accountant

Key figures definitions

This report contains financial key figures in accordance with the framework for financial reporting applied by Lyko, which is based on IFRS. In addition, there are other key figures and indicators used to follow up, analyze, and manage the business, as well as to provide Lyko's stakeholders with financial information about the company's financial position, results, and development in a consistent manner.

These other key figures and indicators are considered necessary to follow the development of Lyko's financial goals. Therefore, key figures regarding profitability, capital structure, and return are relevant to present continuously.

Below is a list of calculations, for definitions see note 37, of the key figures and indicators used, referred to, and presented in the reporting.

EBIT MARGIN

	2024	2023
Total revenue	3,579.1	3,087.1
EBIT	117.4	67.7
EBIT margin	**3.3%**	**2.2%**

EQUITY RATIO

	2024	2023
Total equity	469.1	444.4
Total assets	2,313.3	1,776.1
Equity ratio	**20.3%**	**25.0%**

GROSS PROFIT

	2024	2023
Net sales	3,561.7	3,053.7
Cost of goods sold	-1,992.9	-1,707.9
Gross profit	**1,568.8**	**1,345.7**

GROSS MARGIN, %

	2024	2023
Net sales	3,561.7	3,053.7
Gross profit	1,568.8	1,345.7
Gross margin, %	**44.0%**	**44.1%**

NET DEBT (+) / NET CASH (-)

	2024	2023
Non-current liabilities to credit institutions	214.6	122.5
Current liabilities to credit institutions	259.0	175.0
Cash and cash equivalents	-140.5	-71.1
Net debt (+) / Net cash (-)	**333.1**	**226.4**

NET WORKING CAPITAL

	2024	2023
Total current assets	775.4	680.5
Cash and cash equivalents	-140.5	-71.1
Total current liabilities	-1,027.2	-890.6
Current liabilities to credit institutions	259.0	175.0
Short-term lease liabilities	115.8	90.9
Net working capital	**-17.5**	**-15.3**

RETURN ON EQUITY

	2024	2023
Profit for the period	21.0	32.1
Average equity	439.3	428.9
Return on equity	**4.8%**	**7.5%**

Information for shareholders

ANNUAL GENERAL MEETING
The Annual General Meeting of Lyko will be held on Thursday, April 28, 2025, at 09:00 in Lyko's premises at Drottninggatan 39, Stockholm.

ADVANCE VOTING
Shareholders may exercise their voting rights at the meeting only by voting in advance, so-called postal voting in accordance with Section 22 of the Act (2020:198) on temporary exceptions to facilitate the conduct of company and association meetings. A special form must be used for advance voting. The form is available on Lyko's website www.lyko.com. The advance voting form serves as registration.

REGISTRATION
Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB by April 18, 2025, and must notify the company no later than April 22, 2025.

Lyko Group AB (publ)
Att: Tom Thörnblom
Sveavägen 53
SE-113 59 Stockholm, Sweden

or via email: bolagsstamma@lyko.se

When registering, please provide your name, personal or organization number, shareholding, address, daytime phone number, and information about any assistants (maximum two) and, if applicable, information about proxies.

NOMINEE-REGISTERED SHARES
Shareholders who have their shares registered in the name of a nominee through a bank or securities institution must temporarily register the shares in their own name to be entitled to participate in the meeting. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee according to the nominee's procedures in such time in advance as the nominee determines. Voting rights registrations completed no later than the second banking day after April 18, 2025, will be considered in the preparation of the share register.

DIVIDEND
The Board of Lyko will propose to the Annual General Meeting that no dividend be paid for the financial year 2024. Lyko will primarily use generated cash flows for continued expansion in the coming years.

FINANCIAL CALENDAR 2025
- Interim report January – March 2025 . . . . April 25, 2025, at 07:00
- Annual General Meeting 2025 . . . . April 28, 2025, at 09:00 in Stockholm, Sweden
- Interim report April – June 2025 . . . . July 18, 2025, at 07:00
- Interim report July – September 2025 . . . . October 23, 2025, at 07:00
- Year-end report 2025 . . . . February 13, 2026, at 07:00

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