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Annual and Sustainability Report 2025

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Welcome to

your beauty play ground

Lyko Community is a vibrant hub for beauty enthusiasts and a unique platform where we connect with our fans, inspire, and exchange experiences. Here, users share reviews, tips, and routines, discuss products, and discover new releases together with fellow beauty enthusiasts. During the year, engagement remained high, with 21 million views in November alone. Customer reviews continue to play a vital role in helping others navigate an increasingly vast and complex beauty assortment.

Experience and curiosity are at the heart of everything we do.

The core is to be able to find inspiration, ask questions, and share knowledge in an engaged and inclusive environment – both digitally and in our stores.

Everyone should feel welcome at Lyko. We believe beauty should be fun, personal, and something you explore together – rather than something serious or pretentious.

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Selected
events
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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.

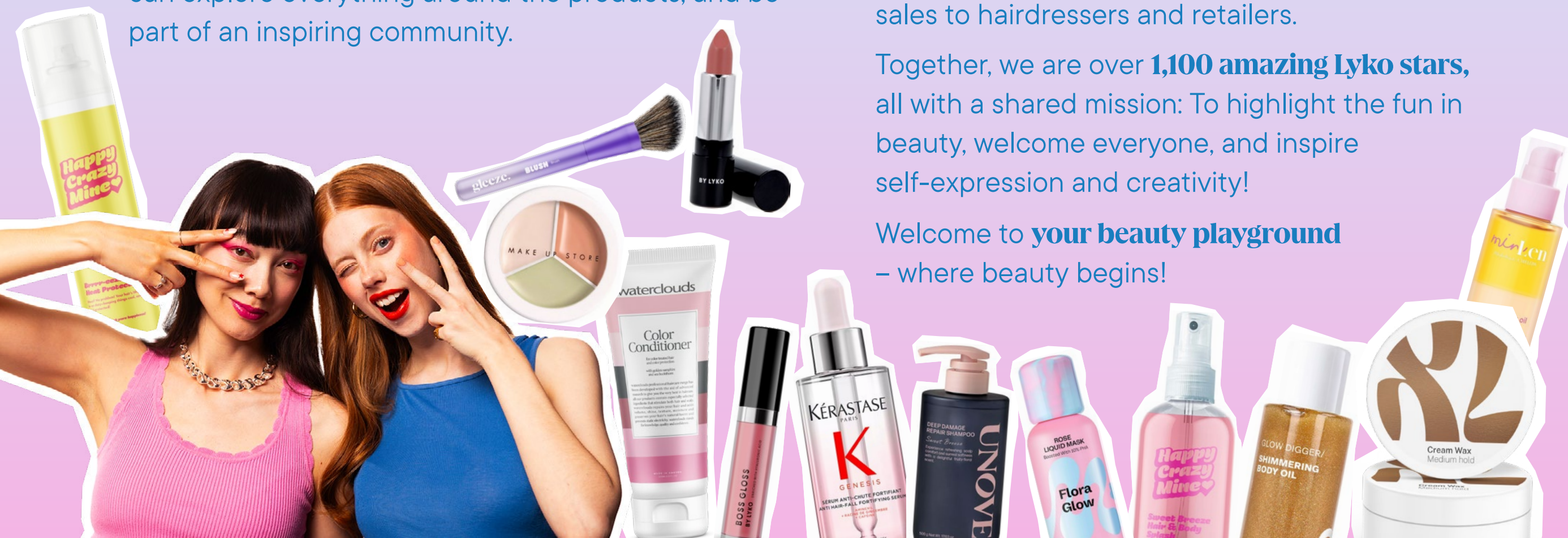
Lyko in Brief

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 **34 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 **1,100 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 2025

+11%

Lyko's revenue increased by 11 percent during 2025.

Largest in Beauty online

500 m²

In October, we opened our very first Fab Store in Täby Centrum – a scalable concept ready to be rolled out in more locations.

First Fab Store opens

Brand awareness at the top!

Every other Swedish woman has Lyko top of mind!

What's on your mind?

Lyko's Own Brands

Own Brands

Lyko has a growing range of own brands. In 2025, we relaunched the iconic Make Up Store.



Vansbro

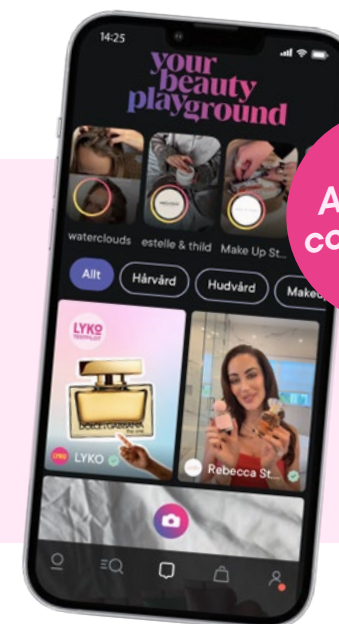
In 2025, the next step in Lyko's growth journey was taken as the new automated warehouse expansion in Vansbro went live, with the capacity to handle 100,000 orders per day!

Full speed in Vansbro

21 million views

In November 2025, Lyko Community had 21 million views.

A vibrant community



Investments for the Future

In 2025, Lyko's growth increased. The group invested in infrastructure, stores, organization, and brand development.

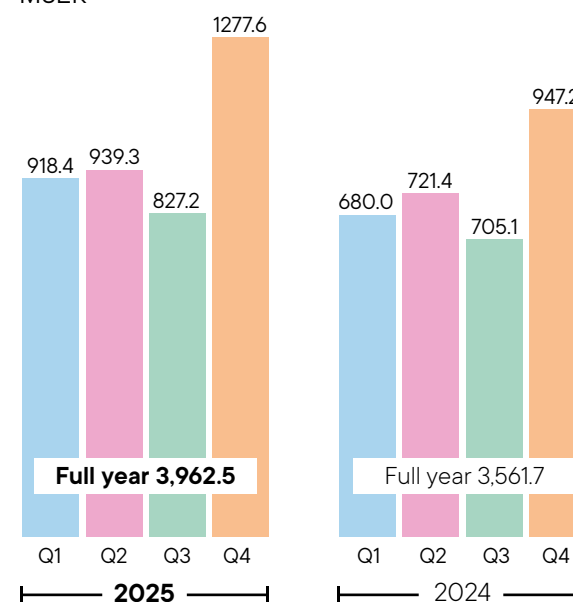
Key Figures

MSEK unless otherwise stated	2025	2024
Net revenue	3,963	3,562
Revenue growth, %	11.3	16.6
Gross profit	1,659	1,569
Gross profit margin, %	41.9	44.0
EBIT	78.2	117.4
EBIT margin, %	2.0	3.3
Net result	-3	21
Earnings per share (SEK)	-0.2	1.37
Cash flow from operating activities	528	210
Net debt (+) / Net cash (-), excl. IFRS 16	292	333

Close to SEK 4 billion!

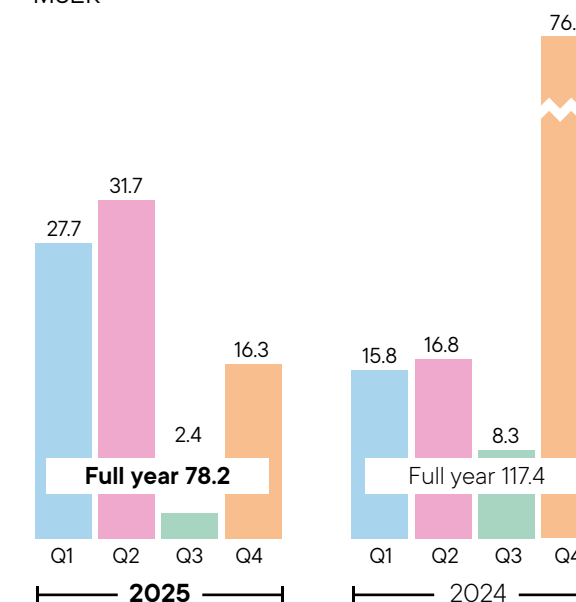
Net revenue – quarter/year

MSEK



EBIT – quarter/year

MSEK



Q1

- +Lyko launches the pharmacy brand ACO.

Q2

- +Lyko opens its third store in Finland, this time in Espoo.
- +Lyko goes on a Norway tour with Lyko On Wheels.

Q3

- +Lyko begins ramp-up of the new automation in Vansbro, continuing through the autumn with full operation expected in early 2026.
- +Lyko conducted an exclusive launch of MinLen.
- +The advent calendar release was once again the best ever!

Q4

- +In November, the store in Westfield Täby Centrum in northern Stockholm reopened as Lyko's first Fab Store.
- +At the end of October, Lyko opened its fifth store in Norway at the Kvadrat shopping center in Sandnes/Stavanger.

RICKARD LYKO

2025 was the year we took a clear step forward

In an industry marked by profit warnings, intense competition and structural shifts, we continued to grow, gain market share, and strengthen our position as the leading beauty destination in the Nordics. When the market gets tougher, it becomes even clearer who stands out and succeeds in delivering value to customers. And we continue to take position, every quarter.



GROWTH AND 350,000 NEW CUSTOMERS

During the year, we continued to grow faster than the market, reaching close to four billion SEK in revenue, and in the fourth quarter alone we welcomed over 350,000 new customers.

This demonstrates that our offering – the widest assortment, abundant inspiration, and a seamless shopping experience – continues to win the trust of an ever-growing customer base. In the Nordics, we are further strengthening our position, and in Norway, we have now surpassed one billion SEK in annual revenue.

At the same time, we clearly see that increased brand awareness in a market generates greater impact per marketing SEK invested. This creates a positive spiral where growth breeds further growth.

AUTOMATION LAYING THE FOUNDATION FOR THE FUTURE

One of the year's most important milestones was the commissioning of our new warehouse automation. It is the largest project we have ever undertaken – an investment that gives us entirely new capabilities going forward.

With the new automation, we now have a total capacity of approximately 100,000 orders per day in combination with our existing solution. This gives us higher capacity, better flexibility, and improved product availability for customers,

while laying the groundwork for more cost-efficient logistics as volumes continue to grow.

The implementation affected results during parts of the year, but the underlying business remained strong. We now have a platform that can handle significantly larger volumes without corresponding cost increases.

LYKO FAB STORE LAUNCHED

Our first Fab Store was launched during the year – a concept that shows the direction for the future of Lyko stores. Here, inspiration, community, service, and the full product range come together in a format perfectly aligned with how our customers want to experience beauty.

We also continue to develop our own brands and concepts, which are becoming an increasingly important part of our business and offering. We are particularly proud of the relaunch of our Make Up Store and the new brand Scandinavian Soap Factory.

During the year, we continued to strengthen our external assortment and our brand. We launched new global brands and continued our commitment to Lyko Lovables!

A STRONGER POSITION IN THE INDUSTRY

2025 was a year in which the beauty industry was fundamentally reshaped. Several players faced significant challenges while competition

intensified, and we did not meet our own expectations. In that environment, our priorities have been clear: to capture market share, strengthen our brand, and build a more efficient and focused organization. As a result, we are entering the next phase stronger, with a more solid foundation than ever before.

We see that we are top of mind among consumers in several markets and that suppliers increasingly view Lyko as their most important partner.

With the platform we have now built – both organizationally and logistically – we are ready for the next step.

Our goal is clear: to become the obvious starting point for beauty. We will continue to grow faster than the market, gain market share, and at the same time improve profitability over time.

We have a strong brand, a passionate organization, and an infrastructure that can now truly scale. This means we enter the coming years with confidence.

A warm thank you to all employees, partners, and customers who make Lyko what it is, every day.

Stockholm, April 2026

Rickard Lyko
Founder & CEO



gleeze.

gleeze.

gleeze.



THIS IS 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 want to capture the feeling that beauty is something playful, wonderful, and individual.

We believe in the power of the physical encounter and invest heavily in our store operations. Lyko is today the market leader and offers the market's widest product assortment.

In total, we offer over 72,000 products from more than 1,000 brands. It is a mix of well-known and exciting new brands complemented by our affordable private label assortment and our growing portfolio of own brands.

Lyko provides a seamless omnichannel experience, with everything accessible through our app. Our business today comprises the Lyko.com website and 34 fully owned, integrated stores and salons in 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 see things differently.

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 The Lyko Way, which in turn 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. But it is not the specific words that matter, but how you put them into practice in your daily work. Words are all well and good, but it is only when they are visible, felt, and lived that they truly mean something!

The
Lyko Way

Fun

Life is too short
to be bored.



Friendly

Sharing is caring.



Focused

Results rule.



Fabulous

Rather an oops
than a what if.



**F*cking
Lucky**

It’s usually the one who
tries who succeeds.



HISTORY

The family business with roots in Dalarna, Sweden

Lyko has its roots in Dalarna, Sweden, where Frans Lyko arrived in 1945. The strong connection to the Lyko family lives on to this day, as does the entrepreneurial spirit that defines the company culture. The third generation of the Lyko family now works in both key operational roles and at board level, bringing continuity and a long-term perspective to the company.

FIRST GENERATION

Frans Lyko was born in Lviv, then Poland, now Ukraine, but moved early to Gdansk where he trained as a hairdresser in the 1930s. During World War II, he was imprisoned in concentration camps but survived. After the war, he moved to Vansbro, where in 1952 he opened his own barbershop.

SECOND GENERATION

Frans' son, Stefan Lyko, followed in his father's footsteps and also trained as a hairdresser. In 2003, Stefan and his wife Rita expanded their hair salon with a simple web shop. Initially, products from the salon were displayed on the website and customers could order via cash on delivery. Over time, the website developed into a fully functional e-commerce platform with an integrated digital payment solution.

THIRD GENERATION

Stefan and Rita's son, Rickard Lyko, became CEO of Lyko in 2008. He focused on further developing the company's e-commerce platform, which has since won multiple awards as best e-retailer. Rickard's sister, Erika Lyko, who is also a trained hairdresser, began working in the company in 2008.

Operations in Vansbro grew steadily, with larger warehouses and offices. In November 2014, Lyko merged with Bellbox, combining Lyko's e-commerce experience and limited physical presence with Bellbox's physical network of stores and salons. In recent years, the physical store network has expanded with Lyko Flagship Stores, and the launch of Lyko Community and Lyko Booking have been important steps in developing the e-commerce platform.

In 2017, a new chapter began when Lyko was listed on Nasdaq First North Premier. In the autumn of 2018, Rickard Lyko returned as CEO, and in 2019 the company surpassed SEK 1 billion in revenue.

In 2020, operations moved into a newly built, highly automated warehouse three kilometers outside Vansbro. That same year, Lyko expanded its operations to four new countries: Germany, the Netherlands, Poland, and Austria.

In 2021, growth continued with acquisitions of the brands Make Up Store, Pusher, and the Swedish factories Grazette and INZO. The same year, the company surpassed SEK 2 billion in revenue.

In 2022, Lyko took significant sustainability steps by becoming the first e-retailer in Sweden to offer exclusively fossil-free deliveries. The same year, the advertising agency Honesty was acquired, becoming the in-house agency under the name Lyko Studio. Lyko continued to strengthen its brand portfolio with acquisitions of Love'n Layer, Rebecca Stella Beauty, Acasia Skincare, and Eyracure. At the end of the year, the first version of Lyko's app was launched.

In 2023, Lyko surpassed SEK 3 billion in revenue. The company acquired the brand Estelle & Thild, and the first store in Finland opened in May. That same year, the beauty destination Lyko FAB-Ship Store at Sergels Torg in Stockholm was inaugurated.

In 2024, Lyko surpassed SEK 3.5 billion in revenue, with Own Brands accounting for 7.7 percent of sales. The company acquired the brand Reserol and launched the skincare brand Ply Skin. New stores opened in Turku, Finland and Bergen, Norway, further strengthening Lyko's presence in these countries.

2025 AND FURTHER EXPANSION

Lyko reached close to SEK 4 billion in revenue, and Norway surpassed SEK 1 billion. A mobile pop-up store on wheels toured ten Norwegian cities to scout future store locations. The fifth Norwegian store opened in Stavanger Kvadrat, and the third store in Finland opened in Espoo, Sello. Lyko also opened its first Fab Store in Täby Centrum, a blueprint for future stores. The year saw the relaunch of Make Up Store and the launch of Fenty Beauty, Mamonde, as well as the pharmacy brand ACO being added to the range.



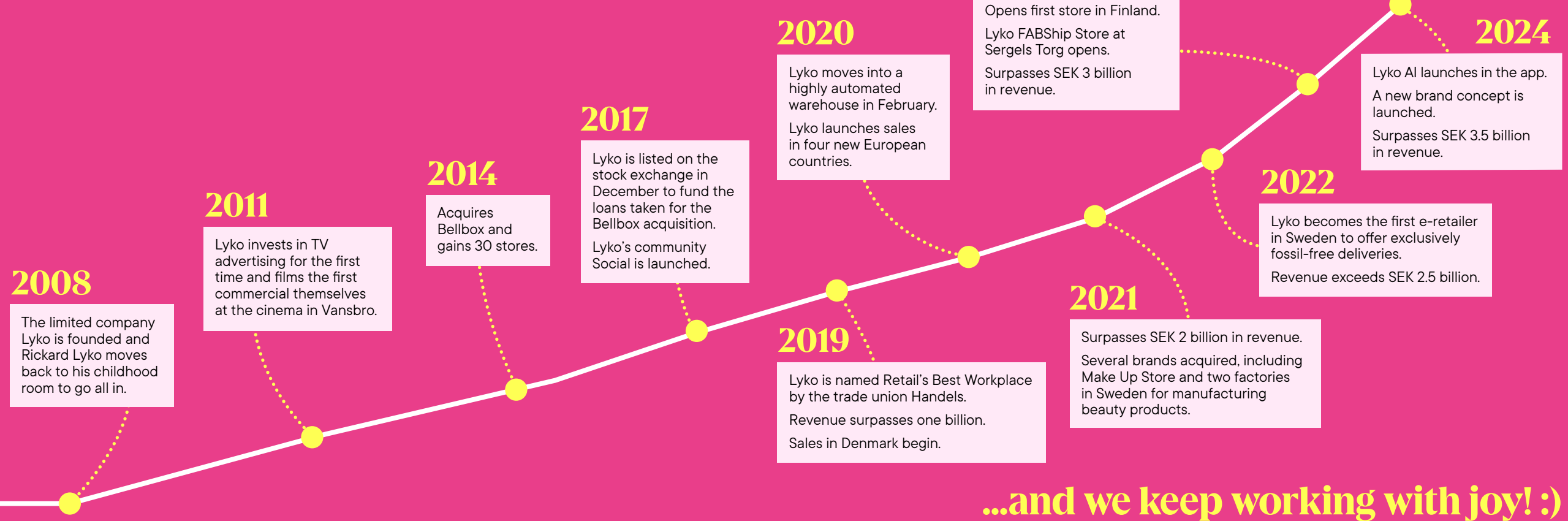
Erika Lyko



Rickard Lyko

Lyko's growth journey continues...

Stefan Lyko starts the website lyko.se in 2004 to showcase the salon's products. One of the products is the rare wax Fudge Shaper that Stefan brought back from London. Suddenly, email inquiries from across the country arrive asking to have the wax shipped by cash on delivery. "No problem!" and just like that, the Lyko family has started an e-commerce business!



...and we keep working with joy! :)

Top of Mind in Beauty

Lyko sells beauty products in Sweden, Norway, Finland, Denmark, Germany, the Netherlands, Austria, and Poland. The company offers a wide assortment of haircare, skincare, makeup, and fragrance products, and continuously works to develop its offering to strengthen its position as a beauty specialist.

Lyko has a growing portfolio of own brands, while the majority of products are sourced from external brand owners, distributors, and suppliers. Through the combination of a broad assortment, own brands, and deep product expertise, Lyko strives to be the go-to destination for beauty.

Lyko continues to develop its store concept to create even more experience-driven retail, where inspiration, advice, and community are at the core.

OMNICHANNEL MODEL

Lyko offers an omnichannel experience with a fully integrated customer journey, where the majority of sales take place via e-commerce, lyko.com, and the Lyko app. Digital sales are complemented by physical stores. The stores function as experience-based meeting places where customers can discover new products, receive advice, and participate in various events and activities.

Some physical stores have adjoining salons where Lyko offers services such as haircuts, styling, and in some cases skincare treatments. The salons are an important part of the customer offering as they provide expertise and advice, while also creating legitimacy in relation to profes-

Lyko's Omnichannel Offering

lyko.com

34 stores

Lyko app

sional hair and skincare brands. Many professional haircare and beauty brands require retailers to operate salon businesses.

SEGMENTS

Lyko Group reports its operations in two operating segments: the Nordics and Europe. The Nordics comprises Sweden, Norway, Finland, and Denmark, while Europe encompasses Germany, Austria, Poland, and the Netherlands.

Lyko's business model focuses on selling beauty products in haircare, skincare, makeup, and fragrance in these geographic segments. In the Nordics, sales are conducted online via lyko.com and the Lyko app, as

well as through 34 Lyko stores. In Europe, sales are conducted online via locally adapted versions of lyko.com and the Lyko app.

In addition to the two segments, there are group-wide functions such as HR, IT, marketing, purchasing, and finance.

Other operations include the group's production operations, own brands organization, third-party logistics, and sales force to external hair salons.

BRAND SEGMENTATION

Lyko's product sales consist of haircare and beauty products and can be divided into four main product categories and three brand segments.

Brand segmentation is determined based on the requirements set by brand owners on retailers. It is the brand owner who decides which retailers are authorized to sell their products.

The largest portion of Lyko's sales consists of haircare and skincare products from professional brands. Generally, retailers are required to operate professional salon or treatment businesses to sell these products.

For selective brands, brand owners set specific requirements for retailers. In addition to meeting basic criteria, the retailer often also needs to be an attractive partner with a strong brand, good customer experience, and high service levels.

Semi-selective brands are brands where brand owners generally set few or no specific requirements for retailers. These brands are therefore found at a larger number of retailers.

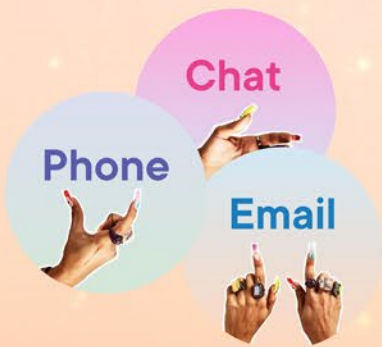
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“Our goal is for our stores to be an inspiring destination for beauty enthusiasts and a physical meeting place for our community. The experience is always at the center of our stores, where the core is being able to test, try, smell, squeeze, and feel products in an inspiring, playful, and inclusive environment. Everyone should feel welcome at Lyko – we believe beauty should be fun and not so serious or pretentious.”

Rickard Lyko

BUSINESS MODEL

Beauty Scan



Customer Service



App



Lovables & Calendars



Lyko AI



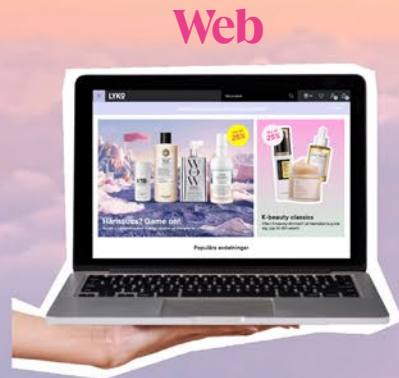
Fabships & Stores



Events

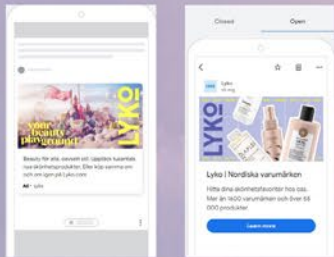
Lyko's Omnichannel world

- Where everything connects



Web

Online media
SEM, Affiliates etc.



Traditional media
TV, OOH, Radio etc.



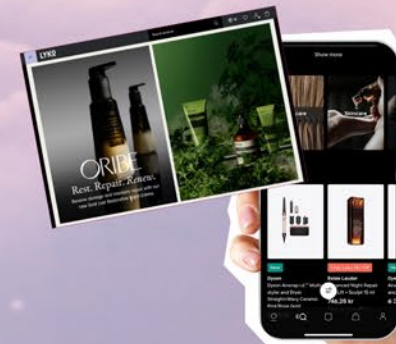
Club Lyko



Lyko Community



Selected



SoMe /
Influencer
marketing



The fastest growing beauty specialist in the Nordics

Lyko continues to strengthen its position as a beauty specialist in the Nordics through a combination of strong e-commerce, inspiring store environments, and a broad assortment. The company continues to gain market share and increase brand awareness across all Nordic markets.

Lyko continues to develop its operations within a number of strategic focus areas: growth in existing markets, geographic expansion, development of own brands, platform, customer offering, community, brand awareness, and development of the store network.

VISION

Lyko's vision is to be the obvious choice for beauty!

BUSINESS IDEA

Lyko's business idea is to be a pioneering player in the beauty industry by offering an innovative platform combining e-commerce and physical retail with digital consultation, such as skin and hair tests, and tools that help customers find the right products.

The ambition is to consistently be at the forefront of new concepts, experiences, and collaborations. Events and activations in the flagship stores in Stockholm, Oslo, and Helsinki attract customers, influencers, and industry professionals, generating significant engagement on social media.

TARGETS

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

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

DIVIDEND POLICY

The Board of Lyko 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 fiscal year. Thereafter, the Board will annually evaluate the possibility of a dividend, taking into account the company's development, operating results and financial position, current and expected liquidity needs, and expansion plans.

Organic growth

15-20%

annual growth
medium term

Profitability

10%

10% EBITDA margin
before IFRS 16
long term

Focus
on growth

Growth will be prioritized
over dividends for the
foreseeable future

FOCUS AREAS

Lyko has a growth strategy built on eight focus areas.

- **Continued growth in existing markets** – Lyko’s position as beauty specialist and online market leader creates strong conditions to continue gaining market share in existing markets. The business benefits from overarching trends such as increasing online shopping and greater growth for specialists compared to generalists.
- **Develop and broaden the assortment** – Lyko continues to expand the assortment by adding new products and brands within existing categories. The goal is to offer the market’s widest beauty assortment. Growth categories are particularly skincare and makeup, where the offering is developed in both products and services.
- **Geographic expansion** – In addition to developing the store network in existing markets, Lyko’s strategy for geographic expansion is based on an “online first” model where new markets are initially established through local e-commerce sites. The possibility of physical presence is then evaluated.
- **Develop the store network** – Lyko continues to develop its physical store network and sees great potential in strengthening the customer experience through inspiring store environments, advice, services, and events.

In recent years, Lyko has also developed a new store concept and retail format – FABStore – to further strengthen the experience and the brand. Stores are important for introducing new products, hosting events, and providing advice. Strategically advantageous locations also lead to increased brand awareness and acquisition of new potential customers.

- **Own brands** – Lyko has a growing portfolio of own brands covering several product categories, from haircare and skincare to makeup and accessories. Own brands contribute to a unique assortment and strengthen the company’s margins.

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, with the ambition to increase the percentage of sales from these. In 2023, the brand Estelle & Thild was acquired. In 2024, the brand Reserol was acquired and the proprietary skincare brand PLY Skin was launched.

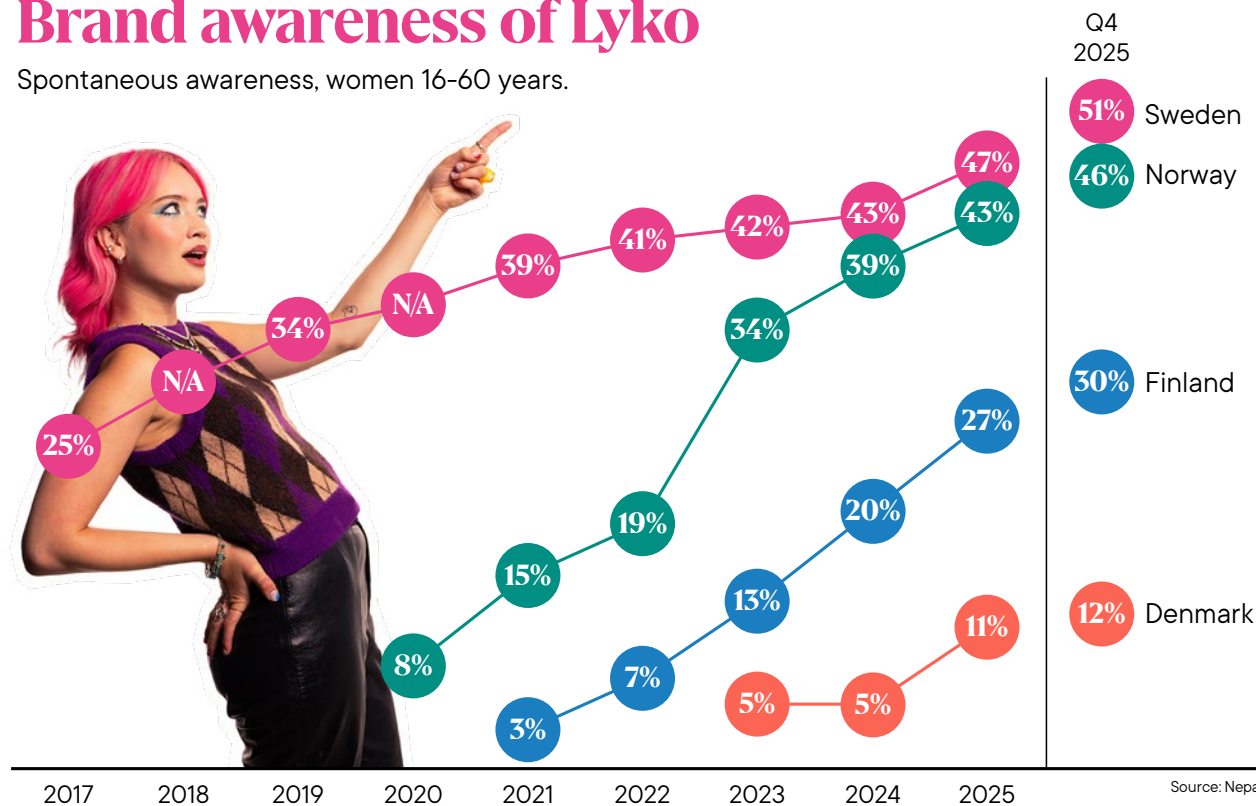
- **Develop brand and awareness** – Lyko continuously works to strengthen our brand through digital marketing, social media, broad media, and experience-based activations. Lyko sees potential in further strengthening our current position and brand awareness. This is achieved through, among other things, 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 scaled it up further while also rolling out the first campaign in Finland. Our brand-building activities have delivered strong results, and it is our firm belief that this will benefit our growth in the long term. Lyko is constantly working to improve the customer experience and continuously explores new initiatives to further increase brand awareness.

Brand awareness of Lyko

Spontaneous awareness, women 16-60 years.



Spontaneous question 2017–2022. Measurement from 2023. Denmark 2023 measured only at the end of 2023.

Source: Nepa



In 2022, Lyko acquired our former advertising agency Honesty, with the goal of quickly building Sweden's best in-house agency and establishing LYKO Creative Agency to take content production and video to the next level. The acquisition was a further investment in Lyko's growing portfolio of own brands.

In 2024, Lyko launched the new concept 'Welcome to your beauty playground', a playful and visual experience where customers can explore beauty in an entirely new way. With an imaginative world where makeup brushes form forests and shampoo bottles rise like skyscrapers, we aim 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.

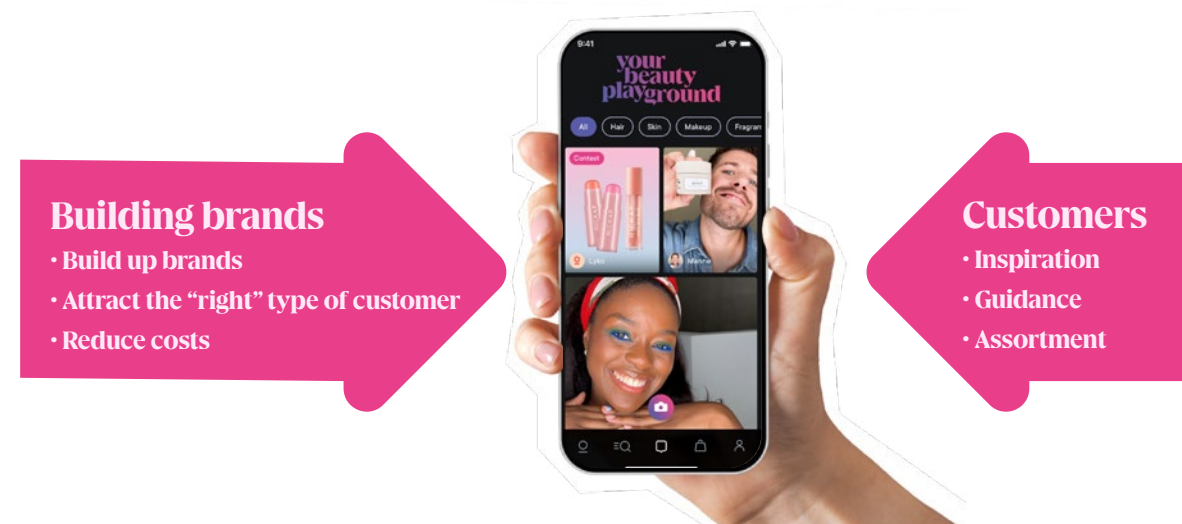
- **Further developed platform** – Lyko continues to invest in our technical platform to improve the customer experience, operational efficiency, and scalability of the business.

In 2021, many new 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 proprietary app and a supplier portal called Lyko Insight in 2022. In 2023, the capability to manage multiple warehouse hubs was introduced, and we chose to display price history on products for customers. In 2025, a number of upgrades to the Lyko Community were released, including both video content and stories.

- **Strategic acquisitions** – Lyko has historically made strategic acquisitions to strengthen its offering and expand its portfolio of own brands. Organic growth remains the primary focus, but the company also sees future opportunities for complementary acquisitions.

Lyko's "Beauty Ecosystem"

Creating added value through technology and economies of scale



Lyko's first Fab Store opened in Täby Centrum

In October 2025, Lyko opened the doors to our very first
Fab Store – 500 sqm in Täby Centrum, Stockholm.



Continued investment in Own Brands

Over the years, Lyko has made several strategic acquisitions of brands and built a strong platform for developing own products. The group also operates its own manufacturing facility in Gothenburg, Sweden. The share of sales from own brands continues to grow, and we see clear synergies as the portfolio expands.

FAST AND EFFICIENT

Building strong brands and developing new products takes time. Through brand acquisitions, Lyko can more quickly expand its portfolio of own brands. The acquisitions create immediate revenue opportunities while also contributing to strengthening our unique and attractive assortment.

In recent years, Lyko has through acquisitions and recruitment built extensive in-house capabilities, from product development and manufacturing to marketing and sales. The increased control over the entire value chain creates new opportunities to develop and scale our portfolio of own brands.

The first acquisition was the venerable Swedish brand Make Up Store, where Lyko saw great potential in bringing economies of scale and expertise in both physical and digital retail. This was followed by Pusher, a lifestyle brand targeting a male audience.

Shortly thereafter came the acquisition of Grazette, specialized in developing and manufacturing innovative beauty products in haircare, skincare, beard care, and styling, with its own factory in Gothenburg. The same year, Inzo was also acquired, with a factory in Stockholm, as well as the brand Waterclouds.

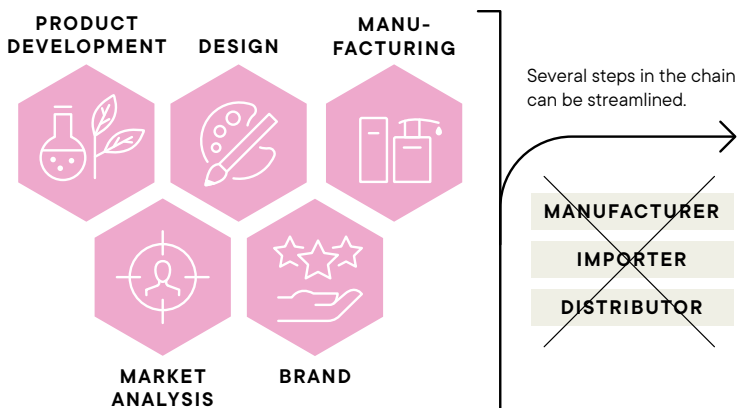
In 2022, 40 percent of the company behind Love'n Layer was acquired, an innovative nail product where designed layers are applied and cured with UV light. The same year, the influencer brand Rebecca Stella Beauty and the skincare brand Acasia Skincare were also acquired, both with a wide product range.

In 2023, Estelle & Thild was acquired, a Swedish organic beauty brand specialized in skincare and makeup based on organic and sustainable raw materials. All products are organically certified according to Ecocert.

In 2024, Reserol was acquired, a science-based brand focused on stimulating the body's own systems to enhance beauty from within. The products have received international attention and awards. During the year, Lyko also acquired the remaining 60 percent of Love'n Layer, becoming the sole owner.

During the year, PLY Skin was also launched, a new skincare brand where the entire development process, from formulation to production, has been carried out within Lyko's own organization. Behind the initiative are Morten Hegseth together with creators Jone Fjellstad and Christopher Waldekrantz. The brand is positioned as an "anti-beauty beauty brand" with products focused on strengthening the skin barrier.

In 2025, Make Up Store was relaunched – one of Scandinavia's most iconic beauty brands. Since 1996, Make Up Store has stood for expertise, quality, and creativity, proudly retaining its iconic status in the world of makeup. Now, nearly thirty years later, the brand is taken to the next level with a completely new look and high-performance products for all makeup lovers.



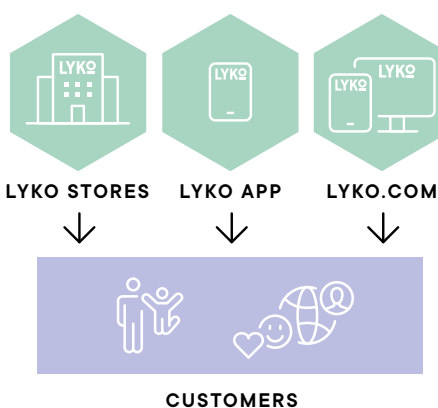
FULL CONTROL THROUGHOUT THE ENTIRE CHAIN

Lyko has unique expertise across the entire chain – from product development to sales.

INCREASED MARGINS

Own brands contribute to strengthening Lyko's gross margins and are a central part of the group's assortment strategy. In the long term, Lyko sees significant opportunities to develop more own brands and further broaden their product portfolio, based on the expertise that exists internally in product development, production, and marketing.

Building strong brands takes time. Here, Lyko's physical stores play an important role by enabling product launches, advice, and customer experiences. At the same time, Lyko can leverage the high traffic in its own digital channels to quickly create visibility and demand for new products. Against this backdrop, Lyko continues to see opportunities for further vertical acquisitions that can strengthen the company's offering and create long-term value growth.



MARGINS

Increased margins and the ability to quickly test different products on the market pave the way for an expansion of Lyko's own strong brands.



AGILITY

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

Own Brands

LYKO

REBECCA stella

waterclouds THE DUDE

estelle & thild ORGANIC BEAUTY

ADD SOME RE-BOOST

gleeze.

waterclouds

MAKE UP STORE

LOVE'N LAYER

NECCIN

DAVROE

SCANDINAVIAN SOAPFACTORY EST. 24

Happy Crazy Mine

ACASIA SKINCARE

NL

CRUSH

BEARD JUNK BY WATERCLOUDS

RESEROL

PLY SKIN

Pusher



Strong momentum in the Nordics

Lyko operates in two operating 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 34 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 move freely between online and in-store, for example by returning items ordered online in a physical store, or by ordering from Lyko's online assortment in stores. Naturally, Lyko applies the same price in both channels.

LYKO NORDICS

At the end of 2025, Lyko Nordics accounted for 93.4 percent of sales.

In 2025, revenue in Lyko Nordics grew by 12.0 percent to SEK 3,699.8 million. In recent years, the company has gained an increasingly strong foothold in these markets, largely thanks to broad marketing and the development of the successful omnichannel model, where flagship stores in Sweden, Norway, and Finland have enabled numerous events with wide reach. In 2025, the Norwe-



gian market surpassed SEK 1 billion in annual sales, underscoring the strength of Lyko's Nordic position.

Sales growth in Lyko Nordics has been strong in recent years, driven by general category growth and a market shift from physical stores to online, which was accelerated by the pandemic, combined with Lyko's ability to increasingly invest in marketing and grow its market share.

Lyko has many years of experience in online sales and has continuously worked to develop e-commerce since inception. In 2022, a proprietary app was launched enabling a further improved user experience. Lyko's Community in the app generates strong engagement with over 21 million visits during November. Lyko's website has over the years received numerous awards for usability and performance.

Physical stores create the conditions for online sales by enabling access to attractive product segments. Physical stores in turn benefit online channels, as they open up sales of a range of selective brands and deepen customer relationships. In 2025, store expansion continued, and by year-end the number of stores totaled 34, including the opening of a fifth store in Norway and the first Fab Store in Westfield Täby Centrum in November.

LYKO EUROPE

Europe remains a smaller portion of net revenue, totaling SEK 130.7 million in 2025, a decrease of 1.3 percent compared to the prior year. During the fourth quarter, a reorganization of the Europe segment was initiated, including the closure of local offices in the Netherlands and Germany. Operations in these markets will go forward be managed centrally from the Nordic headquarters, enabling a maintained market presence with lower overhead costs.

The market conditions are there and Lyko's concept works. The central warehouse in Vansbro in combination with the logistics hub in Berlin remains an optimal solution for the Nordic markets and supports Europe with orders that require access to the full assortment. The new automated warehouse in Vansbro, expected to be fully operational in early 2026, provides structural cost advantages that will also benefit the European operations.



Building a Beauty Power House

Lyko's main markets are beauty products for consumers in Sweden, Norway, and Finland. The company's operations in Norway and Finland have grown significantly in recent years, both in sales and brand awareness.



The consumer market for beauty products in the Nordics is characterized by cycle-resistant, stable growth. Over the past decade, the market has seen a shift toward e-commerce, accelerated by the pandemic in 2020 and 2021. Since then, consumers have returned to physical stores, but underlying there is a continued shift of consumption to e-commerce.

CHARACTERISTICS AND DRIVERS

A number of factors characterize Lyko's market:

- Steadily growing e-commerce in a relatively under-penetrated market.
- Increased omnichannel behavior among consumers.
- Significant entry barriers.
- High gross profit margins.
- Low rate of product returns.
- Low inventory risk.
- Low shipping costs.

STABLE MARKET WITH LIMITED MACROECONOMIC IMPACT

The market can be considered relatively cycle-resistant and was, for example, not significantly affected by the global financial crisis of 2007–2008. An underlying reason is that products in the category meet basic needs and are consumables.

However, demand can be temporarily affected by factors such as weather and heat. The pandemic and the increase in remote working have to some extent boosted interest in skincare, but all categories have seen strong sales growth as more and more consumers have discovered online shopping.

GROWING E-COMMERCE IN AN UNDERPENETRATED MARKET

The company's market, like many other consumer-oriented industries, is moving toward a higher degree of online sales. The exact e-commerce penetration rate is difficult to estimate, but it is clear that a significant shift has taken place. The growth rate online for beauty products is significantly faster than for the overall market. Despite steadily increasing online sales of beauty products, the penetration rate remains low relative to other consumer sectors such as electronics and clothing.

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 the app or website before purchasing in-store, or vice versa. Beauty is a category that includes product groups where customers may want to see, smell, and feel products before making a purchase. This may require personalized customer service in the form of advice and guidance in connection with a purchase, which underscores the need for 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, that the retailer must operate salon services. This creates barriers for pure-play e-commerce businesses and grocery chains seeking to become authorized retailers. Major players 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 alone, due to low entry barriers.

MARKETS

» The challenge for an individual salon business is instead to develop significant and profitable product sales linked to service sales, which is challenging. Economies of scale constitute a barrier for smaller retailers and are only achieved at large product volumes.

In addition, brand owners and agencies generally prefer to enter into agreements with retailers that have large sales volumes and the ability to sell across multiple geographic markets. Economies of scale also play a decisive role in e-commerce, which places significant demands on retailers' ability to generate traffic to their online portals. Acquiring traffic through paid search engine advertising and visibility on social media is essential. Size and volume therefore create better conditions for strong profitability.

A network of stores also builds customer relationships and creates increased legitimacy and brand awareness. Pure-play e-commerce retailers therefore have a competitive disadvantage compared to retailers that operate both e-commerce and physical stores. Online operations also involve barriers to entry in the form of investments in websites, logistics, and warehouse scale.

HIGH GROSS PROFIT MARGINS

The market for retailers in hair care and beauty is characterized by strong gross profit margins, which is partly attributable to high input margins from brand owners and agencies for both regular sales and promotional sales. Major players in the beauty market can also achieve volume discounts through favorable contract terms with brand owners and distributors. Since 2021, Lyko has acquired several own brands and its own factory in Gothenburg, Sweden, which further strengthens gross profit margins.

LOW RATE OF PRODUCT RETURNS

The market for hair care and beauty products is characterized by low rates of product returns relative to many other consumer product categories. The return rate remains steadily below 1 percent. A contributing factor is that the majority of products are not individually tailored to the same extent as, for example, clothing and shoes, which are size-specific.

Furthermore, the hygiene aspect means that customers who have received and tried products normally cannot return them, unless the product is defective. End consumers also often use the same type of hair care and beauty products on a regular basis, resulting in a low proportion of returns.

A MARKET ALREADY CHANGING BEFORE COVID

As with other consumer-related products, the market for hair care and beauty is undergoing transformation. The increase in online sales is making it difficult for smaller physical stores and salons, and some are forced to close or relocate. The street and retail landscape is therefore changing, and the trend toward larger shopping centers, at the expense of smaller ones, is becoming increasingly evident. Within the online channel, other trends prevail. E-commerce chains that previously focused primarily on clothing and pharmacy products have to some extent begun selling hair care and beauty products. International giants such as Amazon are expanding globally and have entered the Swedish market. However, Lyko's CEO considers that the company's established strong position, specialization in selected segments, and omnichannel strategy constitute a strong defense against increased competition. In some cases, Lyko has even noticed tendencies that increased competition benefits the company, drives sales volumes, and highlights the company's broad product assortment within the segment. In recent years, several brands have invested in selling directly to the end consumer, Direct to Consumer. Lyko's CEO welcomes this as it strengthens the understanding of the value Lyko adds. Most consumers purchase more than one brand, and in that context, the position with Lyko's wide range of beauty products, fast and reliable deliveries, a modern e-commerce platform, and accommodating and knowledgeable staff is the most desirable in the long term.



The new automation in Vansbro – Lyko's largest project ever

Up to
100,000
orders
per day!

In 2025, the next step in Lyko's growth journey was taken as the new automated warehouse expansion in Vansbro went live. The investment of approximately SEK 500 million is the largest in the company's history and lays the foundation for continued expansion for many years to come.

THE VANSBRO WAREHOUSE



Vansbro has been the heart of Lyko's logistics since the beginning, and its geographic location in Dalarna provides excellent transport connections across the Nordics. With the new automation now operational, it means not only increased capacity but also new roles and competencies in operations, technology, and service in the area.

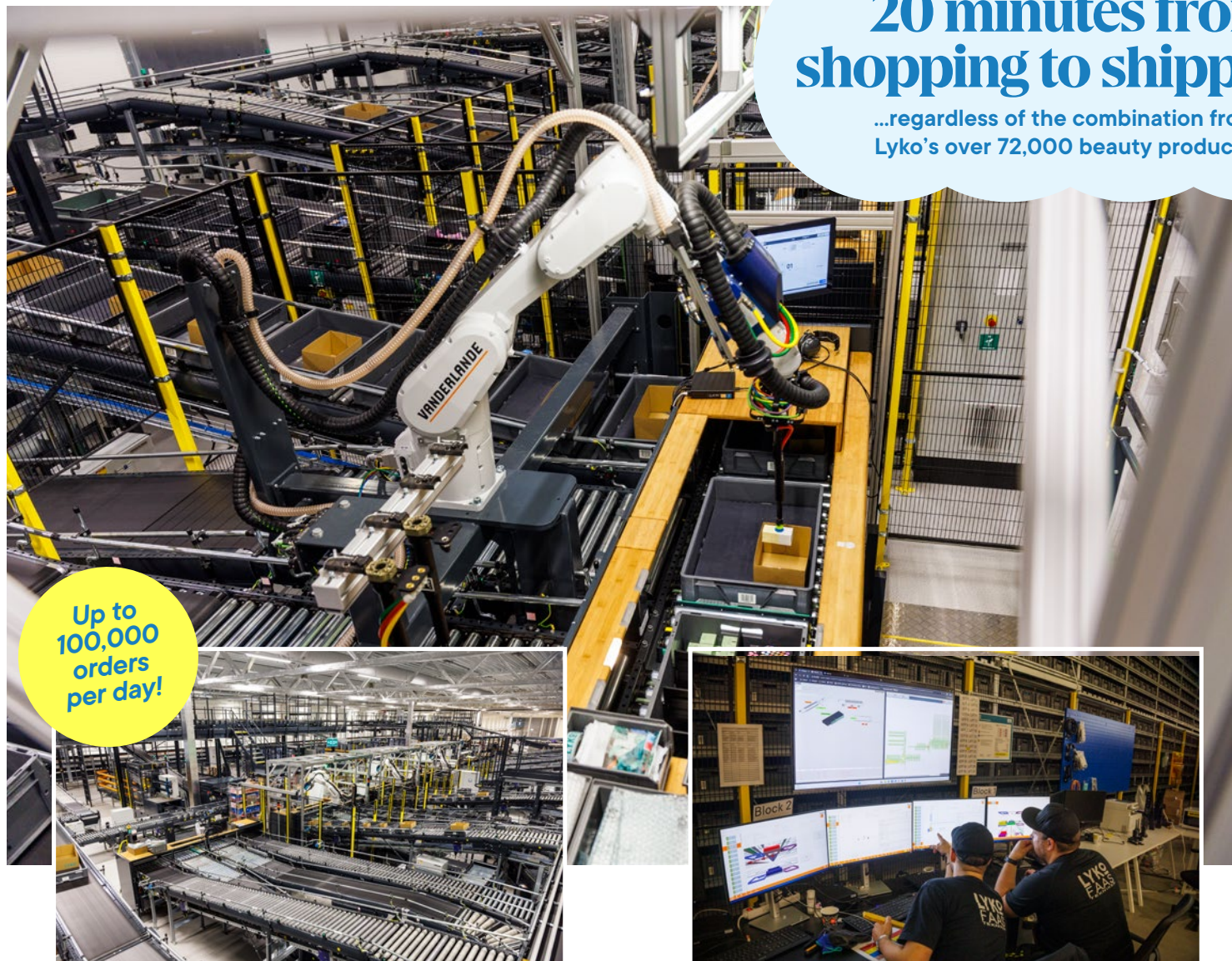
The new automation is built for a high degree of automation and future scalability. The system, consisting of shuttle storage with over 230,000 storage positions, handles both e-commerce orders and store replenishment, with a capacity of up to approximately 100,000 orders per day. The increased capacity improves product availability and creates conditions for a wider assortment and continued growth.

The new solution has streamlined the entire flow – from inbound receiving to picking and packing. Once products are received into the automation, they are transported automatically and picked via goods-to-person stations, where both manual stations and robotic picking have been integrated. Packing takes place directly into final packaging at ergonomically designed packing stations, eliminating an entire process step. Through height-adjustable carton machines and more carton sizes, packaging can be better adapted to the order contents, reducing the amount of air in packages and contributing to more climate-efficient deliveries.

In the design of the new facility, great emphasis has been placed on workflows and ergonomics. Goods-to-person solutions reduce the need for long walking distances and heavy lifting, and workstations are height-adjustable, reducing the risk of injuries.

The facility is Seveso-classified, meaning it meets EU requirements for operations handling larger quantities of chemical products. This includes advanced fire protection systems and special procedures for handling hazardous goods such as aerosols.

The new automation in Vansbro is not just a capacity upgrade but also a strategic platform for the future. The system is designed to be expanded and optimized over time and can serve as a reference for future logistics solutions in Europe. The investment creates favorable conditions for continued growth, high delivery precision, and an even better customer experience.



20 minutes from shopping to shipping...

...regardless of the combination from Lyko's over 72,000 beauty products.

Sustainability Report 2025

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Business model and strategy

Lyko is a leading beauty specialist in the Nordics, operating in eight countries with a rapidly growing omnichannel platform. Through lyko.com, the Lyko app, and 34 stores and salons, we are building a strong position across both the Nordic region and Europe. Our more than 1,100 employees are the driving force behind one of the industry's most comprehensive platforms for hair care, skin care, makeup and fragrance. As we continue to expand, this requires a continued focus on developing our operations in a long-term and responsible manner.

Sustainability is an integral part of Lyko's overall growth journey. We are in a phase where our structures, systems and ways of working are evolving in line with the company's growth, and where sustainability is becoming increasingly embedded in how we operate, prioritise and build long-term competitiveness. In practice, this means strengthening those parts of the business where our impacts, risks and opportunities in relation to the environment and society are most significant, and where Lyko has the greatest opportunity to create long-term value.

Our three focus areas reflect our impacts, risks and opportunities in relation to the environment and society, as well as the key value drivers of our business as a fast-growing beauty retailer: **customer experience**, **employees**, and a **resource-efficient supply chain**.



Sustainability governance

The Board of Directors holds the overall responsibility for Lyko's sustainability work. The Audit Committee is responsible for coordinating risk management and sustainability reporting, and, together with Group Management, approves the double materiality assessment.

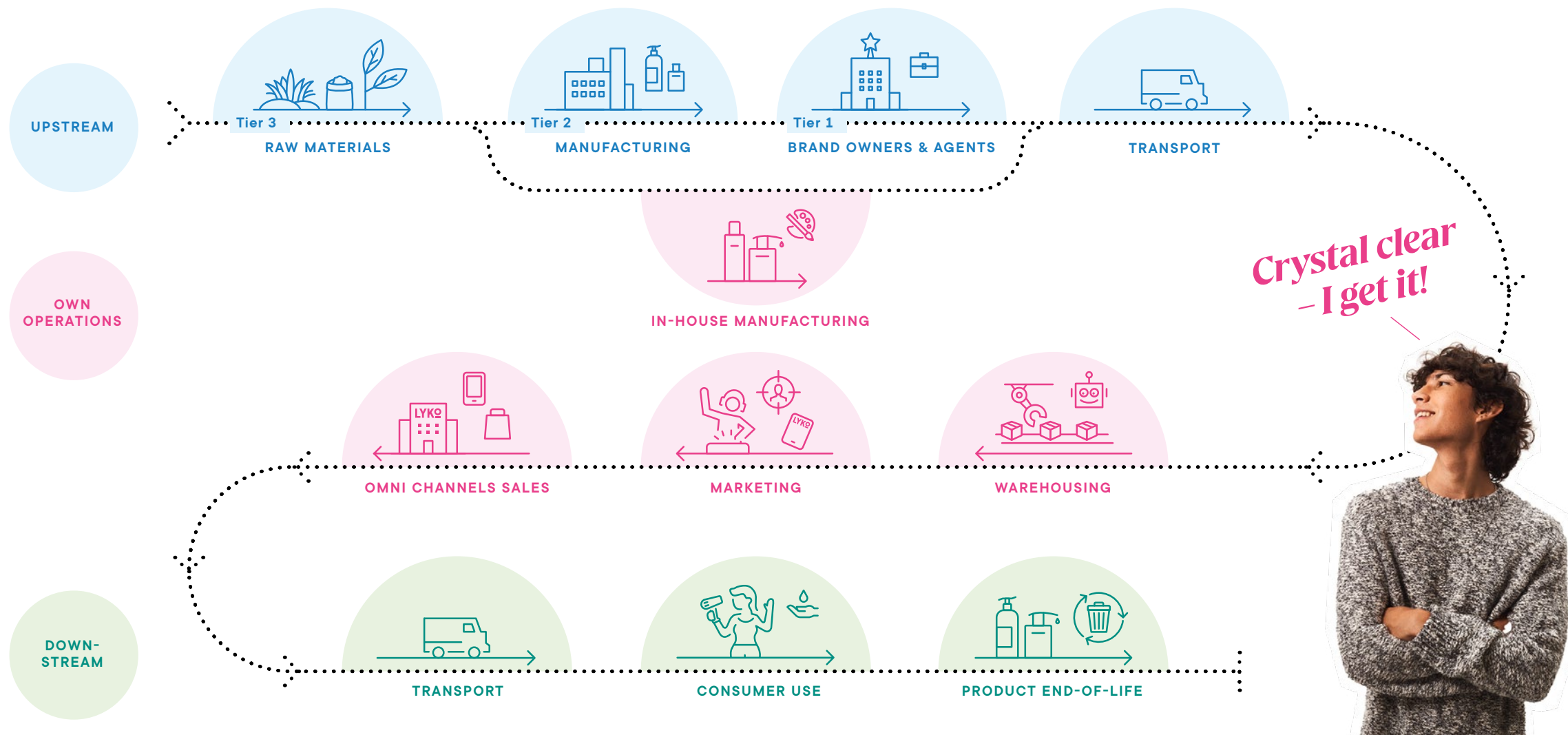
The sustainability report covers all entities within the Lyko Group and follows the same scope as the consolidated financial statements.

The sustainability function is responsible for driving the sustainability agenda both strategically and operationally, in close collaboration with relevant functions. The function works to ensure that sustainability is integrated into key business processes such as risk management, procurement, HR and logistics, and supports the organisation in implementation and follow-up. The sustainability function reports to the CFO and has a coordinating and monitoring role. Responsible managers and subject matter experts within each function are accountable for ensuring that activities are carried out in line with established policies, guidelines and targets, as well as for ensuring appropriate monitoring and regulatory compliance within their respective areas.



Value chain

Lyko's core business is based on warehousing, marketing and omnichannel sales, supported by one of the broadest product assortments in the market. In addition to the sale of external brands, our in-house production of own brands is also growing. Our value chain spans from the extraction of raw materials and the production of products and packaging, through to distribution and delivery, the customer's use of the products, and the end-of-life treatment of packaging.



Stakeholder engagement

Dialogue with our customers, suppliers, employees and other stakeholders is essential to value creation in our business. To stay informed and capture opportunities arising from trends, evolving regulation, external expectations and changing customer preferences, we maintain ongoing dialogue with stakeholders who influence and/or are affected by our operations. Through this engagement, we listen to their needs, expectations and concerns, and use relevant insights to develop our product offering, enhance the customer experience and continuously improve how we operate.



CUSTOMERS

Understanding and exceeding customer expectations is key to our growth and to maintaining trust in Lyko as a beauty destination. We engage with customers daily through physical stores, e-commerce, the Lyko Community and customer service. Through recurring customer satisfaction surveys and feedback in our community, including user-generated content and reviews, we gather insights into how our offering is perceived and where there are opportunities to improve our assortment, information and overall customer experience.

Key topics

- Product safety and accurate product information
- Assortment, availability and affordability
- Delivery experience
- Customer data protection and privacy
- Customer service

“Our strength lies in the people who meet the customer every day.”



EMPLOYEES

Our employees drive the customer experience and are central to translating Lyko's ways of working and values into practice. Dialogue takes place through onboarding, employee surveys, performance and development reviews, as well as collaboration with employee representatives and safety representatives.

Key topics

- Working conditions
- Leadership and competence development
- Inclusion and culture
- Health and safety

“Through close collaboration with our suppliers, we develop an assortment and experience that our customers love.”

SUPPLIERS AND BUSINESS PARTNERS

Brand owners, distributors, manufacturers, logistics partners and service providers are critical to quality and delivery performance in our value chain. Through ongoing partnership dialogue, supplier follow-ups, contractual frameworks and joint improvement initiatives, we work to strengthen long-term partnerships.

Key topics

- Product information and brand management
- Stable order flows and efficient processes
- Contract terms and payment practices
- Transport and delivery efficiency
- Compliance and anti-corruption



INVESTORS AND ANALYSTS

As a listed company, we maintain ongoing dialogue with investors and analysts, sharing our growth journey and understanding their expectations, insights and questions. Engagement takes place through investor meetings, report presentations, ESG questionnaires and media.

Key topics

- Long-term profitability and growth
- Transparency and reporting



INDUSTRY ENGAGEMENT, SOCIETY AND MEDIA

Through market monitoring and industry engagement, Lyko follows developments in e-commerce, consumer trends and societal expectations. Lyko is a member of industry initiatives such as Kosmetik- och hygienföretagen (KoHF), Svensk Handel and the Roundtable on Sustainable Palm Oil (RSPO). This helps us understand how requirements and expectations evolve and where we need to strengthen our practices or communication.

Key topics

- Product and ingredient safety
- Customer data protection and responsible marketing
- Packaging and extended producer responsibility
- Reducing environmental impact in e-commerce and cosmetics
- Societal development and consumer trends

Double materiality assessment

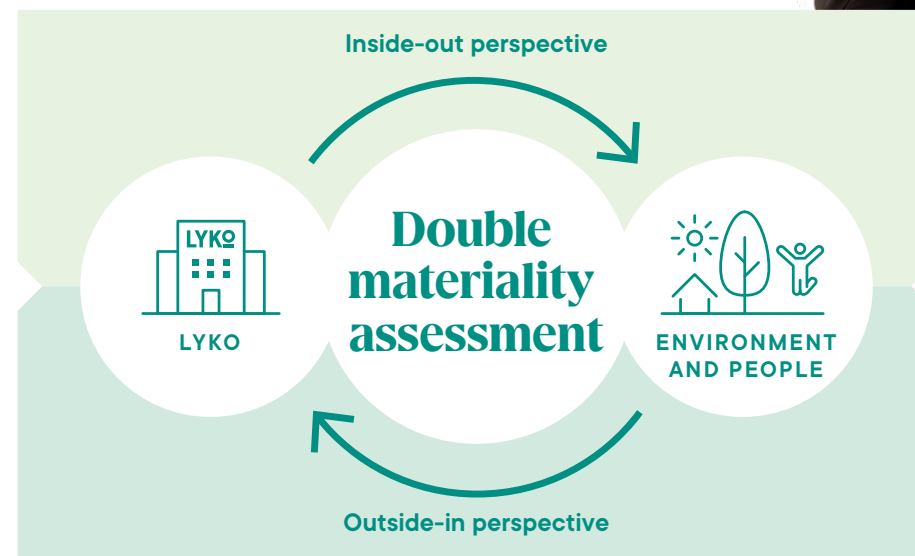
During the financial year, we conducted a double materiality assessment based on the EU Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). Our first double materiality assessment was carried out in 2023, and further work has since been undertaken to strengthen methodology, structure and documentation.

The assessment covers the entire value chain and is based on a combination of internal data, industry benchmarking and dialogue with relevant stakeholders. The analysis considers both how Lyko impacts the environment and society, and how sustainability matters may give rise to risks and opportunities for the company over time. The results form the basis for our priorities, focus areas, and how sustainability is integrated into our business strategy.

OUTCOME OF THE DOUBLE MATERIALITY ASSESSMENT 2025:

ESRS	Topic	Sub-topic	Impact on environment and people	Financial risks and opportunities
E1	Climate change	Climate change mitigation	x	x
E2	Pollution*			
E3	Water and marine resources*			
E4	Biodiversity and ecosystems*			
E5	Circular economy	Resource use	x	x
S1	Own workforce	Working conditions	x	x
S2	Workers in the value chain	Working conditions	x	
S3	Affected communities*			
S4	Consumers and end-users	Product safety	x	x
		Customer data protection		x
		Responsible marketing		x
G1	Business conduct	Supplier relationships		x

* Below threshold value



Environment

CLIMATE

Lyko’s operations are based on sourcing, marketing, storing and distributing products to customers across multiple markets. As a result, climate impact arises across several parts of the value chain – from the production of ingredients and packaging to transportation, warehousing and last-mile delivery. Lyko’s climate footprint therefore includes both emissions from own operations and emissions generated across the value chain outside the company’s direct control.

The majority of Lyko’s climate impact arises in the value chain outside own operations, referred to as Scope 3. These emissions are primarily linked to purchased goods and services, where the production of ingredients, packaging and finished products accounts for the largest share, as well as transportation between suppliers, the central warehouse in Vansbro and onward to customers. Reducing Scope 3 emissions requires collaboration and dialogue across the entire value chain.

A smaller share of Lyko’s climate impact arises from own operations, Scope 1 and Scope 2. These emissions primarily originate from energy – and fuel use in the central warehouse in Vansbro, the production facility in Gothenburg, stores and offices, as well as from company vehicles.

	SCOPE 1-2 EMISSIONS (t CO2e)			ENERGY CONSUMPTION IN OWN OPERATIONS (MWh)	
	Scope 1	(location-based) Scope 2	(market-based) Scope 2		
2024	105	117	281	Total energy consumption, MWh	6,227
2025	118	135	328	Share of renewable energy, %	84%
Change, %	12%	16%	17%		



SUSTAINABILITY REPORT

CARBON ACCOUNTING

The 2025 climate reporting represents Lyko's first disclosure of greenhouse gas emissions in accordance with the GHG Protocol. Comparative figures for 2024 have been calculated using the same methodology to enable comparability over time.

Lyko compiles its emissions data through an external platform that supports data quality assurance, correct categorisation in line with Scope 1–3, and the use of updated emission factors.

Calculations follow the GHG Protocol methodology and are based on a combination of activity data and estimates using average or spend-based emission factors. Lyko's ambition is to increase the share of activity-based data over time.

**SCOPE 1**

Direct emissions from own operations, including:

- Combustion of fossil fuels in company vehicles
- Combustion of biofuel at the central warehouse in Vansbro

SCOPE 2

Indirect emissions from purchased electricity and heating, including:

- Purchased electricity and heating for warehouses, offices and stores
- Electricity consumption for company vehicles

SCOPE 3

Indirect emissions from activities outside Lyko's own operations, primarily including:

- Purchased raw materials, products and capital goods
- Transportation between factories, warehouses, stores and customers
- Business travel

Scope 1 emissions represent a very small share of Lyko's total climate impact and consist of both mobile and stationary combustion.

The majority of emissions originate from company vehicles within the B2B business. The vehicle fleet consists of plug-in hybrids and electric vehicles, and fossil-fuel vehicles are being gradually phased out. During 2025, total driving distances increased, leading to higher consumption of fossil fuels and contributing to a 12% increase in Scope 1 emissions compared to 2024.

Stationary combustion relates to heating of the central warehouse in Vansbro, which is located outside the district heating network and is heated using locally sourced biofuel. Energy consumption from pellet combustion decreased by 22% compared to 2024. This reduction is explained by the fact that 2024 was characterised by construction activities and higher heat losses, while improved control systems, automation and heat recovery from compressors reduced heating demand during 2025.

Lyko's purchases of electricity and heating for warehouses, stores and offices give rise to Scope 2 emissions. In some facilities, Lyko holds its own energy contracts and reports actual consumption, while in others – primarily stores located in shopping centres – energy use is invoiced by landlords and estimated based on store area.

As part of efforts to reduce energy use, LED lighting has been installed across stores and now accounts for approximately 99% of total lighting.

The central warehouse in Vansbro accounts for the largest share of electricity consumption. In 2025, 264 MWh of solar electricity was generated from rooftop solar panels, corresponding to approximately 10% of the warehouse's electricity demand. Total electricity consumption at the warehouse increased by approximately 20% due to the implementation of expanded warehouse automation. The warehouse operates on 100% renewable electricity.

Market-based Scope 2 emissions increased compared with the previous year, primarily due to updated emission factors, which affects comparability between years. Actual electricity consumption increased by 3%, partly as a result of additional store openings.

Lyko's largest climate impact arises in Scope 3, primarily related to the production of purchased products and materials, as well as transportation across the value chain. Currently, a combination of supplier-specific emissions data and calculations based on spend and emission factors is used.

During the year, focus has been on developing ways of working and strengthening collaboration with suppliers and transport partners to gradually improve data quality and transparency. Scope 1 and 2 are disclosed quantitatively in this report. Scope 3 emissions have been quantified internally but are currently disclosed at an aggregated level.

Share of total emissions



1%

Share of total emissions



99%

SUSTAINABILITY REPORT

RESOURCE USE AND WASTE

The products sold by Lyko, and the packaging used to protect, transport and distribute them, contribute to resource use and waste generation across different parts of the value chain.

Packaging for beauty products is largely made of plastic and varies in terms of recyclability. The use of virgin materials in such packaging has a significant environmental impact.

The largest share of resource use directly controlled by Lyko arises in its e-commerce operations, where packaging materials are used to ship products from the central warehouse in Vansbro to customers. All e-commerce cartons are made from recycled materials, and through efficient packing solutions, resource use per shipment is minimised while reducing the need for void fill.

Waste is generated at multiple stages of Lyko's value chain. Once customers have used products, packaging waste is generated and managed within local waste systems in each market.

Within Lyko's own operations, the largest volume of waste is generated at the central warehouse in Vansbro, primarily in connection with inbound deliveries from suppliers. Transport and retail packaging, as well as returns and damaged goods, are sorted at the warehouse and managed by a waste partner in accordance with the waste hierarchy, where material recycling is prioritised.

During the year, total waste volumes at the central warehouse amounted to 364 tonnes, of which 99% was non-hazardous waste. Cardboard constitutes by far the largest waste fraction and is recycled. Hazardous waste consists mainly of returns and damaged goods such as nail polish, cleaning products and batteries.

Efforts related to resource use and waste are currently driven primarily through operational practices and continuous improvements. Within own operations, focus has been on reducing the impact of materials used at the central warehouse, including the use of recycled cartons, efficient packing solutions and ongoing reviews of how material use can be further reduced.

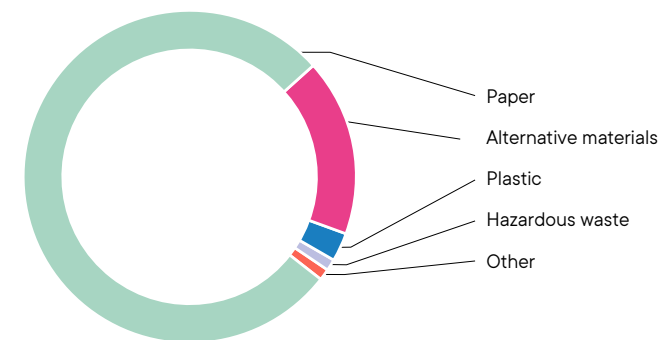
Internal guidelines for waste management are in place at the central warehouse, where the majority of Lyko's waste is generated. In connection with the warehouse expansion, processes and sorting solutions have been reviewed in collaboration with a waste partner to ensure efficient sorting and high recycling rates.

Requirements related to resource efficiency and responsible waste management in the value chain are governed through Lyko's Supplier Code of Conduct. This includes expectations for suppliers to optimise the use of raw materials, reduce waste generation, promote recycling, and manage waste and chemicals responsibly in accordance with applicable legislation.

To strengthen the structure and monitoring of resource use, Lyko will initiate a project during the year focused on improving data quality and traceability. This work will initially focus on resources used in own production of beauty products, as well as resources linked to the production of own brands by external suppliers, as a first step towards more systematic and comparable tracking over time.

WASTE	2025
Total waste volume, tonnes	364
Non-recycled waste, tonnes	61
Share of non-recycled waste, %	17 %
Non-hazardous waste, tonnes	362
Material recycling, %	83.8 %
Energy recovery, %	16.2 %
Landfill, %	0.02 %
Hazardous waste, tonnes	2,3
Material recycling, %	0.9 %
Energy recovery, %	98.6 %
Landfill, %	0.5 %

WASTE TYPE



All waste data refers to waste generated at Lyko's central warehouse.

Relaunch of Make Up Store

When Make Up Store is relaunched, it's done with respect for its heritage and a clear focus on the future. The iconic brand has undergone a careful yet strategic refresh, with a stronger focus on sustainability, updated formulations and a refined visual identity. We spoke with Elisabet Kernell, Product Development Manager – Own Brands, about the thinking behind the relaunch.



Elisabet Kernell, Product Development Manager – Own Brands.

Make Up Store has been around for a long time. What was your starting point when you took over the brand?

– Make Up Store is an iconic brand that's been part of the Nordic makeup scene since 1996. When we took over in 2021, the goal wasn't to reinvent everything, but to modernise the brand and make it relevant for today's customer, both in terms of product formulations and branding.

The black packaging has been a strong part of the brand identity. Why switch to white?

– The black packaging is closely tied to Make Up Store, but it also comes with challenges. Black plastic is often difficult to recycle in current systems and typically ends up in energy recovery rather than material recycling. By switching to white plastic, we improve recyclability while also giving the brand a cleaner, more modern look.

How have you approached production and suppliers in the relaunch?

– We've made a conscious decision to move production to suppliers we have close, long-term relationships with, based in Europe, mainly Italy and Germany. That gives us better control over quality and production, and reduces risk in the value chain.

Have the products changed as well?

– Yes, several formulations have been updated using more modern technologies to ensure high product performance and an experience that meets today's customer expectations.

How would you sum up the relaunch?

– Make Up Store is a brand customers recognize and trust, now updated to be more modern and future-proof.





MAKE UP STORE



Social

EMPLOYEES

Employees are a central part of Lyko's growth journey. As a company undergoing rapid development, increasing demands are placed on structure, leadership and the ability to grow together. Engaged and skilled employees are therefore a key prerequisite for combining continued growth with a sustainable and long-term business.

Lyko has a wide range of roles across warehousing, retail and corporate functions such as marketing, purchasing and administration. The nature of work differs across the organisation, but all roles share a need for collaboration, high pace and problem-solving. As a retail company with clear seasonal variations, Lyko needs to adapt its workforce over time. Flexible staffing is therefore used where needed, primarily in warehousing and retail, to manage fluctuations in demand and ensure sustainable working conditions in daily operations.

Lyko's growth places increasing demands on how we lead, collaborate and create conditions for employees to thrive and develop. HR practices are characterised by continuous dialogue, data-driven insights and close leadership. Regular pulse surveys and internal engagement metrics, such as eNPS, are used together with dialogue with safety representatives and employee representatives to capture employee perspectives. These insights form the basis for prioritisation, improvement initiatives and the early identification and management of work environment risks in a growing and evolving organisation.

In addition to ongoing dialogue, structured channels are in place for raising concerns or deviations, including an external whistleblowing function.

By combining growth ambitions with a focus on wellbeing, learning and leadership, Lyko aims to be an employer where employees want to stay, develop and grow together with the company.

THE LYKO CODE

The Lyko Code sets out the core principles and guidelines that guide how we act as an employer and as colleagues in our daily work. The Code covers areas such as respectful behaviour, working environment and safety, equal treatment, business ethics, and how to act in situations involving uncertainty or suspected misconduct.

By clarifying both values and expectations, The Lyko Code provides a common framework for how we collaborate, make decisions and handle situations that may impact people, operations or Lyko's reputation. The Code applies to all employees and is an integrated part of onboarding, leadership and daily operations.



SUSTAINABILITY REPORT

HEALTH AND SAFETY

Operations in Lyko’s warehouse include tasks that can be physically demanding and, if not properly managed, may pose risks to health and safety. Work is conducted in accordance with applicable occupational health and safety legislation and through a systematic and preventive approach.

The foundation is Lyko’s health and safety policy, developed in collaboration between management, HR, safety representatives and employee representatives. Health and safety matters are continuously followed up through dialogue between HR, logistics management and safety representatives, enabling early identification and management of risks. Safety inspections are conducted twice a year, and risk assessments are carried out when introducing new workstations or implementing operational changes.

In connection with the expansion of the central warehouse, particular focus has been placed on health and safety. All workstations have been risk assessed in collaboration between managers and safety representatives, and follow-up inspections have been conducted during implementation to ensure that measures taken have had the intended effect.

Incidents and accidents are reported and documented in a shared system and used as a basis for investigation, risk assessment and preventive actions. Recorded incidents mainly consist of minor injuries, such as cuts and slips, and do not include any serious workplace accidents. The approach covers both physical and organisational work environment risks and forms an integral part of continuous improvement efforts.

OCCUPATIONAL HEALTH AND SAFETY

Injuries and fatalities

Share of workforce covered by occupational health and safety management system, %	100
Number of fatalities	0
Number of work-related injuries	45

COMPETENCE-BASED RECRUITMENT

As Lyko continues to grow rapidly, recruitment has become a strategically important area to ensure the right competencies, create a positive candidate experience and build teams that can grow with the company. Recruitment is based on a competence-based and transparent process, focusing on potential, motivation and relevant skills rather than formal qualifications.

By using structured screening questions and assessments early in the process, candidates are given the opportunity to demonstrate their capabilities on equal terms. All vacancies are openly advertised, contributing to objectivity and reducing the risk of unconscious bias and subjective decision-making.

This approach supports Lyko’s ambition to attract talent with diverse backgrounds, experiences and perspectives, in line with the company’s values and culture, The Lyko Way.

The model is particularly important in functions where recruitment needs can be high over short periods of time, such as warehousing and logistics, where a clear and fair process supports both efficiency and a positive candidate experience.

By prioritising competence and potential over traditional selection criteria, Lyko creates the conditions to identify the right people, build diverse teams and strengthen long-term organisational development.



Fast and simple



Transparent



Competence-based



VANSERO 30

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SUSTAINABILITY REPORT

NUMBER OF EMPLOYEES

Country	Number of employees
Sweden	917
Norway	110
Finland	53
Germany	10
Poland	10
Netherlands	4
Denmark	4
Total	1,108

GENDER DISTRIBUTION

Gender	Number
Women	844
Men	262
Not specified	2

EMPLOYEE TURNOVER

Employee turnover, %	18,6
Employee turnover, headcount	212

NUMBER OF EMPLOYEES - BY AGE GROUP AND COUNTRY

Age group	Sweden	Norway	Finland	Germany	Poland	Nether-lands	Denmark	Total
Under 30	394	88	37	1	7	3	2	532
30-50	432	21	15	8	3	1	2	482
Over 50	88	1	1	1				91
Not available	3							3
Total	917	110	53	10	10	4	4	1,108

NUMBER OF EMPLOYEES - BY EMPLOYMENT TYPE AND GENDER

Anställningsform	Women	Men	Not specified	Total
Permanent employees	675	251	1	927
Temporary employees	122	9	1	132
Hourly employees (no guaranteed hours)	47	2	0	49
Total number of employees	844	262	2	1,108

GENDER DISTRIBUTION - GROUP MANAGEMENT

Gender	Number	%
Women	6	67
Men	3	33
Total	9	

GENDER DISTRIBUTION - BOARD OF DIRECTORS

Gender	Number	%
Women	3	43
Men	4	57
Total	7	



SUSTAINABILITY REPORT

WORKERS IN THE VALUE CHAIN

Lyko primarily sells products manufactured by external suppliers, resulting in a broad and global supplier base spanning multiple product categories. A large share of the assortment, mainly consisting of skin care, hair care and makeup, is produced within the EU, including countries such as Italy, France and the Nordic region.

A significant portion of Lyko's direct suppliers are located within the EU, where manufacturing takes place in regulated and technically advanced environments. Elevated risks exist further upstream in the value chain, particularly related to certain raw materials where visibility is more limited.

Engagement with workers in the value chain primarily takes place indirectly through suppliers and business partners, with a focus on clear requirements, follow-up and the management of identified risks and deviations.

Workers in the value chain can raise concerns through suppliers' own grievance mechanisms as well as through Lyko's external whistleblowing function. Reported cases are handled in dialogue with the relevant supplier and may result in corrective action plans and follow-up.

To prevent and mitigate the risk of inadequate working conditions in the value chain, Lyko applies clear requirements, supplier dialogue and risk-based follow-up. Through supplier agreements and Lyko's Supplier Code of Conduct, requirements are set regarding respect for human rights, fair working conditions and safe working environments as a condition for business relationships. These requirements apply to direct suppliers and are expected to be cascaded through their own supply chains.

Follow-up and corrective actions are prioritised where risks are assessed as elevated and where Lyko has the greatest ability to influence, particularly within own-brand production. For suppliers in production countries classified as high risk, follow-up may include enhanced due diligence measures such as supplier visits, third-party assessments and, where relevant, corrective action plans.

STRUCTURED DUE DILIGENCE APPROACH

To ensure a structured and consistent approach to due diligence in the supply chain, Lyko uses Worldfavor as a system support. The platform enables a consolidated way of working to engage suppliers, identify and prioritise risks, follow up on actions and collect relevant documentation.

Lyko Supplier Code of Conduct

Lyko updated its Supplier Code of Conduct in 2024, with a phased rollout to suppliers during 2025. The Supplier Code of Conduct forms the foundation of Lyko's supplier engagement and sets out expectations regarding business ethics, human rights, working conditions, product safety and environmental responsibility.

The target for 2025 was that at least 75% of Lyko's commercial purchasing value would be covered by the updated Supplier Code of Conduct or equivalent requirements. At year-end 2025, the coverage reached 82%.



CUSTOMER RESPONSIBILITY

Customer trust is a fundamental prerequisite for Lyko's business. As a company with a strong digital presence and close customer relationships through e-commerce, physical stores and community platforms, our long-term success depends on customers feeling safe and confident in the products we sell, how we handle their data, and the accuracy of the information we provide.

Lyko engages with customers daily through customer service, stores and digital channels. Customer service plays a central role in answering questions, providing guidance and capturing feedback related to products, services and the overall customer experience. Ongoing interaction with customers provides valuable insights into how our offering is perceived and where improvements or corrective actions may be needed.

PRODUCT SAFETY

Safe products and accurate product information are essential to ensure that customers can use the products sold by Lyko safely. This applies both in-store and across digital channels, where clear labelling and accurate ingredient information enable customers to make informed choices, for example based on skin type or allergies.

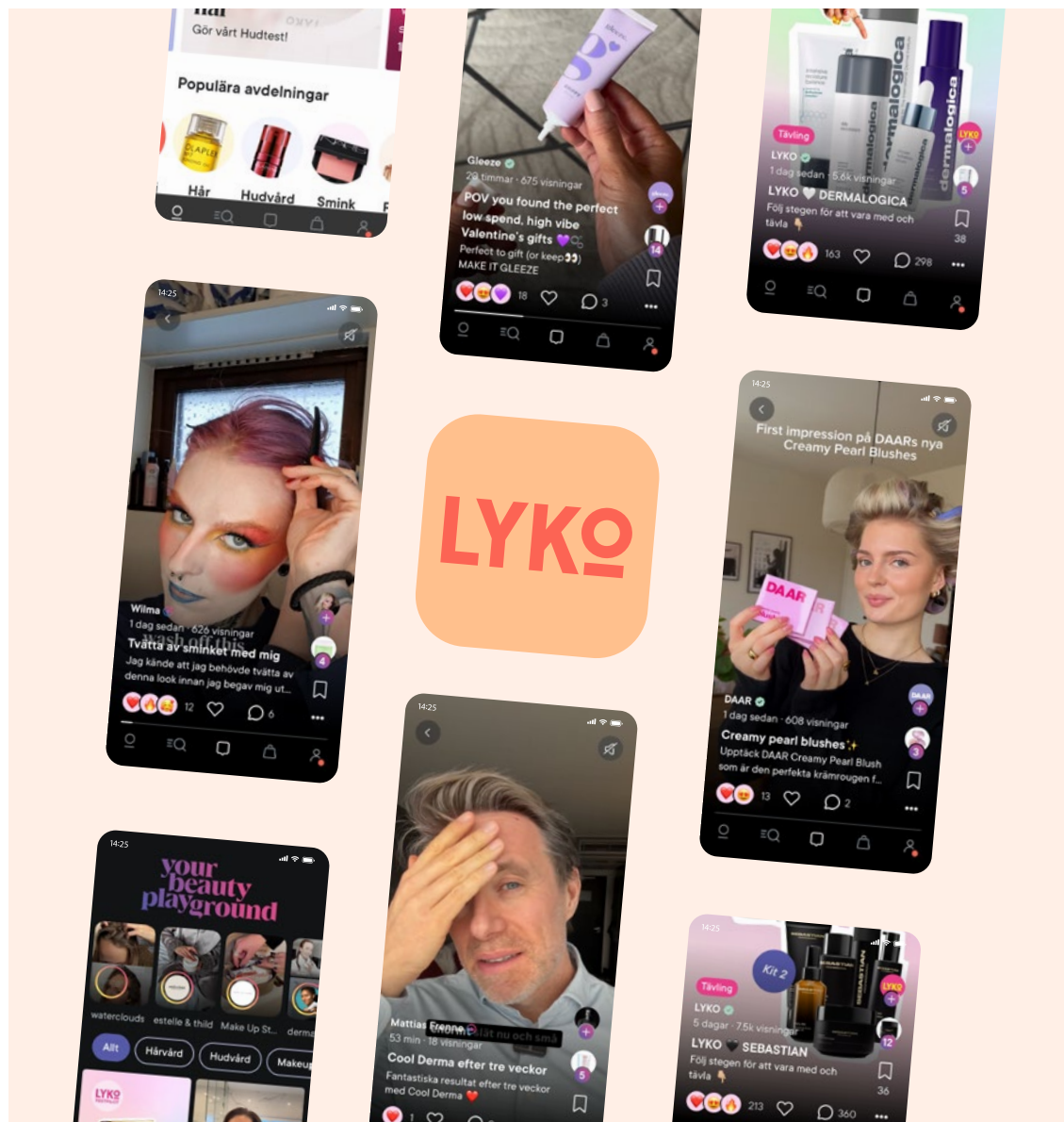
For own-brand products, Lyko applies an internal Restricted Substances List specifying prohibited ingredients and substances subject to concentration limits. The list is regularly updated with support from external experts and in line with applicable legislation, and serves as a governing tool in product development to ensure that only permitted ingredients are used.

For external brands, requirements are set through agreements and Lyko's Supplier Code of Conduct regarding compliance with applicable legislation and relevant labelling requirements for products and product information.

Whenever Lyko is informed of suspected adverse effects related to cosmetic products, these are handled in accordance with established procedures. Customers can report adverse effects via customer service,



SUSTAINABILITY REPORT



Lyko Community.

which acts as a central point of contact for capturing and documenting relevant information. In cases of suspected serious adverse effects, dialogue is initiated with the relevant brand, and Lyko ensures that reporting is carried out to the Swedish Medical Products Agency.

During the year, Lyko established a Product Compliance Forum to coordinate and manage matters related to product safety, product information and labelling. The forum monitors regulatory developments, updates to restricted substances, new labelling requirements, supervisory cases, and guidance from authorities and industry organisations.

The forum brings together expertise from sustainability, legal, product development, purchasing and production, and meets regularly to ensure a shared understanding, clear prioritisation and effective follow-up of identified issues. The work is reported to a Product Compliance Steering Group with broad representation from Group Management.

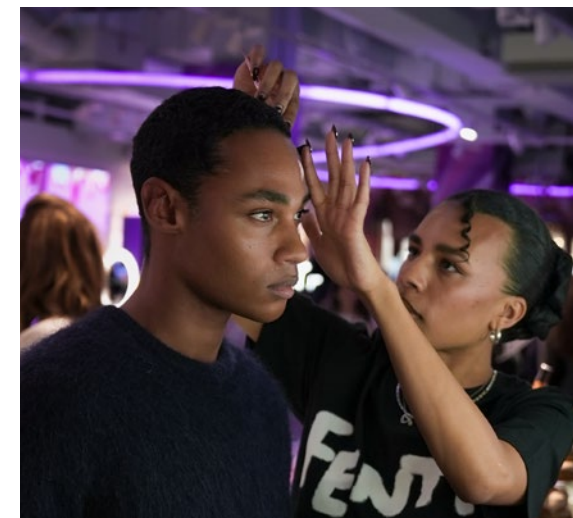
Through this approach, Lyko strengthens its ability to ensure product safety, accurate information and continued high levels of customer trust.

CUSTOMER DATA PROTECTION

The handling of personal data is a central part of Lyko's customer relationships, particularly through e-commerce, Lyko Club, Lyko Community and other digital services. Maintaining customer trust requires that personal data is handled in a correct, transparent and secure manner, in line with applicable data protection legislation.

The approach to customer data protection is governed by Lyko's Internal Privacy Policy, which defines how personal data is managed within the organisation, including responsibilities, incident management and requirements when using external service providers.

For customers using the loyalty programme, community and digital services, this is complement-



ed by the Club Lyko Privacy Policy, which describes how personal data is collected, used, stored and protected, as well as customers' rights. These policies are supported by internal guidelines on information security and IT usage, guiding employees in their daily work. Together, these governing documents provide a common foundation for responsible and consistent handling of customer data.

During the year, the approach was strengthened through targeted training initiatives in customer-facing functions, particularly within customer service, to ensure consistent and compliant handling of personal data-related cases.

As Lyko's digital platforms and new technologies, including AI-based services, continue to evolve, the company is progressively strengthening its structures and ways of working to ensure responsible use of customer data. The focus is on combining innovation and business development with respect for customer privacy and maintaining the trust that underpins long-term customer relationships.

SUSTAINABILITY REPORT

RESPONSIBLE MARKETING

Marketing is a central part of how Lyko engages with customers and builds its brand. Customers are exposed to messaging and content through both traditional marketing and Lyko's social media and Lyko Community. This influences purchasing decisions, how products are perceived and used, and broader perceptions of beauty, norms and ideals.

Lyko Community enables dialogue and user-generated content, allowing customers to share experiences and perspectives on products. Both marketing and community platforms are designed to ensure that customers feel safe, included and free to express themselves without pressure to conform to narrow ideals.

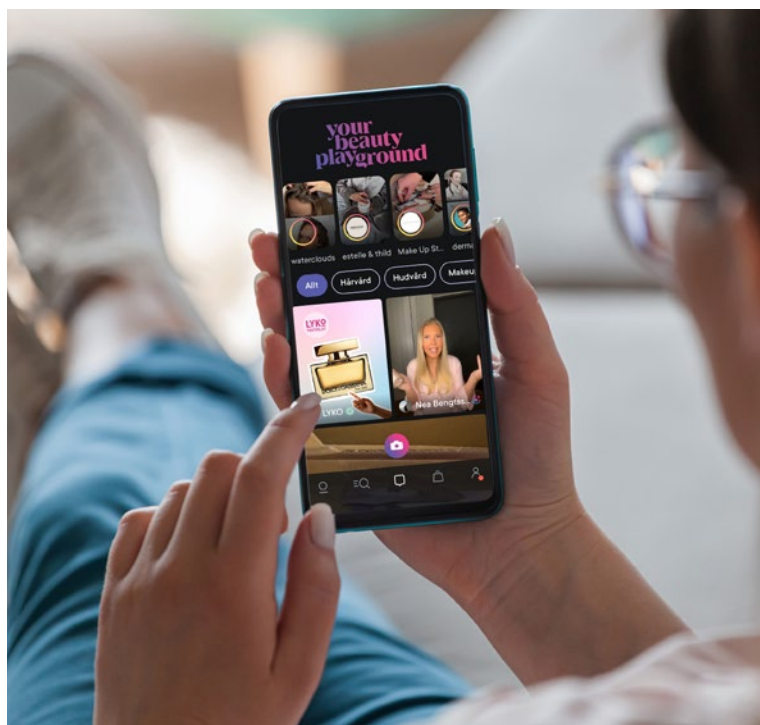
Marketing and communication at Lyko are guided by the Lyko Brand Guideline and the Lyko Tone of Voice Guideline, which define how the brand is expressed visually and verbally across all channels. The approach is based on an inclusive and open view of beauty, where individuality and self-expression are central.

For Lyko Community, this is complemented by the Lyko Community Terms & Conditions, which regulate content, interactions and transparency in commercial collaborations.

Lyko Community and Lyko Club have an age limit of 18 and are moderated in accordance with established guidelines defining acceptable content and expected tone in interactions between members. Moderation aims to ensure that the community remains a safe, respectful

and inclusive space, free from offensive, misleading or inappropriate content. Content may be removed and accounts restricted or suspended when necessary.

To ensure transparency, content related to product testing, collaborations or compensation is clearly labelled. Through age restrictions, moderation and transparent advertising practices, Lyko aims to ensure that the community contributes positively to the customer experience, supports diverse perspectives and enables informed purchasing decisions without creating pressure, unrealistic ideals or unclear commercial messaging.



Business conduct

Lyko's origins trace back to a hair salon in Vansbro, founded in 1952 by Frans Lyko. Two generations later, the company continues to be shaped by an entrepreneurial mindset, a culture that is both professional and playful, and a strong sense of community.

As Lyko has grown, its operations have expanded in both scale and complexity, while responsible business conduct remains a core part of the company's culture.

For Lyko, business conduct is not only about complying with laws and regulations, but also about how the company acts in relation to suppliers, business partners, customers and other stakeholders. Responsibility, transparency and a long-term approach are embedded in daily operations and form an important foundation for sustainable growth. As the business evolves, increasing demands are placed on structure and clear ways of working, while business conduct remains an integrated part of how Lyko operates and develops its business.

CODE OF CONDUCT AND ANTI-CORRUPTION

Lyko's business ethics guidelines are designed to ensure that business decisions are made on objective grounds, without personal gain or undue influence. This includes a strict prohibition on offering, accepting or facilitating bribes, and a commitment to conducting business in accordance with applicable laws and regulations.

The Lyko Code is a cornerstone of the company culture and sets out the values and ethical principles that guide the organisation in its daily operations. Together with Lyko's Anti-Corruption Policy, it establishes clear expectations for behaviour and helps mitigate risks related to corruption, bribery and conflicts of interest.

As part of the onboarding process, all employees are introduced to The Lyko Code and the Anti-Corruption Policy. All employees are responsible for adhering to these guidelines, and line managers provide support in matters related to ethics and business conduct.

In the same way that Lyko has clear internal guidelines, requirements are also placed on business partners to act in line with these principles. These expectations are governed through supplier agreements and Lyko's Supplier Code of Conduct, which outlines requirements related to business ethics and human rights. Lyko reserves the right to take action and, in cases of serious or repeated breaches, to terminate business relationships with suppliers that do not meet these requirements.

WHISTLEBLOWING

To support an open and responsible corporate culture, Lyko has established an external whistleblowing function. The function is available to both employees and external parties and can be used to report suspected misconduct, breaches of internal policies or other serious irregularities.

Reports can be submitted anonymously and are handled in accordance with established procedures to ensure confidentiality and protection for the reporting individual. The whistleblowing function is an important tool for identifying risks at an early stage and ensuring that the company acts in line with its values as it continues to grow. During the year, no cases classified as whistleblowing cases were reported.



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 financial year 2025 on pages 26-45 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, April 28, 2026
Ernst & Young AB

Charlotte Holmstrand
Authorized Public Accountant



FAB STORE – TÄBY CENTRUM

Inauguration of Lyko's first Fab Store – a successful start to the next retail chapter

In October, Lyko opened the doors to our very first Fab Store, and the premiere in Täby Centrum was a resounding success! With thousands of curious visitors during the opening days, the initiative marks the beginning of a new chapter in Lyko's retail strategy.

Fab Store is more than a new store. It is a blueprint for the future of Lyko – the concept that will set the standard for the next hundred stores.

– Strategically, this is incredibly important. It allows us to accelerate the pace and roll out even more stores faster. The exact pace of the rollout will be communicated at a later stage," says Rickard Lyko, CEO and founder.

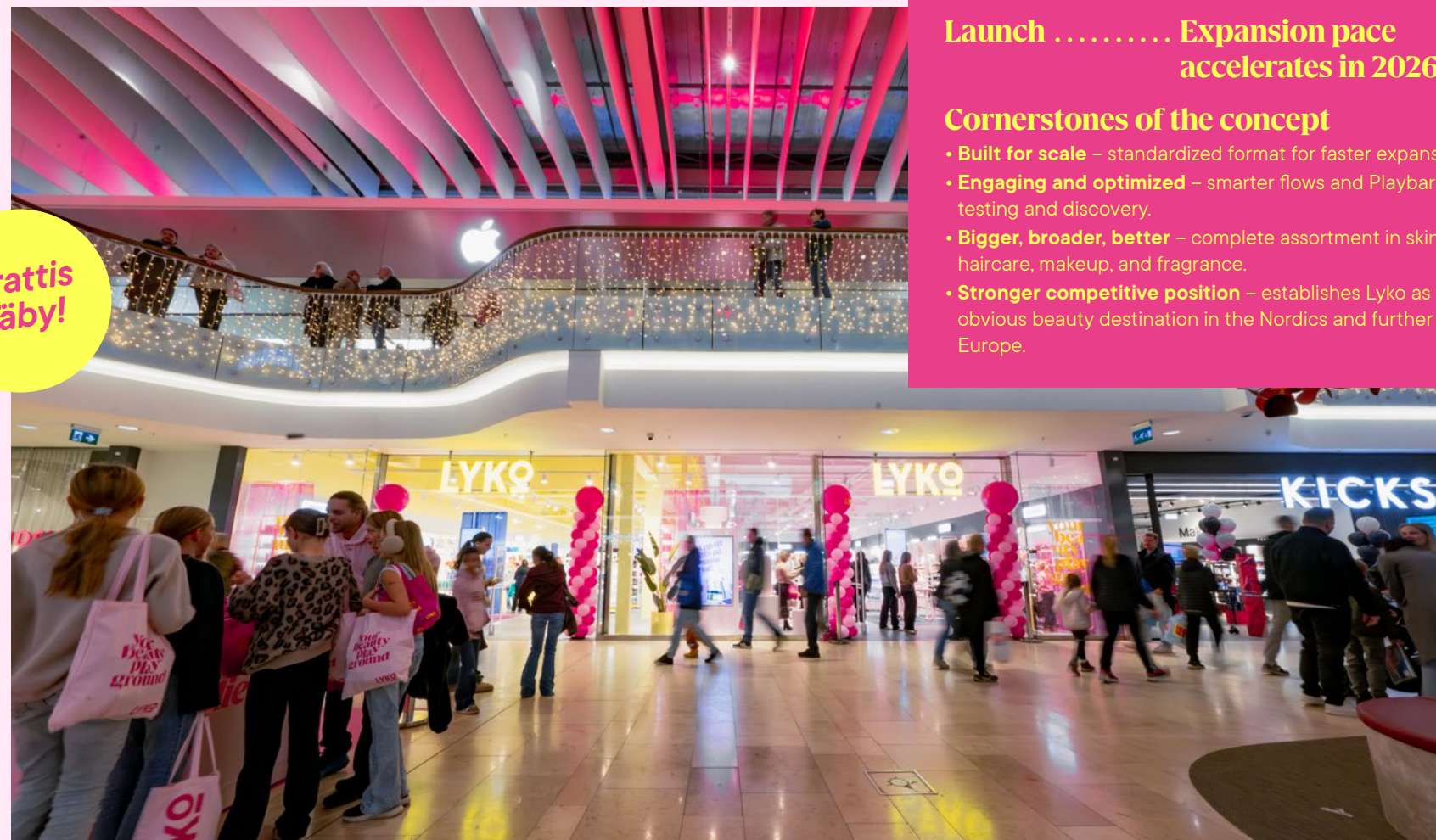
500 SQUARE METERS OF PURE BEAUTY MAGIC

Lyko has packaged the entire experience – Your Beauty Playground – in a format combining inspiration, playfulness, and efficiency.

Visitors are greeted by generous spaces, smarter customer flows, and Playbars where you can easily test and discover new products. The assortment is broader than ever in skincare, haircare, makeup, and fragrance, and the store functions as much as a meeting place as a shopping destination.

"Täby Centrum is not just any shopping center. It is Sweden's second largest by revenue, has been named Stockholm's best shopping experience, and attracts over 10 million visitors per year. For us, it is the perfect stage to launch our Fab Store – here we showcase the full power of our new concept to a demanding and trend-conscious audience", says Erica Wredberg, Chief Retail Officer.

Grattis
Täby!



FACTS – FAB STORE

Size 500 kvm

First location.... Täby Centrum

Purpose Blueprint for the next 100 stores

Launch Expansion pace accelerates in 2026

Cornerstones of the concept

- **Built for scale** – standardized format for faster expansion.
- **Engaging and optimized** – smarter flows and Playbars for testing and discovery.
- **Bigger, broader, better** – complete assortment in skincare, haircare, makeup, and fragrance.
- **Stronger competitive position** – establishes Lyko as the obvious beauty destination in the Nordics and further into Europe.

Lyko the place to be for Halloween

Lyko's annual Halloween party started in Oslo and has over the years grown into one of the industry's most sought-after events. Influencers and celebrities reach out months in advance hoping to secure an invitation, and outside the store, curious onlookers gather to catch a glimpse of the spectacular creations on the red carpet.

During the year, Lyko cemented its position as the place to be for Halloween – bigger and more high-profile than ever. After the premiere in Stockholm the year before, the party was held there for the second year running and has quickly reached the same status as in Oslo, with strong engagement both on-site and on social media.

Help!
Get me out
of here!



SELLO - STORE OPENING

Lyko expands with third store in Finland

Onnea Espoo!



In 2025, Lyko continued its expansion in Finland by opening its third store in Espoo.

“Lyko’s growth in Finland has been strong, both online and in-store. Our omnichannel strategy, our broad and trend-driven assortment, and our experience-driven customer journey have made us the fastest-growing beauty retailer in the market. We are very pleased to open a new store in Espoo and further strengthen our presence in the Helsinki region,” says Erica Wredberg, Chief Retail Officer at Lyko.

ENTERTAINMENT ACROSS CHANNELS

Lyko Sessions

Lyko Sessions is an entertainment format combining the best of talk shows, YouTube, and social media – a “talk show without a sofa” created to meet audiences in their own feeds.

In each episode, two well-known personalities are paired together, with content tailored to the guests, making every encounter unique. Full episodes are published on YouTube while shorter clips are distributed on TikTok, Instagram, and YouTube Shorts to create reach and engagement where the audience is already active. Season 1 was a clear viewing success.

Several episodes had an average view time of over seven minutes on YouTube, and more than half of viewers watched via TV screen – a testament to the format’s ability to truly engage. At the same time, the shorter clips generated strong reach and interaction on social media.

The success is built on the varied format without a fixed host, the strong cast, and the

balance between humor, important conversations, and creative beauty.

Now, Lyko Sessions is being renewed with a second season to continue developing the format, build on the strong viewer love, and take the next step in creating relevant, entertaining, and culturally present content for the community.



LYKO X FLOW FESTIVAL

Lyko's experience-based Your Beauty Playground impressed festival-goers in Helsinki

In 2025, Lyko Finland conducted its first hyperlocal 360° campaign in partnership with the internationally recognized Flow Festival, aiming to strengthen brand awareness and cultural relevance among trend-conscious millennials in the Helsinki region. The campaign combined digital media, OOH, organic social media, influencer collaborations, retail activation, and a strong presence at the festival grounds.

A 70 m² “Your Beauty Playground” offered an immersive meeting place with multiple activations and beauty services, seamlessly integrating the brand into the festival environment.

“Our ambition was to create an experience that felt like a natural and inspiring part of Flow Festival. Every touch-point was designed to engage and entertain our target audience. The overwhelmingly positive response shows that when a brand adds real value to the audience’s experience, engagement follows organically,” says Netta Kuhlberg.

The partnership demonstrated how brand-aligned collaborations can become a meaningful and value-creating part of the overall event experience.



Netta Kuhlberg, Country Manager Finland.



NORWAY

Retail-tainment – Lyko on wheels!



In the spring, Lyko toured with a mobile pop-up concept through ten cities in Norway.

The small store on wheels was met with great interest from customers across the country, and the response exceeded expectations. The tour helped strengthen brand awareness and provided valuable insights into where demand for new stores is greatest.

MINLEN LAUNCH

Lyko launched Madeleine Bernadotte's skincare line

In the autumn of 2025, Madeleine Bernadotte launched the skincare brand minLen together with Lyko at our FABShip store on Drottninggatan in Stockholm. At the event, Madeleine met customers and visitors in-store.

The launch was a clear testament to Lyko's strong position as a destination for new and sought-after beauty brands. With minLen in the assortment, Lyko continues to broaden its offering in modern, conscious skincare and attract both international collaborations and curious beauty lovers.



LYKO COMMUNITY

Our social beauty universe

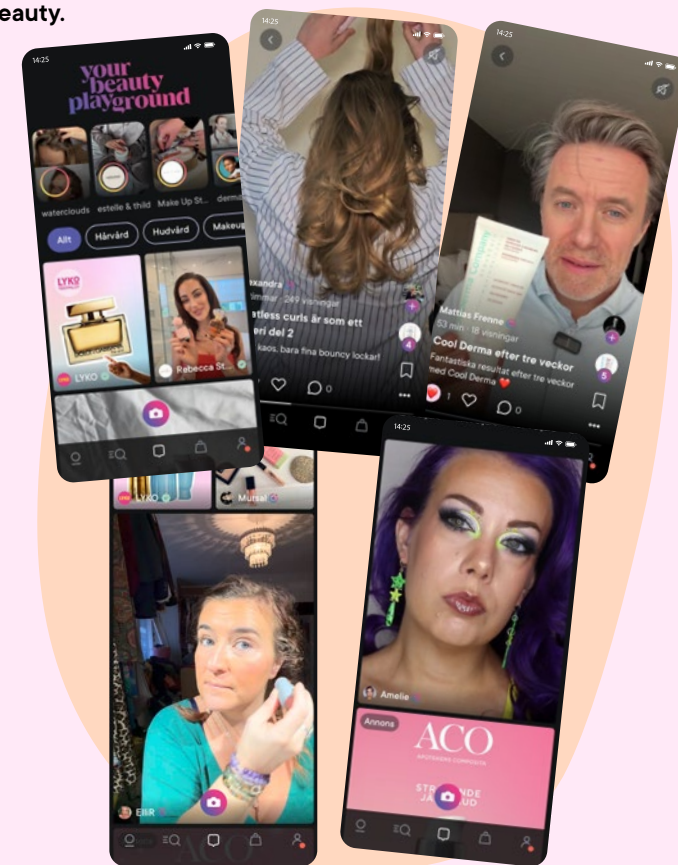
We continue to develop our own beauty universe through Lyko Community, a social platform in our app where customers, creators, brands, and our own experts come together around a shared passion for beauty.

The Community is the first thing you see in our app, which now has over 1.5 million downloads, with 30 percent of all purchases made through it. Here, users can share reviews, publish videos, ask experts questions, and be inspired by other beauty enthusiasts. The platform is built to encourage genuine conversations about products – both praise and criticism – and helps customers make more informed purchasing decisions.

During the year, we also launched Lyko Creator, a new initiative where creators are paid for their content based on views. The initiative quickly gained traction and attracted over 1,000 creators in just the first few weeks. The model is based on engaging content generating more views in the app, which in turn enables us to offer attractive advertising space for our brand partners.

Every day, a large volume of content is published by users in Lyko Community, strengthening the relationship between customers, brands, and us as a platform. At the same time, the community creates new opportunities for brands to reach a highly engaged audience directly in the environment where the passion for beauty is greatest.

With Lyko Community, we take further steps toward our ambition to become the starting point for everything in beauty – where inspiration, knowledge, and commerce meet in one place.



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 in day-to-day operations. Risk assessments covering 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, its brand and to support employees in making sound decisions, Lyko has implemented a Code of Conduct for all employees. In addition, 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 considered most relevant to Lyko's operations and future development.

COMPETITION

The market for haircare and beauty products is highly competitive and characterised by a large number of players with different business models. In weaker economic conditions, competition may intensify further through aggressive pricing, promotion-driven volumes and industry consolidation. New entrants or changes in competitor strategies may negatively impact Lyko's market share and margins.

MITIGATING ACTIVITIES:

- Focus on a specialised and broad beauty assortment
- Development of own brands
- Automated and scalable logistics with an efficient cost structure
- Active, data-driven pricing and marketing that can be adjusted quickly
- Omnichannel offering across e-commerce, stores and services to strengthen customer experience

ECONOMIC CONDITIONS AND CONSUMER BEHAVIOUR

Lyko is affected by general economic, financial and political conditions. In weaker economic conditions, consumers may reduce spending on beauty products, become more promotion-driven or shift towards lower price segments. This may impact both sales volumes and gross margins. Currency fluctuations may also affect purchasing costs and pricing.

MITIGATING ACTIVITIES:

- Broad product mix across multiple price segments
- Expansion into adjacent product categories
- Real-time monitoring of sales and customer behaviour
- Active management of campaigns, purchasing and inventory



BRAND

The Lyko brand is one of the Group's most important assets. Negative publicity, for example in social media related to products, partnerships, customer experiences or Lyko as an employer, may adversely affect brand value, sales and growth.

MITIGATING ACTIVITIES:

- Distinct and transparent brand communication
- Code of Conduct for employees and suppliers
- Professional and accessible customer service, moderated community
- Active dialogue with customers and suppliers
- Continuous investments in brand-building activities

SUPPLIERS AND BRAND OWNERS

One of Lyko's key competitive advantages is its broad assortment. The company is dependent on its ability to attract and maintain relationships with brand owners and distributors. Changes in terms from major suppliers, loss of distribution agreements or increased supplier concentration may negatively impact the attractiveness of the assortment and margins.

MITIGATING ACTIVITIES:

- Broad portfolio of suppliers and brands
- Long-term relationships and contractual agreements
- Value-creating initiatives for suppliers, including customer insights, Lyko Insight, Lyko Community and Retail Media
- Development of own brands and in-house production capabilities

RISKS

IT SECURITY AND LOGISTICS

Lyko's operations are highly dependent on integrated and automated systems for e-commerce, warehouse management, payments and customer communication. Disruptions to these systems, for example due to cyberattacks, system failures, supplier issues, sabotage or human error, may negatively impact delivery performance, customer experience and the brand.

MITIGATING ACTIVITIES:

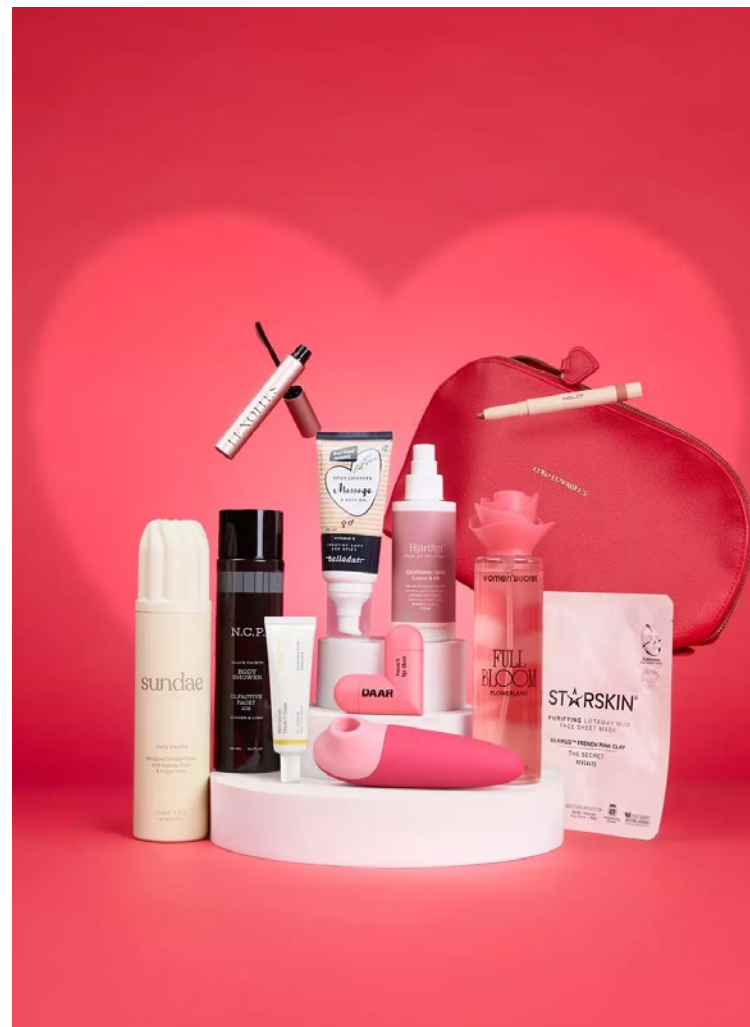
- Continuous investments in IT security solutions, modern technologies, penetration testing and monitoring
- Redundancy in critical systems and regular backup routines
- Ongoing testing of incident response and disaster recovery capabilities
- Continuous development and quality assurance of logistics flows and processes
- Building internal expertise and limiting reliance on external consultants in critical functions

FINANCIAL POSITION

Lyko's operations require working capital, primarily in the form of inventory and accounts receivable. Reduced profitability, changes in supplier payment terms or limited access to financing may negatively impact cash flow and financial position.

MITIGATING ACTIVITIES:

- Active management of central warehouse, purchasing and payment terms
- Continuous monitoring of cash flow and capital tied up
- Limited number of physical stores
- Ongoing dialogue with financial counterparties and access to credit facilities

**COMPLIANCE AND REGULATORY RISKS**

Lyko operates across multiple markets and is subject to regulatory requirements in several jurisdictions. The business is governed by EU legislation, national regulations and authority requirements in areas such as marketing, data protection (GDPR), AI, sustainability reporting, product safety and competition law. Non-compliance may result in sanctions, sales restrictions and reputational damage. Ongoing centralisation efforts may also create a risk that regulatory changes in certain markets are not identified in a timely manner.

MITIGATING ACTIVITIES:

- Structured approach to compliance and risk monitoring through central tools, internal policies, established processes and annual Board evaluation
- Continuous monitoring and implementation of regulatory developments at EU and national level
- Own-brand products ensure compliance through controls against applicable regulations and lists of restricted or prohibited substances

SUSTAINABILITY

Lyko's operations are exposed to climate-related and social risks. Although some of these risks arise outside Lyko's direct operations, failure to address them may impact trust among customers, employees and shareholders, cause supply chain disruptions, and lead to unforeseen costs and potential regulatory non-compliance.

HANtering:

- Structured due diligence in the value chain
- Preventive occupational health and safety practices
- Optimisation of warehouse and distribution flows
- Climate calculations and emission reduction initiatives
- Processes for product safety and product information

The share

Lyko's disclosure to its shareholders and the capital market aims to create a fair representation of the company's development, minimize the risk of rumors and speculation, and contribute to increasing interest in the company's share. Lyko's share has been listed on Nasdaq First North Growth Premier since 2017.

MARKET VALUE AND TRADING

The closing price as of December 31, 2025 was SEK 139.60, giving Lyko a market capitalization of SEK 2,137 million. The lowest price was SEK 88.50. The share price increase during 2025 was 46.2 percent, compared to Nasdaq OMX SPI which increased by 14.9 percent during the same period.

DIVIDEND POLICY AND DIVIDEND

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

SHARE CAPITAL DEVELOPMENT

Lyko's share capital as of December 31, 2025 amounted to SEK 7.7 million, distributed across 15.3 million shares. Each share carries equal rights to the company's assets and results. At general meetings, each share entitles the holder to one vote, and all shareholders may vote for the full number of shares held without any restrictions on voting rights. Shares may be freely transferred.

FINANCIAL INFORMATION

Lyko publishes four interim reports and one annual report per year. Reports are available to read and download or order in print from the company's website www.lykogroup.se

ANNUAL GENERAL MEETING 2025

The Annual General Meeting will be held physically on May 19, 2026 at 09:00 at Lyko's premises at Drottninggatan 39 in Stockholm.

INVESTMENT CASE

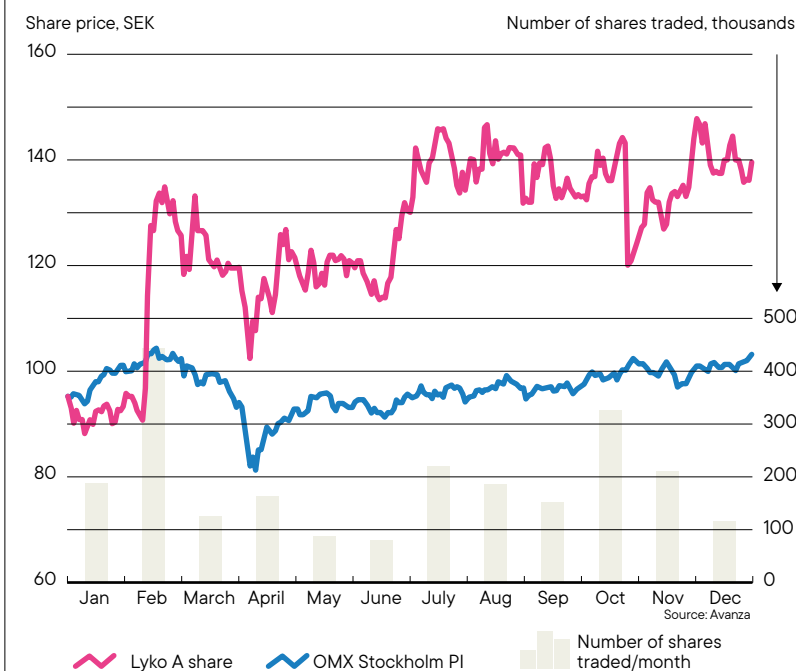
- Large addressable market with low cyclical and structural growth.
- Largest e-retailer in haircare and beauty in Sweden and a leading player in professional haircare in Sweden.
- High degree of automation in warehouse operations for high cost, resource, and capital efficiency.
- Established and proven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

SHAREHOLDERS

Largest shareholders	Kapital, %	Röster, %	Antal aktier
Lyko Holding AB	50,11%	50,11%	7 672 087
Hamrin Family	16,72%	16,72%	2 559 293
Fidelio Capital	12,97%	12,97%	1 986 246
Swedbank Robur Fonder	3,33%	3,33%	510 000
Handelsbanken småbolagsfond	3,09%	3,09%	473 473
Unionen	3,05%	3,05%	466 388
Avanza Pension	0,79%	0,79%	121 041
FE Småbolag Sverige	0,70%	0,70%	106 923
Axelsson family	0,39%	0,39%	60 000

Source: Euroclear as of December 31, 2025.

THE LYKO SHARE 2025



As of December 31, 2025, Lyko had 8,019 shareholders. The proportion of shares registered abroad amounted to 0.7 percent.

The nine largest shareholders held a combined 91.15 percent of the capital and votes as of December 31, 2025.

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.

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 Euro-clear 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 FOR 2025

The shareholders of Lyko Group AB (publ), 556975-8229, registered office in Vansbro, are invited to the Annual General Meeting on Tuesday, May 19, 2026, 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 May 19, 2026, 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. If a new member is appointed, equivalent information about the new member shall be provided.

Composition of the Nomination Committee for the 2026 Annual General Meeting:

- Stefan Lyko, appointed by Lyko Holding AB (Chairman of the Nomination Committee)
- Kenneth Bengtsson (Chairman of the Board)
- Alexandra Björklund, appointed by Bellbox Holding AB
- Carl-Mikael Lindholm, appointed by Family Hamrin
- 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 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 set of rules of procedure, which is revised annually and adopted at the inaugural Board meeting each year. The rules of procedure regulate 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 Board Clic 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 seven ordinary members elected by the General Meeting, who are presented in the section "Board of Directors, Executive Management, and Auditors."

At the 2025 AGM, the re-election of sitting Board members Kenneth Bengtsson, Rickard Lyko, Carl-Mikael Lindholm, Marie Nygren, Erika Lyko, and Håkan Håkansson was proposed and approved, with Kenneth Bengtsson re-elected as Chairman of the Board. Isabelle Ducellier 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 rules of 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, 2025, it was decided that fees shall be paid to Board members Carl-Mikael Lindholm, Håkan Håkansson, Isabelle Ducellier, and Marie Nygren 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)
Rickard Lyko	Board member	0
Erika Lyko	Board member	0
Kenneth Bengtsson	Chairman of the Board	500 000
Carl-Mikael Lindholm	Board member	250 000
Håkan Håkansson	Board member	250 000
Isabelle Ducellier	Board member	250 000
Marie Nygren	Board member	250 000

CURRENT EMPLOYMENT AGREEMENTS FOR CEO AND EXECUTIVE MANAGEMENT

Decisions regarding current remuneration levels and other employment terms for the CEO and executive management have been made by the Board. The table below presents the remuneration for the CEO and executive management for the 2025 financial year.

Name	Base salary/ Board fee	Variable compensation	Other benefits	Pension cost	Total
Rickard Lyko	2.0	0.0	0.1	0.5	2.6
Other executives	12.7	0.0	0.7	3.7	17.1
Total	14.7	0.0	0.8	4.2	19.7

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 one of the other executives, the mutual notice period is six months for both the employee and the employer, while for the remaining seven executives, the mutual notice period 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 and the group's policies, principles, and instructions. Internal control also includes risk analysis and the monitoring of implemented information and business systems. 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 goal of the diversity policy is to ensure that the Board's composition meets the requirements for diversity in terms of gender, age, and nationality, as well as experience, professional backgrounds, and business areas.

The current Board consists of four men and three women, with women representing 43%, which is in line with the Swedish Corporate Governance Board's long-term target of approximately 40% for the least represented gender.

AUDIT

The auditor shall examine the company's annual report and consolidated financial statements, 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; however, it constitutes a deviation from the Swedish Corporate Governance Code.

Board of directors



Kenneth Bengtsson

Born: 1961.

Chair of the Board since 2018.

Education: Upper secondary economics.

Other current positions: Chair of Clas Ohlson AB, SJ, JumpYard, and the non-profit World Childhood Foundation. Board member of Synsam AB.

Previous positions: CEO of ICA, Chair of the Confederation of Swedish Enterprise and Swedish Trade Federation. Chair of Mio AB and the non-profit Ersta Diakoni.

Shareholding: Kenneth Bengtsson holds, indirectly together with related parties, 4,000 shares.

Independence: Independent of the company and management, independent of major shareholders.



Rickard Lyko

Born: 1982.

Board member since 2008.

Education: Studies in economics, Uppsala University.

Other current positions: CEO of Lyko Group AB and Board member of all wholly owned subsidiaries. Chair of Lyko Holding AB. Board member of Svensk Handel, DeoDoc AB.

Previous positions: Chair of Bellbox Hårvårdsbaren AB, B & B Stockholm AB and Concept YOU AB. Board member of Företagarna Dalarna Service AB and Företagsamma Dalarna Service AB.

Shareholding: Rickard Lyko holds, indirectly together with related parties, 7,672,087 shares.

Independence: Dependent on the company and management, dependent on major shareholders.



Erika Lyko

Born: 1986.

Styrelseledamot sedan 2020.

Education: Vocational training, hairdresser.

Other current positions: Board member of Lyko Holding AB, Lyko Group AB, and Lyko Group AB's subsidiaries.

Shareholding: Erika Lyko holds, indirectly together with related parties, 7,672,087 shares.

Independence: Dependent on the company and management, dependent on major shareholders.



Isabelle Ducellier

Born: 1969.

Board member since 2025.

Education: MSc in Economics, Master's degree from Emlyon Business School and Executive MBA from Harvard Business School.

Other current positions: Board member of Devyser Diagnostics AB.

Previous positions: CEO of Orkla Health, BioGaia, and Pernod Ricard Sweden. Secretary General of the Swedish Childhood Cancer Fund. Associate Partner at McKinsey. Board member of Björn Borg AB.

Shareholding: Isabelle Ducellier holds, indirectly together with related parties, 597 shares.

Independence: Dependent on the company and management, dependent on major shareholders.

Cont.

» Board of directors



Marie Nygren

Born: 1965.

Board member since 2017.

Education: MSc in Economics, Stockholm University.

Other current positions: Board member of Bravida Holding AB and Viva Wine Group.

Previous positions: CEO of Coop Sverige AB, CEO of the Swedish Co-operative Union. Chair of Coop Logistik AB and Coop Sverige. Deputy CEO of Systembolaget AB, CEO of Stor & Liten. Board member of Svensk Handel, Apotek Hjärtat AB, Runsvensgruppen, Trettio.se, Kicks, Svensk Dagligvaruhandel.

Shareholding: Marie Nygren holds 1,965 shares.

Independence: Independent of the company and management, independent of major shareholders.



Håkan Håkansson

Born: 1981.

Board member since 2021.

Education: MSc in Financial Economics, Stockholm School of Economics.

Other current positions: Board member of Beauty Icons AB (Caia Cosmetics), NN.07 ApS, and iBinder BC AB. Senior Advisor and Board member of Fidelio Capital AB.

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

Shareholding: Håkan Håkansson holds 4,500 shares.

Independence: Independent of the company and management, dependent on major shareholders.



Carl-Mikael Lindholm

Born: 1971.

Board member since 2024.

Education: Medical degree, Karolinska Institutet, and specialist degree in general medicine and oncology.

Other current positions: Chair of Hamhus AB and its subsidiaries. Board member of Herenco AB. Board member and portfolio manager of The Hamrin Foundation. Board member of Balco Group AB.

Previous positions: Physician at Radiumhemmet at Karolinska University Hospital, Oncologist at Linköping University Hospital, Oncologist at Ryhov County Hospital, and Operations Manager at Bankeryds Primary Health Care Center.

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

Independence: Independent of the company and management, dependent on major shareholders.

Auditor



CHARLOTTE HOLMSTRAND

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

Charlotte Holmstrand has been the lead auditor since 2024.

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

Management



Rickard Lyko

Founder and CEO

Born: 1982.

Education: Studies in economics, Uppsala University.

Previous positions: Chair of Bellbox Hårvårdsbaren AB, B & B Stockholm AB and Concept YOU AB. Board member of Företagarna Dalarna Service AB and Företagsamma Dalarna Service AB.

Other current positions: CEO of Lyko Group AB and Board member of all wholly owned subsidiaries. Chair of Lyko Holding AB. Board member of Svensk Handel, DeoDoc AB.

Shareholding: 7,672,087 shares (indirectly together with related parties).



Ylva Norlén

Chief Financial Officer since 2024.

Born: 1981.

Education: MSc in Economics, Stockholm School of Economics.

Previous positions: CFO 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 of DoSpace Sweden AB.

Shareholding: 0 shares.



Philip Tropp

Chief Operating Officer since 2026, with the company since 2023.

Born: 1984

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

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

Other current positions: Chair of Slätrens Vind AB, Twenty Mile AB, Twenty Mile II AB, FBTC Invest AB. Board member of Long Vindpark AB, Lumbers Vind AB, PJT Fastigheter AB, XYZ Holding AB.

Shareholding: 500 shares.



Anna Alvemo

Chief Purchasing Officer since 2023.

Born: 1980.

Education: MSc in Economics, Stockholm University.

Previous positions: Various positions at Oriflame Cosmetics, most recently as Senior Director Global Direct Procurement. Analyst at Nutek & OECD.

Shareholding: 600 shares.

Cont.

» Management



Cecilia Kroon

Chief Sales Officer since 2026,
with the company since 2024

Born: 1979.

Education: Studies in economics,
School of Business, Economics and Law
at University of Gothenburg.

Previous positions: Marketing Director
Brand & Acquisition Storytel, Account
Director GTB Canada, Account Director Volt,
Account Director Saatchi & Saatchi, Nordic
Senior Marketing Manager Nordea.

Other current positions:
Board member of IAB.

Shareholding: 333 shares.



Moa Wictorén

Chief Human Resources Officer since 2019.

Born: 1979.

Education: BSc in Psychology,
Stockholm University.

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

Shareholding: 75 shares.



Lotta Onajin

Chief Marketing Officer since 2026,
with the company since 2023

Born: 1973.

Education: MSc in Economics, School
of Business, Economics and Law at
University of Gothenburg.

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

Shareholding: 200 shares.



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 – December 31, 2025. 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 34 (32), distributed as follows: 26 (26) in Sweden, 5 (4) in Norway, and 3 (2) in Finland.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- On May 17, 2025, Lyko opened its third store in Finland, in Espoo, Helsinki.
- On October 25, 2025, Lyko opened its fifth store in Norway, in Sandnes/Stavanger.
- On November 8, 2025, the store in Täby in northern Stockholm reopened after renovation, twice the size and in the new FAB Store format.
- In December, a lease agreement was signed for a store in Kalmar, in the FAB Store format, with a planned opening in spring 2026.

- During the summer, the commissioning of the new warehouse automation in Vansbro commenced; the ramp-up continued through the autumn and the automation is expected to be fully operational in early 2026.
- The new own brand Scandinavian Soap Factory was launched in spring.
- A reorganization of the Europe segment commenced in December, entailing the closure of the offices in the Netherlands and Germany, with operations going forward to be managed from the head office.

SALES AND RESULTS

The group's net sales amounted to SEK 3,962.6m (3,561.7), representing a growth of 11.3% compared to 2024. Growth was primarily driven by strong development in the Nordic segment, which accounted for growth of 12.0 (18.2) %. During the year, the share of the group's net sales attributable to the Nordic segment amounted to 93.4 (92.8) %, which totaled SEK 3,699.8m (3,304.3). In the Europe segment, sales amounted to SEK 130.7m (132.4).

EBIT for the period amounted to SEK 78.2m (117.4), with an EBIT margin of 2.0 (3.3) %.

The group's depreciation and amortization increased to SEK -174.1m (-170.0). The tax expense for the year amounted to SEK -2.1m (-16.6). The result for the year amounted to SEK -3.0m (21.0). Tax expenses are calculated based on the results for each individual market within the group.

KEY FIGURES

SEK m unless otherwise stated	2025	2024
Total revenue	3,975.7	3,579.1
Net sales	3,962.6	3,561.7
Sales growth, %	11.3%	16.6%
Gross profit	1,658.7	1,568.8
Gross margin, %	41.9%	44.0%
Operating profit (EBIT)	78.2	117.4
EBIT margin, %	2.0%	3.3%
Profit (+) / Loss (-) for the year	-3.0	21.0
Earnings per share, SEK	-0.20	1.37
Cash flow from operating activities	527.5	209.7
Net debt (+) / Net cash (-), excluding IFRS 16	292.5	333.1

For definitions of key figures, see note 37.



NET SALES AND RESULTS PER SEGMENT

	2025	2024
Nordics		
Net sales	3,699.8	3,304.3
EBIT	368.3	416.7
Europe		
Net sales	130.7	132.4
EBIT	-26.7	-33.6
Other operations		
Net sales	127.1	124.6
EBIT	-45.6	-45.2
Group functions		
Net sales	5.1	0.4
EBIT	-217.8	-220.6
Group		
EBIT	78.2	117.4
Net financial items	-79.2	-79.7
EBT (Earnings Before Tax)	-0.9	37.6

CASH FLOW

Cash flow from operating activities for the full year amounted to SEK 527.5m (209.7). Cash flow from investing activities amounted to SEK -351.2m (-204.0). The most significant investments during the year include the new automation solution in the central warehouse, the opening of two new stores, one in Sandnes/Stavanger, Norway, and one in Espoo, Finland, along with continued digital development. Cash flow from financing activities amounted to SEK 150.9m (65.9) and mainly consists of loans taken out amounting to SEK 270.3m and repayment of lease liabilities amounting to SEK -119.4m. The total cash flow for the full year amounted to SEK 327.3m (71.7).

FINANCIAL POSITION

Equity as of the balance sheet date amounted to SEK 456.6m (469.1), corresponding to an equity ratio of 14.8 (20.3) %. The decrease in equity ratio is due to the balance sheet total increasing by SEK 773m, mainly attributable to increased investments in property, plant and equipment, increased borrowing, and higher current liabilities.

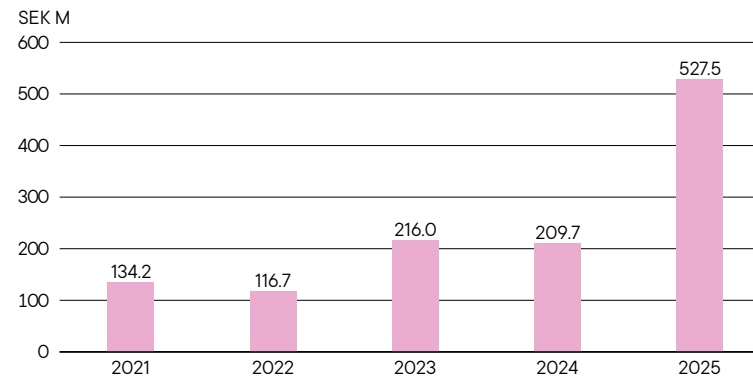
The group's current liabilities, excluding liabilities to credit institutions and lease liabilities, amounted to SEK 1,194.9m (652.4) at the end of the year.

Interest-bearing liabilities including lease liabilities amounted to SEK 1,416.3m (1,169.3). Lease liabilities amount to SEK 671.3m (695.7). Net debt, excluding leasing, amounted to SEK 292.5m (333.1) as of the balance sheet date, and cash and cash equivalents amounted to SEK 452.5m (140.5).

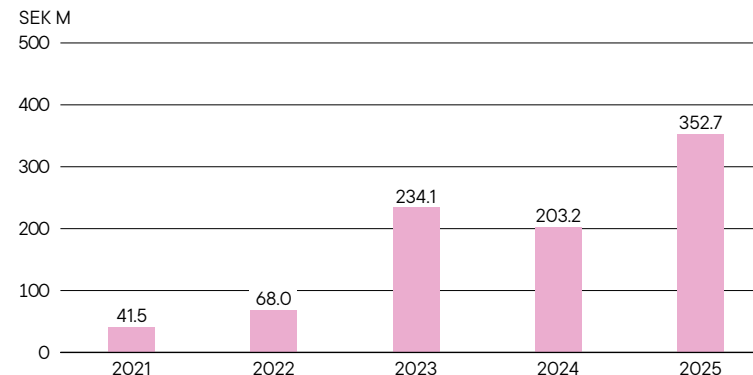
Inventory as of the balance sheet date amounted to SEK 633.7m (512.0). The proportion of inventory in relation to net sales at the end of 2025 amounted to 16.0 (14.4) %.

As of December 31, 2025, the number of shares amounted to 15,310,012 (15,310,012).

CASH FLOW FROM OPERATING ACTIVITIES · 2021-2025



INVESTMENTS (EXCL. ACQUISITIONS) · 2021-2025



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.

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, operations at the central warehouse in Vansbro continue 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 in early 2026.

SUSTAINABILITY

Lyko's sustainability work is an integrated part of our business and growth. The business is conducted lawfully, with a focus on reducing our climate impact and using resources responsibly and efficiently, as well as with respect for people's health, safety, and human rights. The sustainability report according to the Swedish Annual Accounts Act is presented on pages 26–45 and pages 52–53.

THE SHARE AND SHARE CAPITAL

During the year, the Lyko share increased from SEK 97 to SEK 140. The market value as of December 31, 2025, amounted to SEK 2,137m (1,487).

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 889 (781) full-time employees in 2025, calculated as an average for the year, of which 67 (70)% are women. The majority of all employees are based in Sweden.

PARENT COMPANY

The parent company Lyko Group AB's operations consist of management services to other companies in the group. Revenues for the full year amount to SEK 8.7m (6.5).

Operating profit amounted to SEK -1.7m (-10.1).

The net financial items amounted to SEK -5.3m (-5.5). The parent company's profit before tax amounted to SEK -4.9m (5.6). The change is mainly due to the received group contribution being lower than the previous year. Profit after tax amounted to SEK -5.6m (1.5).

EVENTS AFTER THE END OF THE YEAR

- In January, a lease agreement was signed for a store in Charlottenberg. The store opened on April 1st.
- The new own brand Gleeze was launched at the end of January.
- On January 29, Lyko published a Trading Update with preliminary figures and announced a cost savings programme. The programme is expected to generate annual cost savings of approximately SEK 100m, excluding one-off restructuring costs related to workforce reductions, and is estimated to affect approximately 70 full-time positions. A SEK 22m restructuring cost has impacted the first quarter 2026.

- On March 31st Lyko signed an extension agreement with Danske Bank and Swedbank to extend current RCFs until 2028.
- On April 25 Lyko's second FAB Store opened in Kalmar.

DIVIDEND

Lyko's dividend policy is to primarily use generated cash flows for continued expansion. The Board therefore proposes no dividend for the financial year 2025.

PROPOSED DISTRIBUTION OF EARNINGS

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

Share premium reserve	305,814,299
Retained earnings	118,887,384
Profit/loss for the year	-5,595,103
Total	419,106,579

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

Carried forward	419,106,579
Total	419,106,579

GOING CONCERN

The Board of Directors and Group management closely monitor the Group's liquidity position and compliance with financial covenants. After the reporting date, a cost savings programme has been announced and implementation has commenced to strengthen earnings and cash flow. The Group maintains ongoing close dialogue with its banks, and a financing agreement with associated terms was entered into as of 31 March 2026. Based on the measures taken and current forecasts for 2026, management has assessed that the Group has access to sufficient financing to meet its obligations, and the going concern basis of accounting has accordingly been applied in the preparation of the financial statements.

RISKS

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

- Risks related to strong competition in the market for hair care and beauty products, including the establishment of new players, changing

business models or more aggressive pricing, which may reduce Lyko's market share and have a significant negative impact on Lyko's operations, results, and financial position.

- Risks related to macroeconomic changes, an economic downturn or changes in customer behaviour, where consumers may reduce their spending, shop more promotion-driven or choose products in lower price segments, which may have a significant negative impact on Lyko's operations, results, and financial position.
- The risk that Lyko's reputation and brand deteriorate, for example through negative publicity regarding products, partnerships, customer experiences or the company as an employer, which may adversely affect sales and growth and thereby have a significant negative impact on Lyko's operations, results, and financial position.
- Risks related to errors, interruptions or security incidents in Lyko's IT systems and logistics processes, for example as a result of cyber attacks, system failures, supplier disruptions or human error, which may adversely affect delivery capacity, customer experience and brand, and thereby have a significant negative impact on Lyko's operations, results, and financial position.
- Risks related to dependence on suppliers, distributors and brand owners, where changed distribution terms or terminated agreements may limit Lyko's ability to offer an attractive and broad product range and thereby have a significant negative impact on Lyko's operations, results, and financial position.
- Risks related to regulation and regulatory compliance across multiple markets, including changes in areas such as data protection, AI, sustainability reporting, product safety and competition law, where non-compliance may lead to sanctions, sales restrictions or damaged trust, and thereby have a significant negative impact on Lyko's operations, results, and financial position.
- Risks related to sustainability matters, such as climate-related risks, social conditions in the supply chain or product safety, which may affect supply chains, create unforeseen costs or adversely affect the trust of customers, employees and owners.
- Risks related to Lyko's financial position and capital requirements, where for example changes in payment terms, deteriorating profitability or limited access to financing may adversely affect cash flow and financial position.

Group consolidated statement of comprehensive income

SEK m	Note	2025-01-01 - 2025-12-31	2024-01-01 - 2024-12-31
Operating income			
Net sales	3, 4	3,962.6	3,561.7
Other operating income	5	13.1	17.4
Total revenue		3,975.7	3,579.1
Operating costs			
Cost of goods sold		-2,303.9	-1,992.9
Other external expenses	7, 8	-834.1	-741.7
Employee benefits expenses	9	-573.5	-538.1
Depreciation and amortization of non-current assets	10	-174.1	-170.0
Other operating expenses		-11.9	-19.0
Operating profit (EBIT)		78.2	117.4
Financial income and expenses			
Financial income	11	3.6	3.0
Financial expenses	11	-82.7	-82.7
Profit (+) / Loss (-) before tax		-0.9	37.6
Income tax	13	-2.1	-16.6
Profit / Loss for the year		-3.0	21.0
Group consolidated statement of other comprehensive income			
Items that may be reclassified to profit or loss			
Translation of foreign operations		-9.5	3.7
Change in hedging reserve		0.0	-
Tax attributable to change in hedging reserve		0.0	-
Other comprehensive income		-9.5	3.7
Total comprehensive income for the year		-12.5	24.7
Profit / Loss for the year attributable to:			
Shareholders of parent company		-3.0	21.0
Non-controlling interest		0.0	0.0
Total comprehensive income attributable to:			
Shareholders of parent company		-12.5	24.7
Non-controlling interest		0.0	0.0
Average number of shares		15,310,012	15,310,012
Earnings per share (SEK) before/after dilution	14	-0.20	1.37
Proposed dividend per share (SEK)		0.00	0.00

Group consolidated statement of financial position

SEK m	Note	2025-12-31	2024-12-31
Non-current assets			
Goodwill	15	304.7	304.7
Other intangible assets	16	124.9	109.3
Right-of-use assets	17	695.4	721.5
Property, plant and equipment	18	658.1	375.4
Deferred tax assets	13	16.1	17.6
Equity method investments		0.1	0.1
Other financial assets	19	8.2	9.4
Total non-current assets		1,807.4	1,538.0
Current assets			
Inventories	20	633.7	512.0
Accounts receivable	21	76.9	54.9
Current tax receivables		9.4	–
Other current receivables		57.0	34.7
Prepaid expenses and accrued income	22	49.4	33.3
Cash and cash equivalents	23	452.5	140.5
Total current assets		1,278.9	775.4
Total assets		3,086.4	2,313.3

SEK m	Note	2025-12-31	2024-12-31
Equity and liabilities			
Equity and liabilities	25	7.7	7.7
Share capital		356.7	356.7
Other contributed capital		-7.4	2.1
Reserves		99.5	102.5
Retained earnings including profit for the year		456.5	469.0
Equity attributable to the shareholders of the parent		0.1	0.1
Non-controlling interest		456.6	469.1
Non-current liabilities			
Deferred tax liabilities	13	11.4	14.5
Non-current provisions	29	7.2	8.1
Non-current liabilities to credit institutions	19, 33	444.5	214.6
Long-term lease liabilities	7, 28	526.5	579.9
Total non-current liabilities		989.5	817.0
Current liabilities			
Current liabilities to credit institutions	28	300.5	259.0
Short-term lease liabilities	7, 28	144.8	115.8
Current provisions	30	22.9	17.3
Account payables		823.0	325.4
Current tax liabilities		12.6	13.7
Other current liabilities	19	167.8	145.4
Accrued expenses and prepaid income	31	168.6	150.5
Total current liabilities		1,640.2	1,027.2
Total liabilities		2,629.7	1,844.2
Total equity and liabilities		3,086.4	2,313.3

Group consolidated statement of changes in equity

	Attributable to the shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the year	Total		
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
Equity as per Jan 1, 2025	7.7	356.7	2.1	102.5	469.0	0.1	469.1
Profit / Loss for the year				-3.0	-3.0	0.0	-3.0
Translation of foreign operations			-9.5		-9.5		-9.5
Other comprehensive income			-9.5		-9.5		-9.5
Total comprehensive income for the period			-9.5	-3.0	-12.5	0.0	-12.5
Equity as per Dec 31, 2025	7.7	356.7	-7.4	99.5	456.5	0.1	456.6



Group consolidated statement of cash flow

SEK m	Note	2025-01-01 - 2025-12-31	2024-01-01 - 2024-12-31
Operating activities			
Profit after financial items		-0.9	37.6
Adjustments for non-cash items	32	198.2	196.5
Paid tax		-10.1	-1.6
Cash flow before changes in working capital		187.2	232.5
Cash flow from working capital changes			
Change in inventories		-142.3	-21.2
Change in operating receivables		-51.2	-40.9
Change in operating liabilities		533.8	39.3
Cash flow from operating activities		527.5	209.7
Investing activities			
Investments in intangible assets	16	-41.5	-41.0
Investments in property, plant and equipment	18	-311.2	-162.2
Proceeds from sale of property, plant and equipment		0.3	-
Acquisition of subsidiaries	33	-	-0.3
Change in financial assets		1.1	-0.4
Cash flow from investing activities		-351.2	-204.0
Financing activities			
New loans	28	270.3	175.6
Amortization of leases	28	-119.4	-109.6
Cash flow from financing activities	150.9	65.9	65.9
Cash flow for the year			
Cash and cash equivalents at the beginning of the year		140.5	71.1
Exchange rate effects on cash and cash equivalents		-15.3	-2.3
Cash and cash equivalents at the end of the year	23	452.5	140.5

Interest paid, including leasing, amounts to SEK 75.8m (74.4) for the group. Interest received amounts to SEK 3.5m (2.5) for the group.



Parent company income statement

SEK m	Note	2025-01-01 - 2025-12-31	2024-01-01 - 2024-12-31
Net sales	6	8.7	6.5
Total revenue		8.7	6.5
Operating costs			
Other external expenses	8	-5.1	-9.1
Employee benefits expenses	9	-5.3	-7.4
Other operating expenses		-	0.0
Operating profit (-loss)		-1.7	-10.1
Financial income and expenses			
Financial income	11	22.6	29.0
Financial expenses	11	-27.9	-34.5
Profit after financial items		-7.0	-15.6
Appropriations	12	2.1	21.1
Profit (+) / Loss (-) before tax		-4.9	5.6
Income tax	13	-0.7	-4.0
Profit / Loss for the year ¹⁾		-5.6	1.5

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	2025-12-31	2024-12-31
NON-CURRENT ASSETS			
<i>Financial assets</i>			
Shares in subsidiaries	26	580.7	580,7
Deferred tax assets		0.3	0,7
Equity method investments		0.3	0,3
Other non-current receivables		0.8	0,5
Total non-current assets		582.0	582,2
CURRENT ASSETS			
Receivables from group companies	36	151.5	559,9
Other current receivables		0.0	0,2
Prepaid expenses and accrued income	22	0.6	0,5
Cash and cash equivalents	23	450.4	138,6
Total current assets		602.6	699.2
Total assets		1,184.6	1,281.4

SEK m	Note	2025-12-31	2024-12-31
EQUITY			
Share capital	25	7.7	7,7
Total restricted equity		7.7	7,7
Share premium reserve		305.8	305,8
Retained earnings		118.9	117,3
Profit / Loss for the year		-5.6	1,6
Total non-restricted equity	24	419.1	424.7
Total equity		426.8	432.4
Untaxed reserves		29.0	29,0
Non-current liabilities			
Other non-current liabilities	19, 33	1.0	0,6
Total non-current liabilities		1.0	0,6
Current liabilities			
Current liabilities to credit institutions	19, 28	259.2	259,0
Account payables	19	0.2	0,2
Liabilities to group companies	36	463.4	550,1
Current tax liabilities		0.1	2,1
Other liabilities	19	2.5	1,6
Accrued expenses and prepaid income	31	2.5	6,4
Total current liabilities		727.9	819.4
Total liabilities		757.9	849.0
Total equity and liabilities		1,184.6	1,281.4

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		Total equity
	Share capital	Share premium reserve	Retained earnings including profit for the year	
Equity as per Jan 1, 2024	7.7	305.8	117.3	430.8
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
Equity as per Jan 1, 2025	7.7	305.8	118.9	432.4
Profit / Loss for the year			-5.6	-5.6
Total comprehensive income for the period			-5.6	-5.6
Equity as per Dec 31, 2025	7.7	305.8	113.3	426.8



Parent company statement of cash flow

SEK m	Note	2025-01-01 - 2025-12-31	2024-01-01 - 2024-12-31
Operating activities			
Profit after financial items		-7,0	-15,6
Adjustments for non-cash items	32	0,3	1,0
Paid tax		-2,2	8,5
Cash flow before changes in working capital		-8,9	-6,1
Cash flow from working capital changes			
Change in operating receivables		460,9	-404,9
Change in operating liabilities		-140,0	399,7
Cash flow from operating activities		312,1	-11,4
Investing activities			
Acquisition of subsidiaries/businesses		-	-0,3
Change in financial assets		-0,3	-0,8
Cash flow from investing activities		-0,3	-1,1
Financing activities			
New loans		-	84,0
Cash flow from financing activities		-	84,0
Cash flow for the year			
Cash and cash equivalents at the beginning of the year		138,6	67,1
Cash and cash equivalents at the end of the year		450,4	138,6



Notes

NOTE 1 • ACCOUNTING AND VALUATION PRINCIPLES

GENERAL

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union (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.

SEK Exchange rate	2025		2024	
	Average	Closing	Average	Closing
NOK	0.94	0.91	0.98	0.97
EUR	11.07	10.82	11.43	11.49
DKK	1.48	1.45	1.53	1.54
PLN	2.61	2.56	2.66	2.69

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 or at the point of sale in store. 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.



Cont. Note 1

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 recognizes right-of-use assets and lease liabilities related to all lease contracts in the balance sheet, with certain exceptions such as agreements with a short term or of low value.

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.

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 recognized as other external expenses.

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 "Leases".

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 värderas till anskaffningsvärde minus eventuella ackumulerade nedskrivningar. Goodwill prövas för nedskrivningsbehov årligen och dessutom så snart indikationer uppkommer som tyder på att tillgången i fråga har minskat i värde.

Immateriella tillgångar som förvärvats i ett rörelseförvärv identifieras och redovisas skilt från goodwill om de uppfyller kriterierna för en immateriell tillgång och verkligt värde kan beräknas på ett tillförlitligt sätt. Anskaffningsvärdet för den typen av immateriella tillgångar är verkligt värde vid förvärvstidpunkten. Efter första redovisningstillfället värderas immateriella tillgångar som förvärvats i ett rörelseförvärv enligt samma grunder som immateriella tillgångar som förvärvats separat.

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

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.

Within hedge accounting, derivatives are classified as cash flow hedges or fair value hedges. Changes in the fair value of currency derivatives are recognized in a hedging reserve through other comprehensive income and are subsequently included in the acquisition value of the hedged asset or reclassified to the income statement. The effectiveness of the cash flow hedge is measured quarterly by comparing the hedged item with the hedging instrument.

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.

Cont. Note 1

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 note 2 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.

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 group does not assess that the effects of IFRS 18 "Presentation and Disclosure in Financial Statements," which comes into effect on January 1, 2027, will have any significant impact on the group's financial reporting.

Other published amendments that came into effect on January 1, 2025, or are approved for application from 2026 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 has been measured at the lower of acquisition cost and fair value (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

The current loyalty program was introduced in 2022, since when customers have earned points 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 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 the balance sheet date, the provision for the group's customer club amounts to SEK 19.2m (14.1). An actual utilization rate of +/- 1 percentage point of management's estimate results in a change in the result of less than +/- SEK 0.5m.

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 the balance sheet date, the carrying value of right-of-use assets amounted to SEK 695.4m (721.5), and total lease liabilities amounted to SEK 671.3m (695.7). Of the carrying value of right-of-use assets, SEK 573.1m (574.6) 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 34 (32) Lyko stores (as of December 31, 2025). 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	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue from external customers	3,699.8	3,304.3	130.7	132.4	127.1	124.6	5.1	0.4	3,962.6	3,561.7
Total net sales	3,699.8	3,304.3	130.7	132.4	127.1	124.6	5.1	0.4	3,962.6	3,561.7
Operating profit (EBIT)	368.3	416.7	-26.7	-33.6	-45.6	-45.2	-217.8	-220.6	78.2	117.4
Financial income									3.6	3.0
Financial expenses									-82.7	-82.7
Profit after financial items									-0.9	37.6
Income tax									-2.1	-16.6
Profit / Loss for the year									-3.0	21.0
Non-current assets per segment	1,222.9	1,145.5	100	11.9	78.4	85.4	471.9	268.0	1,783.1	1,510.9
Depreciation and amortization per segment	-94.7	-87.6	-1.3	-0.8	-17.7	-13.3	-60.5	-70.7	-174.1	-170.0

Of the non-current assets (financial instruments and deferred tax assets excluded), SEK 1,667.6m (1,393.7) or 93.5 (92.2) % are allocated to Sweden. The remaining part refers to non-current assets in other countries.



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.

	2025	2024
Nordics	3,699.8	3,304.3
Europe	130.7	132.4
Other operations and group functions	132.2	125.0
Total	3,962.6	3,561.7

Revenue from Swedish customers constitutes 59 (60)% and revenue from Norwegian customers constitutes 26 (25)% of the group's total revenue. The remaining part refers to Finland, Denmark, Germany, the Netherlands, Austria, and Poland.

NOTE 5 · OTHER OPERATING INCOME, GROUP

	2025	2024
Government grants	1.3	0.9
Sick pay compensation	0.5	0.7
Currency gains/losses	10.2	11.6
Other	1.1	4.3
Total	13.1	17.4

NOTE 6 · DISTRIBUTION OF NET SALES, PARENT COMPANY

	2025	2024
Sweden	5.9	4.6
Denmark	0.1	0.1
Finland	0.6	0.4
Norway	1.8	1.2
Germany	0.1	0.1
Netherlands	0.1	0.1
Poland	0.1	0.0
Total	8.7	6.5



NOTE 7 · LEASES

Lyko leases a number of properties and premises in the form of offices, stores, and distribution warehouses. 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 most commonly 3–7 years. Thereafter, the agreements usually continue with the same terms and conditions if neither the lessor nor Lyko terminates the agreement. It is common for lease agreements for premises to be terminated for renegotiation before the end of the agreement term by Lyko, the property owner, or both parties. 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 9.4m (19.3) as of December 31, 2025. This is attributable to a newly signed contract in Sweden.

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

For depreciation, see note 10. For interest expenses, see note 11. Net financial items.

Maturity structure of lease liability	2025	2024
Within one year	181.9	152.3
Between one and two years	102.7	152.5
Between two and three years	86.4	83.1
Between three and four years	72.6	68.3
Between four and five years	62.4	58.8
Later than five years	456.0	478.3
Total payments	962.1	993.3
Effect of discounting	-290.8	-297.6
Total lease liability according to balance sheet	671.3	695.7
of which current liability	144.8	115.8
of which non-current liability	526.5	579.9
Lease payments	2025	2024
Payment of lease liabilities	119.4	106.5
Variable lease payments not included in lease liabilities	9.1	12.8
Short-term and low value lease payments not included in lease liability	0.8	0.9
Total lease payments	129.3	120.2

There are no lease contracts in the parent company. Depreciation of right-of-use assets amounts to SEK -122.1m (-118.3). Interest expenses for leasing amount to SEK -40.5m (-39.5).

NOTE 8 · AUDIT FEES

Ernst & Young	Group		Parent company	
	2025	2024	2025	2024
Auditing assignment	3.5	3.1	2.4	2.0
Tax advice	0.0	0.2	0.0	0.2
Total EY	3.5	3.3	2.4	2.2

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.



NOTE 9 · EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2025		2024	
	Total	Whereof women	Total	Whereof women
Parent company	1	–	1	–
Subsidiaries				
Sweden	763	496	680	451
Norway	50	48	50	49
Finland	32	32	25	25
Denmark	4	4	6	6
Germany	9	6	7	4
Netherlands	5	5	6	6
Poland	8	8	6	6
Total Group	872	601	781	547

As of the balance sheet date, there were 1,108 (1,047) employees in the group.

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

	2025		2024	
	Number at balance sheet date	Whereof women	Number at balance sheet date	Whereof women
Board of directors	6	3	5	2
CEO and senior executives	9	6	9	6
Total Group	15	9	14	8

Salaries, other remuneration, and social costs

	2025		2024	
	Salaries and remuneration	Social expenses (whereof pension cost)	Salaries and remuneration	Social expenses (whereof pension cost)
Parent company	3.6	1.7 (0.5)	4.4	2.6 (0.9)
Subsidiaries	424.4	156.7 (30.7)	384.4	146.7 (29.5)
Total Group	428.1	158.4 (31.2)	388.8	149.3 (30.4)

Of the parent company's pension costs, SEK 0.5m (0.9) refers to the company's management.

The company's outstanding pension commitments to these amount to SEK 0.0m (0.0). Of the group's pension costs, SEK 4.2m (4.5) refers to the company's management.

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 4.1m (3.6) at the end of 2025.

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

	2025		2024	
	Board of directors and CEO (whereof variable remuneration)	Other employees	Board of directors and CEO (whereof variable remuneration)	Other employees
Parent company	3.6 (0.0)	– (–)	4.4 (1.5)	– (–)
Subsidiaries	13.3 (0.0)	394.4 (3.5)	16.5 (4.0)	367.9 (1.6)
Total Group	16.9 (0.0)	394.4 (3.5)	20.9 (5.5)	367.9 (1.6)

Cont. Note 9

Remuneration to senior executives

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 2025.

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 2025, of which 6 (6) are women.

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.

2025	Base salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Rickard Lyko, CEO	2.0	0.0	0.1	0.5	2.6
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	–				–
Isabelle Ducellier, Board member since April 2025	0.3				0.3
Kenneth Bengtsson, Chairman of the board	0.5				0.5
Other senior executives, 8 as of December 31, 2025	12.7	0.0	0.7	3.7	17.1
Total	16.4	0.0	0.8	4.2	21.4

2024	Base salary, board fees	Variable remuneration	Other benefits	Pension 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 since May 2024	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	4.0	0.5	3.6	19.5
Total	14.6	5.5	0.6	4.5	25.2

NOTE 10 · DEPRECIATION, AMORTIZATION AND IMPAIRMENT

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

	Group	
	2025	2024
Depreciations and amortizations		
Licenses and trademarks	-3.0	-3.0
Capitalized expenditure	-22.8	-19.4
Fixtures and fittings, leased property	-0.6	-4.7
Equipment, tools and vehicles	-25.7	-24.5
Right-of-use assets - Premises	-93.3	-91.2
Right-of-use assets - Machinery and equipment	-28.8	-27.1
Total depreciation and amortization	-174.1	-170.0

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	
	2025	2024	2025	2024
Interest income and similar items				
Interest income and similar items	3.5	2.5	3.4	2.4
Interest income from group companies	-	-	19.3	26.1
Other financial income	-	0.0	-	-
Realized exchange gains	0.1	0.5	0.0	0.5
Total financial income	3.6	3.0	22.6	29.0
Interest expenses and similar items				
Interest expense	-35.5	-35.4	-16.0	-22.5
Interest expense leases – IFRS 16	-40.5	-39.5	-	-
Interest expense to group companies	-	-	-13.6	-15.9
Exchange losses	-5.4	-5.1	2.0	4.5
Results from participations in associates	0.0	-1.0	-	-
Other financial expenses	-1.3	-1.7	-0.3	-0.7
Total financial expenses	-82.7	-82.7	-27.9	-34.6
Net financial items	-79.1	-79.7	-5.3	-5.5

NOTE 12 · APPROPRIATIONS

	Parent company	
	2025	2024
Tax allocation reserve, allocation for the year	-	-3.0
Group contribution received	52.3	126.0
Group contribution provided	-50.2	-101.9
Total	2.1	21.1

NOTE 13 · TAXES

Reported in the income statement	Group		Parent company	
	2025	2024	2025	2024
Current tax:				
Tax expense for the year	-4.0	-11.9	-0.3	-4.4
Total current tax	-4.0	-11.9	-0.3	-4.4
Deferred tax:				
Recognition and reversal of temporary differences	1.6	-3.2	-0.4	0.4
Utilization of tax losses carried forward	0.3	-1.5	-	-
Total deferred tax	1.9	-4.7	-0.4	0.4
Total reported income tax	-2.1	-16.6	-0.7	-4.0

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

Reported in the income statement	Group		Parent company	
	2025	2024	2025	2024
Profit/loss before tax	-0.9	37.6	-4.9	5.5
Tax in accordance with current tax rates for parent company, 20.6%	0.2	-7.8	1.0	-1.1
Tax effect of:				
Impact of other tax rates in foreign subsidiaries	-0.3	-0.4	-	-
Non-deductible costs	-9.4	-9.5	-1.5	-0.8
Non-taxable income	1.2	1.3	0.0	0.1
Income attributable to tax allocation reserve	-0.1	-0.2	-0.1	-0.1
Current tax attributable to previous years	-0.2	-0.7	-	-
Non-capitalized tax losses carried forward	0.0	-0.1	-	-
Deferred tax attributable to previous years	2.1	0.2	-0.1	-
Utilization of previous years non-capitalized tax losses	2.0	2.7	-	-
Other	2.4	-2.1	0.0	-2.1
Total reported income tax	-2.1	-16.6	-0.7	-4.0
Effective tax rate, %	-233.3%	44.1%	-14.3%	72.7%

Deferred tax assets

	2025-12-31	2024-12-31
Reported amounts relate to temporary differences attributable to:		
Lease liabilities	138.9	138.5
Property, plant and equipment	5.0	6.6
Tax losses carried forward	3.8	3.4
Provisions	4.6	4.0
Other temporary differences	2.7	2.5
Total deferred tax assets	155.0	155.0
Amount offset against deferred tax liabilities under netting rules	-138.9	-137.4
Net deferred tax assets	16.1	17.6

Deferred tax liabilities

	2025-12-31	2024-12-31
Reported amounts relate to temporary differences attributable to:		
Right-of-use assets	140.6	140.8
Intangible assets	1.1	1.5
Untaxed reserves	8.6	9.6
Total deferred tax liabilities	150.3	151.9
Amount offset against deferred tax assets under netting rules	-138.9	-137.4
Net deferred tax liabilities	11.4	14.5

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/ Lease liabilities	Property, plant and equipment	Intangible assets	Tax losses car- ried forward	Untaxed reserves	Provisions	Other temporary differences	Total
Opening balance as per Jan 1, 2025	-2.2	6.6	-1.5	3.4	-9.6	4.0	2.5	3.2
Reclassification	-	-	-	-	-	-0.1	-	-0.1
Recorded in profit and loss during the year	0.5	-1.3	0.4	0.3	1.0	0.7	0.3	1.9
Change in corporate tax rate	-	-0.2	-	-	-	-	-	-0.2
Closing balance as per Dec 31, 2025	-1.7	5.0	-1.1	3.8	-8.6	4.6	2.7	4.7
Opening balance as per Jan 1, 2024	-2.5	6.0	-1.3	4.9	-9.5	5.1	5.7	8.4
Through acquisition of subsidiaries	-	-	-0.6	-	-	-	-	-0.6
Recorded in profit and loss during the year	0.3	0.5	0.4	-1.5	0.0	-1.1	-3.3	-4.7
Closing balance as per Dec 31, 2024	-2.2	6.6	-1.5	3.4	-9.6	4.0	2.5	3.2

NOTE 14 · EARNINGS PER SHARE

Change in the number of ordinary shares

	2025-12-31	2024-12-31
Outstanding ordinary shares at the beginning of the year	15,310,012	15,310,012
Outstanding ordinary shares at the end of the year	15,310,012	15,310,012

Calculation of earnings per share

	2025-12-31	2024-12-31
Net profit for the year attributable to shareholders in Lyko Group AB, SEK m	-3.0	21.0
Earnings used in the calculation of earnings per ordinary share, before dilution	-3.0	21.0
Average number of outstanding ordinary shares	15,310,012	15,310,012
Earnings per ordinary share, SEK	-0.20	1.37

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

	2025-12-31	2024-12-31
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.

	2025-12-31	2024-12-31
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 304.7m (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 "Nordics" segment 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 discount rate is determined based on market-based assessments of the risk-free rate, market risk premium, beta value, and the company's cost of capital, as well as company-specific risk premiums.

The calculation of the present value has been based on:

- A discount rate of 15.2 (14.3)% before tax and 12.9 (11.8)% after tax.
- A forecast of cash flows over the next five years.
- A terminal growth rate after the forecast period 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, with the addition of measures to improve profitability planned for coming years. 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, 2025	18.3	184.2	24.2	226.8
Acquisitions	0.2	19.9	21.4	41.5
Reclassifications	–	1.2	-1.2	–
Closing acquisition value, Dec 31, 2025	18.5	205.3	44.4	268.2
Accumulated amortization value, Jan 1, 2025	-8.7	-108.8	–	-117.5
Amortization for the year (Note 10)	-3.0	-22.8	–	-25.8
Closing amortization value, Dec 31, 2025	-11.7	-131.6	–	-143.2
Closing book value, Dec 31, 2025	6.8	73.8	44.4	125.0

Accumulated acquisition value, Jan 1, 2024	14.5	156.5	11.7	182.7
Acquisitions	0.7	23.9	16.4	41.0
Acquired through subsidiaries	3.1	–	–	3.1
Reclassifications	–	3.8	-3.8	–
Closing acquisition value, Dec 31, 2024	18.3	184.2	24.2	226.8
Accumulated amortization value, Jan 1, 2024	-5.7	-89.4	–	-95.1
Amortization for the year (Note 10)	-3.0	-19.4	–	-22.4
Closing amortization value, Dec 31, 2024	-8.7	-108.8	–	-117.5
Closing book value, Dec 31, 2024	9.6	75.5	24.2	109.3

NOTE 17 · RIGHT-OF-USE ASSETS

2025	Premises	Machinery and equipment	Total
Accumulated acquisition value, Jan 1, 2025	857.4	223.4	1,080.8
New and amended contracts	93.9	4.3	98.3
Terminated contracts	0.0	-2.8	-2.8
Translation differences for the year	-4.3	0.0	-4.3
Closing acquisition value, Dec 31, 2025	947.1	224.8	1,171.9
Accumulated depreciation value, Jan 1, 2025	-282.8	-76.5	-359.3
Depreciations (Note 10)	-93.3	-28.8	-122.1
Terminated contracts	0.0	2.7	2.7
Translation differences for the year	2.1	0.0	2.1
Closing depreciation value, Dec 31, 2025	-374.0	-102.6	-476.6
Closing book value, Dec 31, 2025	573.1	122.3	695.4

2024	Premises	Machinery and equipment	Total
Accumulated acquisition value, Jan 1, 2024	484.4	207.4	672.8
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	857.4	223.4	1,080.8
Accumulated depreciation value, Jan 1, 2024	-197.5	-55.4	-252.9
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	-282.8	-76.5	-359.3
Closing book value, Dec 31, 2024	574.6	146.9	721.5



NOTE 18 · PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings, improvements to leased property	Equipment, tools and installations	Construction in progress and advances	Total
2025				
Accumulated acquisition value, Jan 1, 2025	50.3	183.2	275.4	508.9
Acquisitions	-	24.2	287.0	311.2
Sale/disposals	-5.6	-2.7	-	-8.2
Reclassifications	-	0.1	-0.1	-
Translation differences for the year	-	-3.0	0.0	-3.0
Closing acquisition value, Dec 31, 2025	44.8	201.9	562.3	808.9
Accumulated depreciation value, Jan 1, 2025	-49.8	-83.7	-	-133.5
Depreciations for the year	-0.6	-25.7	-	-26.2
Sale/disposals	5.6	2.4	-	7.9
Translation differences for the year	0.0	1.0	-	1.0
Closing depreciation value, Dec 31, 2025	-44.8	-106.1	-	-150.8
Closing book value, Dec 31, 2025	0.0	95.8	562.3	658.1
2024				
Accumulated acquisition value, Jan 1, 2024	50.3	169.4	134.6	354.3
Acquisitions	-	21.3	140.9	162.2
Sale/disposals	-	-8.1	-	-8.1
Reclassifications	-	0.1	-0.1	-
Translation differences for the year	-	0.4	-	0.4
Closing acquisition value, Dec 31, 2024	50.3	183.2	275.4	508.9
Accumulated depreciation value, Jan 1, 2024	-45.0	-66.7	-	-111.7
Depreciations for the year	-4.7	-24.5	-	-29.3
Sale/disposals	-	7.5	-	7.5
Translation differences for the year	-	0.1	-	0.1
Closing depreciation value, Dec 31, 2024	-49.8	-83.7	-	-133.5
Closing book value, Dec 31, 2024	0.6	99.5	275.4	375.4

NOTE 19 · FINANCIAL INSTRUMENTS

Group 2025-12-31	Financial assets measured at amor- tized cost	Financial instruments measured at fair value through income statement	Financial liabilities measured at amor- tized cost	Total carrying amount
Financial assets				
Accounts receivable	76.9	–	–	76.9
Other non-current receivables	4.1	4.1	–	8.2
Cash and cash equivalents	452.5	–	–	452.5
	533.5	4.1	0.0	537.6
Financial liabilities				
Liabilities to credit institutions	–	–	745.0	745.0
Lease liabilities	–	–	671.3	671.3
Other non-current liabilities	–	4.1	–	4.1
Account payables	–	–	823.0	823.0
Other current liabilities	–	–	15.0	15.0
	0.0	4.1	2,254.3	2,258.4

Group 2024-12-31	Financial assets measured at amor- tized cost	Financial instruments measured at fair value through income statement	Financial liabilities measured at amor- tized cost	Total carrying amount
Financial assets				
Accounts receivable	54.9	–	–	54.9
Other non-current receivables	5.8	3.6	–	9.4
Cash and cash equivalents	140.5	–	–	140.5
	201.2	3.6	0.0	204.8
Financial liabilities				
Liabilities to credit institutions	–	–	473.6	473.6
Lease liabilities	–	–	695.7	695.7
Other non-current liabilities	–	3.6	–	3.6
Account payables	–	–	325.4	325.4
Other current liabilities	–	–	31.2	31.2
	0.0	3.6	1,525.9	1,529.5

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

During the financial year, the group has applied hedge accounting in connection with the investment in new warehouse automation. As of the balance sheet date, only a liability relating to fully allocated loss contracts of SEK 0.6m (0.0) remains, with maturity on January 2, 2026.

Parent company 2025-12-31	Financial assets measured at amor- tized cost	Financial instruments measured at fair value through income statement	Financial liabilities measured at amor- tized cost	Total carrying amount
Financial assets				
Receivables from group companies	151.5	–	–	151.5
Cash and cash equivalents	450.4	–	–	450.4
	602.0	0.0	0.0	602.0
Financial liabilities				
Liabilities to credit institutions	–	–	259.2	259.2
Account payables	–	–	0.2	0.2
Liabilities to group companies	–	–	463.4	463.4
	0.0	0.0	722.7	722.7

Parent company 2024-12-31	Financial assets measured at amor- tized cost	Financial instruments measured at fair value through income statement	Financial liabilities measured at amor- tized 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
Account payables	–	–	0.2	0.2
Liabilities to group companies	–	–	550.1	550.1
	0.0	0.0	809.3	809.3

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 2025-12-31

Assets	Level 1	Level 2	Level 3	Total
Financial assets				
Other non-current receivables	–	4.1	–	4.1
	0.0	4.1	0.0	4.1
Financial liabilities				
Liabilities to credit institutions	–	745.0	–	745.0
Financial lease liabilities	–	671.3	–	671.3
	0.0	1,416.3	0.0	1,416.3

Group 2024-12-31

Assets	Level 1	Level 2	Level 3	Total
Financial assets				
Other non-current receivables	–	5.8	–	5.8
	0.0	5.8	0.0	5.8
Financial liabilities				
Liabilities to credit institutions	–	473.6	–	473.6
Financial lease liabilities	–	695.7	–	695.7
	0.0	1,169.3	0.0	1,169.3

NOTE 20 • INVENTORY OF GOODS

	2025-12-31	2024-12-31
Finished goods	611.3	487.4
Products in progress	22.4	24.6
Total	633.7	512.0
	2025	2024
Cost of goods sold	-2,303.9	-1,992.9

This year's increase in inventory reserve amounted to SEK 2.8m (7.0). Only an insignificant part of the inventory is measured at net realizable value.

NOTE 21 • ACCOUNTS RECEIVABLE

The group's accounts receivable consist entirely of sales to other companies, also referred to as B2B. The group's sales to consumers, also referred to as B2C, do not generate any accounts receivable as the group receives payment directly from payment service providers. Any credits are handled by these providers and do not generate any receivables for the group.

	2025-12-31	2024-12-31
Accounts receivable	80.4	55.8
Reserve for expected credit risk	-3.6	-0.8
Accounts receivable	76.9	54.9

Movements regarding the reserve for expected credit risk

	2025-12-31	2024-12-31
Opening balance	-0.8	-0.7
Acquired through subsidiaries	-	-0.4
Provisions	-2.8	0.0
Reversal of provisions	0.0	0.4
Write-down of accounts receivable	0.0	-0.1
Closing balance	-3.6	-0.8

The aging analysis for non-impaired receivables on the balance sheet date is found in note 27. Provisions for contract liabilities are found in note 30.

NOTE 22 • PREPAID EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Deferred supplier bonus	9.1	6.9	-	-
Other deferred revenue	15.4	11.9	-	-
Advance payments for non-accessed lease agreements	-	1.7	-	-
Prepaid rent	12.2	8.1	0.0	0.0
Prepaid bank and insurance fees	0.5	0.4	0.3	0.3
Prepaid marketing expenses	1.5	4.3	-	-
Other prepaid expenses	10.7	0.0	0.3	0.2
Total	49.4	33.3	0.6	0.5

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	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Cash and bank	452.5	140.5	450.4	138.6
Total cash and cash equivalents	452.5	140.5	450.4	138.6

NOTE 24 • DISTRIBUTION OF EARNINGS

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

Share premium reserve	305,814,299
Retained earnings	118,887,384
Profit/loss for the year	-5,595,103
Total	419,106,579

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

Carried forward	419,106,579
Total	419,106,579

NOTE 25 • SHARE CAPITAL

	Ordinary shares series A	Total number of shares	Share capital, SEK	Quota value, SEK
SEK				
Opening balance January 1, 2025	15,310,012	15,310,012	7,658,610	0.5002
Closing balance December 31, 2025	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	2025-12-31	2024-12-31
At the beginning of the year	580.7	575.3
Acquisitions	-	0.4
Adjustment of contingent consideration	-	-
Reclassification of associates	-	5.0
Shareholder contributions	-	-
Total acquisition values	580.7	580.7
Reported value at the end of the year	580.7	580.7

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.

Owned by the parent company	Org no	Domicile	Number of shares	Capital and voting rights share, %	Book value	Equity	Net profit/loss for the year
Lyko Operations AB	556740-9502	Vansbro, Sweden	16,292	100	93.8	30.4	-31.5
Lyko Sverige AB	556575-3018	Stockholm, Sweden	1,000	100	245.8	55.7	6.7
Lyko Denmark ApS	40753613	Copenhagen, Denmark	40,000	100	38.4	24.9	2.4
Valley Beauty Brands AB	556933-4849	Stockholm, Sweden	500	100	0.1	0.2	-0.7
Lyko GmbH	HRB 224175 B	Berlin, Germany	25,000	100	54.6	34.3	2.4
Lyko B.V.	861 600 071	Amsterdam, Netherlands	100	100	40.6	22.6	1.2
Lyko Sp z o.o.	5252840423	Warsaw, Poland	100	100	13.8	11.8	1.3
Lyko Brand AB	559318-2610	Stockholm, Sweden	500	90.1	0.8	1.9	0
Lyko Production AB	556532-2681	Stockholm, Sweden	3,000	100	64.1	34.1	-4.9
Estelle&Thild AB	556731-5659	Stockholm, Sweden	1,333	100	22.8	16.5	0.1
Lyko Services GmbH	HRB 252662 B	Berlin, Germany	25,000	100	0.6	1.1	0.1
Loveli Beauty AB	559322-9304	Stockholm, Sweden	41,666	100	5.4	1.2	0.1
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, Norway	100	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:

2025	Gross	Reserve for doubtful receivables	Net
Accounts receivable			
Not due	30.5	-0.1	30.4
Overdue 1-30 days	27.0	-	27.0
Overdue 31-60 days	10.1	-	10.1
Overdue 61-90 days	4.2	-0.1	4.1
Overdue 91-180 days	3.9	-0.5	3.4
Overdue 181-360 days	3.2	-1.9	1.3
Overdue >361 days	1.6	-1.0	0.6
Closing balance	80.5	-3.6	76.9

2024

	Gross	Reserve for doubtful receivables	Net
Accounts receivable			
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

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 14.2m (11.7).

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

	2025-12-31	2024-12-31
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 followed by EUR. 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 498.8m in loan capacity beyond the previous framework agreement of SEK 500m 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. Amortization commences in April 2026 with quarterly amortizations of SEK 13.75m and a final payment of the remaining amount at the end of the term. As of the balance sheet date, the group has utilized SEK 486m (215) of the investment loan facility.

The existing financing includes a framework agreement with a revolver of SEK 500m. Within the revolver, as of the balance sheet date, there are two tranches of SEK 130m each, as well as an ancillary "overdraft facility" with a credit of SEK 100m, combined with a so-called multi-currency cash pool. The SEK 500m capacity also includes financial leasing of equipment. Tranches within the revolver usually run between three and six months and expire in full no later than March 2028.

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 100m (100) 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), net debt in relation to EBITDA, which is evaluated quarterly during the financing period. The covenant has not been breached since the loan was taken out. During the financial year, the covenants have been fulfilled. On the balance sheet date, the debt linked to the covenant commitment amounted to SEK 744.9m (473.6).

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
2025-12-31					
Liabilities to credit institutions *	340.9	487.9	-	-	828.8
Lease liabilities	181.9	189.1	135.0	456.0	962.1
Account payables	823.0	-	-	-	823.0
Other current liabilities	167.8	-	-	-	167.8
Accrued expenses and prepaid income	168.6	-	-	-	168.6
	1,682.2	677.0	135.0	456.0	2,950.3

* Including future interest payments calculated with an effective interest rate of 4.8%.

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
Account payables	325.4	-	-	-	325.4
Other current liabilities	145.4	-	-	-	145.4
Accrued expenses and prepaid income	150.5	-	-	-	150.5
	1,059.4	353.0	255.1	478.3	2,145.8

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

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	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Short-term financial liabilities				
Bank loans	300.5	259.0	259.2	259.0
Financial lease liabilities	144.8	115.8	-	-
Total short-term financial liabilities	445.3	374.8	259.2	259.0
Non-current financial liabilities				
Bank loans	444.5	214.6	-	-
Financial lease liabilities	526.5	579.9	-	-
Total non-current financial liabilities	971.0	794.5	-	-
Total financial liabilities	1,416.3	1,169.3	259.2	259.0

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

	2025-12-31	2024-12-31
Opening interest-bearing liabilities	1,169.3	701.0
Amortization of loan liabilities	-	-
Amortization of lease liabilities (IFRS 16)	-119.4	-109.6
New loans	270.3	175.6
New lease commitments	95.0	401.9
Cancellation of contracts	0.0	0.0
Translation difference	1.1	0.4
Closing interest-bearing liabilities	1,416.3	1,169.3

The parent company has an overdraft facility of SEK 100m (100).
As of December 31, 2025, SEK 0.0m (0.0) is utilized.



NOTE 29 • PROVISIONS FOR PENSIONS

	2025-12-31	2024-12-31
Opening provisions	8.1	3.0
Change during the year	-0.9	5.1
Closing provisions	7.2	8.1

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

	2025-12-31	2024-12-31
Opening provisions	17.3	26.2
Change during the year	5.6	-8.9
Closing provisions	22.9	17.3
Of which:		
Provision – long-term part	-	-
Provision – short-term part	22.9	17.3
Total	22.9	17.3

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 19.2m (14.1) and SEK 3.7m (3.2) respectively as of the balance sheet date 2025.

The current customer club was introduced in 2022 and customers have since earned points in connection with purchases. Each purchase generates points that can be redeemed for goods in a points shop. As of the balance sheet date, the group recognizes a provision for the expected value of unused points in the bonus points system.

Accounts receivable are found in note 21.

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

NOTE 31 • ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Accrued salaries	31.1	34.6	0.3	1.4
Accrued social security contributions	21.4	25.1	0.1	1.0
Vacation pay liability	50.3	41.2	-	-
Audit fees	3.0	2.3	1.3	0.9
Accrued marketing expenses	26.0	17.1	-	-
Accrued freight costs	13.2	18.6	-	-
Other accrued expenses	23.7	11.6	0.9	3.1
Total	168.6	150.5	2.6	6.4

NOTE 32 • CASH FLOW ANALYSIS

	Group		Parent company	
	2025	2024	2025	2024
Depreciation and amortization of non-current assets	174.1	170.0	-	-
Accrued interest	0.1	2.7	-	0.4
Inventory-related items	18.3	18.1	-	-
Other non-cash items	5.8	5.7	0.3	0.6
Total	198.2	196.5	0.3	1.0



NOTE 33 · BUSINESS COMBINATIONS**Acquisitions 2025**

No acquisitions were made during 2025.

Förvärv 2024

On April 12, 2024, Lyko acquired the remaining 60% of the shares in Loveli Beauty AB for SEK 0.3m excluding acquired cash. The company had a turnover of SEK 2.7m 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	2024		
	Book value	Fair value adjustment	Fair value
Other intangible assets	0.1	3.0	3.1
Other non-current receivables	0.1	–	0.1
Inventories	0.9	–	0.9
Prepaid expenses and accrued income	0.1	–	0.1
Deferred tax	0.0	-0.6	-0.6
Account payables	-0.1	–	-0.1
Other current 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	3.0
Acquired cash	0.0
Total cash impact	-0.3

NOTE 34 • PLEDGED ASSETS

	Group		Parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Company mortgages	130.0	130.0	5.0	5.0
Rental guarantees	9.7	5.3	8.7	2.8
Pledged shares	439.1	464.0	339.5	339.5
Restricted funds	0.5	0.5	0.5	0.5
Total	579.3	599.8	353.7	347.8

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

	Group		Parent company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Contingent liabilities in favor of subsidiaries	-	-	1.0	2.6
Total	-	-	1.0	2.6

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.

	2025	2024
Sales	100%	100%
Purchases	0%	0%

The parent company's receivables/liabilities at the end of the year related to sales/purchases of goods and services and cash pool.

	2025-12-31	2024-12-31
Lyko Oy	-47.2	-55.9
Lyko Operations AB	115.2	527.9
Lyko Brand AB	-1.8	-0.4
Lyko Sverige AB	-168.5	-267.1
Lyko Production AB	6.4	1.7
Valley Beauty Brands AB	11.2	-1.9
Lyko Denmark ApS	-20.0	-28.2
Lyko Sp z.o.o.	-0.8	-24.5
Lyko GmbH	-21.5	-33.0
Lyko AS	-172.2	-107.3
Lyko B.V.	-17.0	-22.1
Lyko Services GmbH	18.8	30.3
Estelle&Thild AB	-13.2	-9.4
Lyko New AB	-1.2	-0.3
Total	-311.8	9.8

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 net sales. 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/period. 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 financial statements and annual report have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and Swedish generally accepted accounting principles, respectively, and give a true and fair view of the Group's and the Company's financial position and results. The Directors' Report provides a fair overview of the development of the Group's and the Company's business, financial position, and results, and describes significant risks and uncertainties facing the companies included in the Group.

The contents of the annual report were finalized on April 27, 2026.

Stockholm, April 27, 2026

Kenneth Bengtsson
Chair of the Board

Isabelle Ducellier
Board member

Carl-Mikael Lindholm
Board member

Marie Nygren
Board member

Erika Lyko
Board member

Håkan Håkansson
Board member

Rickard Lyko
Board member & CEO

Our auditor's report was issued on April 28, 2026
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 financial year 2025. The annual accounts and consolidated accounts of the company are included on pages 62-102 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company, 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 1-61 and 105-108. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a

going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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 2025 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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, April 28, 2026

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.

SALES GROWTH

	2025	2024
Net sales, current year	3,962.6	3,561.7
Net sales, previous year	3,561.7	3,053.7
Sales growth, %	11.3%	16.6%

GROSS PROFIT

	2025	2024
Net sales	3,962.6	3,561.7
Cost of goods sold	-2,303.9	-1,992.9
Gross profit	1,658.7	1,568.8

GROSS MARGIN, %

	2025	2024
Net sales	3,962.6	3,561.7
Gross profit	1,658.7	1,568.8
Gross margin, %	41.9%	44.0%

EBITDA

	2025	2024
EBIT/Operating profit	78.2	117.4
Depreciation and amortization	174.1	170.0
EBITDA	252.3	287.4

EBIT MARGIN, %

	2025	2024
Total revenue	3,975.7	3,579.1
Operating profit	78.2	117.4
EBIT margin	2.0%	3.3%

NET DEBT (+) / NET CASH (-)

	2025	2024
Non-current liabilities to credit institutions	444.5	214.6
Current liabilities to credit institutions	300.5	259.0
Cash and bank	-452.5	-140.5
Net debt (+) / Net cash (-)	292.5	333.1

NET WORKING CAPITAL

	2025	2024
Total current assets	1,278.9	775.4
Cash and bank	-452.5	-140.5
Total current liabilities	-1,640.2	-1,027.2
Current liabilities to credit institutions	300.5	259.0
Short-term lease liabilities	144.8	115.8
Net working capital	-368.5	-17.5

RETURN ON EQUITY

	2025	2024
Profit/loss for the period	-3.0	21.0
Average equity	470.0	439.4
Return on equity	-0.6%	4.8%

EQUITY RATIO

	2025	2024
Total equity	456.6	469.1
Total assets	3,086.4	2,313.3
Equity ratio	14.8%	20.3%
Soliditet	14.8 %	20,3 %

Information for shareholders

NOTICE OF ANNUAL GENERAL MEETING IN LYKO GROUP AB (PUBL)

The shareholders of Lyko Group AB (publ), Reg. No. 556975-8229, with its registered office in Vansbro, are hereby summoned to the Annual General Meeting to be held on Tuesday 19 May 2026, at 09.00 a.m. at Lyko FABship store, Drottninggatan 39, Stockholm. Registration starts at 08.30 a.m.

RIGHT TO PARTICIPATE IN THE GENERAL MEETING

Shareholders who wish to participate in the general meeting must (i) be recorded as a shareholder in the share register maintained by Euroclear Sweden AB relating to the circumstances on 8 May 2026 and (ii) give notice to the company no later than 12 May 2026.

Notification shall be given in writing to Lyko Group AB (publ), Attn: Tom Thörnblom, Sveavägen 53, SE-113 59 Stockholm, Sweden or by e-mail to bolagsstamma@lyko.com.

The notification should state the name, personal/corporate identity number, shareholding, address, daytime telephone number and details of any accompanying assistants (maximum two) and, where applicable, information about any proxy.

PROXY

Shareholders represented by proxy must issue a dated power of attorney for the proxy. If the power of attorney is issued by a legal entity, a certified copy of the certificate of registration or equivalent for the legal entity must be enclosed. The power of attorney and any certificate of registration may not be older than one year, although the power of attorney may be older if it is valid for a longer period of time, up to a maximum of five years. The original power of attorney and any certificate of registration should be sent to the company at the above address or by e-mail to the above e-mail address well in advance of the Annual General Meeting. A proxy form is available on the company's website, www.lyko.com, and will also be sent to shareholders who so request and who provide their postal address.

NOMINEE-REGISTERED SHARES

Shareholders whose shares are held in the name of a nominee through a bank or securities institution must register their shares in their own name in order to be entitled to participate in the Annual General Meeting. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee in accordance with the nominee's procedures in such time in advance as the nominee determines. Voting rights registrations made no later than 12 May 2026 will be taken into account in the preparation of the share register.

DIVIDEND

The Board of Lyko will propose to the AGM not to pay any dividend for the fiscal year 2025. Lyko will primarily use generated cash flows for company building in the coming years.

UPCOMING REPORTING DATES

- Interim report January–March 2026 April 28, 2026 at 07:00
- Annual General Meeting 2025 May 19, 2026 in Stockholm
- Interim report April–June 2026 July 17, 2026 at 07:00
- Interim report July–September 2026 October 22, 2026 at 07:00
- Year-end report 2026 February 12, 2027 at 07:00

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