

# Qliro Group

## **NOTICE TO ATTEND THE ANNUAL GENERAL MEETING**

**The shareholders of Qliro Group AB (publ) are hereby invited to the Annual General Meeting on Tuesday 22 May 2018 at 10.00 a.m. at Hotel Rival, Mariatorget 3 in Stockholm.**

### **NOTICE ETC.**

Shareholders who wish to attend the Annual General Meeting shall

- be entered in the share register maintained by Euroclear Sweden on Wednesday 16 May 2018,
- give notice of their attendance no later than Wednesday 16 May 2018. Notice to attend is to be made on the company's website at [www.qlirogroup.com](http://www.qlirogroup.com), by telephone to +46 (0) 771 246 400 or by mail to Computershare AB "Qliro Group's AGM", P.O. Box 610, SE-182 16 Danderyd, Sweden.

Shareholders shall in their notice to attend state name, personal identification number or company registration number, address, phone number and advisors, if applicable. Shareholders whose shares are registered in the names of nominees must temporarily re-register such shares in their own name in order to be entitled to attend the Annual General Meeting. In order for such re-registration to be completed on Wednesday 16 May 2018 the shareholder must inform their nominees well before that day. Shareholders attending by a proxy or a representative should send documents of authorisation to the mail address above, well before the Annual General Meeting. A template proxy form is available on the company's website [www.qlirogroup.com](http://www.qlirogroup.com). Shareholders cannot vote or, in other way, attend the Annual General Meeting by remote access.

### **PROPOSED AGENDA**

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check and verify the minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Remarks by the Chairman of the Board.
8. Presentation by the Chief Executive Officer.
9. Presentation of the Annual Report, the Auditors' Report and the consolidated financial statements and the Auditors' Report on the consolidated financial statements.
10. Resolution on the adoption of the income statement and the balance sheet and of the consolidated income statement and the consolidated balance sheet.
11. Resolution on the proposed treatment of the company's result as stated in the adopted balance sheet.
12. Resolution on the discharge of liability of the members of the Board and the Chief Executive Officer.
13. Determination of the number of members of the Board.
14. Determination of the remuneration to the members of the Board and the auditor.

15. Election of Board members;
  - (a) Christoffer Häggblom (re-election, proposed by the Nomination Committee).
  - (b) Daniel Mytnik (re-election, proposed by the Nomination Committee).
  - (c) Jessica Pedroni Thorell (re-election, proposed by the Nomination Committee).
  - (d) Erika Söderberg Johnson (re-election, proposed by the Nomination Committee).
  - (e) Andreas Bernström (new-election, proposed by the Nomination Committee).
  - (f) Lennart Jacobsen (new-election, proposed by the Nomination Committee)
16. Election of Chairman of the Board.
17. Determination of the number of Auditors and election of Auditor.
18. Approval of the procedure of the Nomination Committee.
19. Resolution regarding guidelines for remuneration to senior executives.
20. Resolution regarding adoption of a performance share plan for senior executives and other key persons in Qliro Group (PSP 2018).
21. Resolution regarding adoption of a synthetic call option plan for the CEO and CFO in Qliro Group AB (publ) and the management and key employees in Qliro Financial Services (QOP 2018).
22. Resolutions regarding hedging arrangements for the long-term incentive plans in items 20 and 21 comprising the following resolutions:
  - (a) authorisation for the Board to resolve on issue of Class C-shares;
  - (b) authorisation for the Board to resolve on repurchase of own Class C-shares; and
  - (c) transfer of own ordinary shares for delivery under the incentive plans.
23. Resolution to authorise the Board to resolve on repurchase of own ordinary shares.
24. Resolution regarding shareholder Erik Nordell's proposal.
25. Closing of the Annual General Meeting.

## **RESOLUTIONS PROPOSED BY THE NOMINATION COMMITTEE**

### **Election of Chairman of the Annual General Meeting (item 2)**

The Nomination Committee proposes that Wilhelm Lünig, member of the Swedish Bar Association is elected to be the Chairman of the Annual General Meeting.

### **Determination of the number of members of the Board and election of the members of the Board and the Chairman of the Board (items 13, 15 (a)-(f) and 16)**

The Nomination Committee proposes that the Board shall consist of six members.

The Nomination Committee proposes that Christoffer Häggblom, Daniel Mytnik, Jessica Pedroni Thorell and Erika Söderberg Johnson shall be re-elected as members of the Board until the close of the next Annual General Meeting, and that Andreas Bernström and Lennart Jacobsen shall be elected as new members of the Board.

The Nomination Committee proposes that Christoffer Häggblom shall be elected as new Chairman of the Board.

### **Determination of the remuneration to the members of the Board and the auditor (item 14)**

The Nomination Committee proposes that the remuneration for the Board work for each of the members of the Board shall, for the period until the close of the next Annual General Meeting, be unchanged. Accordingly, the Nomination Committee proposes that SEK 670,000 shall be allocated to

the Chairman of the Board, SEK 325,000 shall be allocated to each of the other five members of the Board, and a total of SEK 451,000 is to be allocated for work in the Committees of the Board.

The Nomination Committee proposes that for work within the Audit Committee SEK 150,000 shall be allocated to the Chairman and SEK 75,000 shall be allocated to each of the other two members. For work within the Remuneration Committee SEK 75,000 shall be allocated to the Chairman and SEK 38,000 shall be allocated to each of the other two members.

The total remuneration to the Board amounts to SEK 2,746,000.

The Nomination Committee proposes that remuneration of the auditor shall be paid in accordance with approved invoices.

#### **Determination of the number of Auditors and election of Auditor (item 17)**

In accordance with the Audit Committee's recommendation, the Nomination Committee proposes that Qliro Group shall have one registered accounting firm as auditor, and that the registered accounting firm KPMG AB shall be re-elected as auditor for the period until the close of the Annual General Meeting 2019. KPMG AB has informed that the authorised public accountant Mårten Asplund will continue as auditor-in-charge if KPMG AB is re-elected as auditor.

#### **Approval of the procedure of the Nomination Committee (item 18)**

The Nomination Committee proposes that the work of preparing proposals to the 2019 Annual General Meeting regarding the Board and auditor, in the case that an auditor should be elected, and their remuneration, Chairman of the Annual General Meeting and the procedure for the Nomination Committee shall be performed by a Nomination Committee. This procedure shall apply until a resolution regarding a change of the procedure for appointing the Nomination Committee is resolved by the general meeting.

The Nomination Committee will be formed in consultation with the largest shareholders of the company as of the last business day the month the Annual General Meeting was held. The Committee shall consist of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. The largest shareholder shall convene the Committee, and the members of the Committee will appoint the Committee's Chairman at their first meeting. The Chairman of the Board shall be invited to the Committee's meetings as deemed appropriate by the Committee.

The Nomination Committee is appointed for a term of office commencing at the time of its formation and ending when a new Committee is formed. If a member resigns during the Committee term, the Committee may choose to appoint a new member. The shareholder that appointed the resigning member shall in such case be asked to appoint a new member, provided that the shareholder still is one of the largest shareholders in the company. If that shareholder declines participation on the Nomination Committee, the Committee may choose to ask the next largest qualified shareholder to participate. In the event of changes to the ownership structure of the company, the Committee may choose to amend its composition in order to ensure that the Committee appropriately reflects the ownership of the company. However, unless there are special circumstances, the composition of the Nomination Committee may remain unchanged following changes in the ownership structure of the company that are either minor or occur less than three months prior to the Annual General Meeting.

The Nomination Committee shall have the right to upon request receive personnel resources such as secretarial services from the company, and to charge the company with costs for recruitment consultants and related travel if deemed necessary.

### **RESOLUTIONS PROPOSED BY THE BOARD**

#### **Treatment of the company's result (item 11)**

The Board proposes that the retained earnings, the share premium reserve and the result for the year, a

total of SEK 668,441,441 is to be carried forward.

### **Guidelines for remuneration to senior executives (item 19)**

The Board of Directors proposes that the 2018 Annual General Meeting resolves on the following guidelines for determining remuneration of senior executives in Qliro Group and Board members of the parent company, to the extent to which they are remunerated outside their directorship.

#### *Remuneration guidelines*

Qliro Group shall strive to offer a total remuneration which will enable the group to attract, motivate and retain senior executives in competition with Qliro Group's international peers, which primarily are Nordic companies operating within e-commerce and retailing with consumer brands and products, as well as Nordic credit market companies specialized in online-payment solutions, digital consumer financing, personal loans and savings accounts.

The remuneration to the senior executives in Qliro Group shall both short-term and long-term reflect the individual's performance and responsibility and the results in Qliro Group, inclusive of its subsidiaries, and shall also be designed so that it aligns the senior executives' interests and rewards with the shareholders'. Therefore, the remuneration to the senior executives shall be based on the pay for performance principle and encourage them to build up a significant private ownership of Qliro Group shares (in relation to their personal financial conditions).

The remuneration to the senior executives shall consist of:

- fixed salary,
- short-term variable remuneration paid in cash,
- the possibility of participation in long-term incentive plans, and
- pension and other customary benefits.

#### *Fixed salary*

The senior executives' fixed salary is revised each year and shall be competitive and based on the individual's competence, responsibilities and performance.

#### *Variable remuneration*

The senior executives' short-term variable remuneration paid in cash shall be based on fulfilment of established targets for their areas of responsibility and for Qliro Group and its subsidiaries, respectively. The outcome shall be linked to measurable targets (qualitative, quantitative, general and individual). The targets within the senior executives' respective area of responsibility are defined to promote Qliro Group's development both in the short and long-term. The maximum payment of cash based variable remuneration may not exceed a maximum of 100 percent of the senior executive's annual fixed salary. The Board may resolve that part of the senior executives' variable remuneration paid in cash shall be invested in shares or share-related instruments in Qliro Group.

Long-term incentive plans shall include an own investment, and be linked to certain pre-determined value creation and/or share or share-price related performance criteria. The long-term incentive plans shall be designed to ensure a long-term commitment to the value growth of Qliro Group and/or its subsidiaries, and align the senior executives' interests and rewards with the shareholders' by awarding the participants share-based remuneration.

Qliro Group has three outstanding long-term equity-related incentive programs (performance share plans) for senior executives and other key persons in the parent company and Qliro Group's subsidiaries/segments, namely "PSP 2015", "PSP 2016" and "PSP 2017". The incentive programs expire in April 2018 (PSP 2015), April 2019 (PSP 2016) and April 2020 (PSP 2017). These programs could be followed by other equity-related programs, warrants and synthetic options. For more information about Qliro Group's long-term incentive programs, please see the annual report.

### *Synthetic call options*

Qliro Group has two outstanding synthetic call option plans (“QOP 2016” and “QOP 2017”) for the management and other key persons in Qliro Group’s subsidiary/segment that offers financial services. For more information about Qliro Group’s synthetic call option plans, please see the annual report.

### *Pension and other benefits*

Pension commitments will be secured through premiums paid to insurance companies. Under normal circumstances the retirement age is 65 years.

Other benefits shall be customary and facilitate that the senior executives can carry out their duties, for example a company car, company health care and health care insurance.

### *Notice of termination and severance pay*

The maximum notice period in any senior executive’s contract is generally twelve months, and in exceptional cases, eighteen months, during which time salary payment will continue.

### *Compensation to Board members*

Board members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

### *Remuneration to senior executives covered by the remuneration rules for credit market companies*

For senior executives covered by the remuneration rules for credit market companies, special remuneration rules apply pursuant to laws and regulations issued by the Swedish Financial Supervisory Authority. The remuneration rules will become applicable in relation to the parent company Qliro Group AB (publ) when Qliro Group AB (publ) forms a so called consolidated situation with its subsidiary Qliro AB. The boards of Qliro Group AB (publ) and Qliro AB have established a remuneration policy that covers all employees in each respective company and, *on the one hand*, is compatible with and promotes sound and efficient risk management and, *on the other hand*, counteracts excessive risk taking. In addition to the guidelines set out above, the following guidelines will mainly be applied in relation to remuneration for senior executives covered by the remuneration rules:

- Qliro Group AB (publ) and Qliro AB will conduct an analysis annually to identify employees whose duties have a significant impact on the company’s risk profile based on a number of different criteria.
- The performance assessment shall, in case of variable remuneration, be set in a multi-year framework in order to ensure that the assessment process is based on long-term, sustainable results and that the underlying business cycle and business risks are taken into account when paying performance based remuneration.
- The variable remuneration shall be based on the employee’s performance and the overall performance of both the business unit and the company. Both financial and non-financial criteria shall be taken into account in the assessment of the employee’s performance.
- At least 40-60 percent of the variable remuneration shall be deferred at least three to five years before it is paid or the right of ownership passes to the employee.
- Variable remuneration shall only be paid or passed to the employee to an extent justifiable by the company’s financial situation and justified based on the performance of the company, the business unit and the employee. The deferred portion of the remuneration may be cancelled in full for these reasons.

### *Deviations from the guidelines*

The Board may, if it considers that special circumstances are at hand, deviate from the guidelines. In such a case the Board shall explain the reason for the deviation at the following Annual General Meeting.

The current guidelines for remuneration of senior executives in Qliro Group are described in the Corporate Governance Report. For further information on remuneration of the CEO and senior executives, see Note 24.

## **Adoption of a performance share plan for senior executives and other key persons in Qliro Group (PSP 2018) (item 20)**

### *Proposal*

The Board proposes that the Annual General Meeting resolves to adopt a long-term performance share plan (the "**PSP 2018**") for senior executives and other key persons in the parent company and/or within group central support functions and in Qliro Group's subsidiaries/business units CDON and Nelly. PSP 2018 has a similar structure as the long-term incentive plans adopted by the Annual General Meetings in 2011-2017. The terms for PSP 2018 in relation to the CEO and CFO in the parent company Qliro Group AB (publ) are however adjusted as a consequence of the remuneration rules that are applicable in relation to Qliro Group's subsidiary/business unit that offers financial services ("**Qliro Financial Services**" or "**Qliro AB**") will become applicable in relation to Qliro Group AB (publ) as a consequence of Qliro Group AB (publ) and Qliro AB forming a so called consolidated situation at a later date in 2018.

### *The motives for the proposal*

The objective of the proposed PSP 2018 is to create conditions to recruit and retain high performing employees in the Group.

PSP 2018 has been designed based on the view that it is desirable that senior executives and other key employees within Qliro Group are shareholders. Against this background, the Board is of the opinion that the adoption of PSP 2018 will have a positive effect on Qliro Group's future development and thus be beneficial for both Qliro Group and its shareholders.

### *Participants*

PSP 2018 is proposed to in total include around 24 senior executives and other key employees in the Qliro Group.

### *General terms*

Subject to fulfilment of certain retention and performance based conditions during the period 1 April 2018 – 31 March 2021 (the "**Measurement Period**"), each share right will entitle the participant to receive one ordinary share free of charge in the company. The right to finally be awarded shares is also dependant on the participant retaining the Saving Shares (as defined below), and, with certain exceptions, continued his/her employment in Qliro Group during the full vesting period ending at the release of the interim report for the period January-March 2021.

In addition, the share rights shall be governed by the following terms and conditions:

- Allotted free of charge after the Annual General Meeting 2018.
- May not be transferred or pledged.
- In order to align the shareholders' and the participants' interests, the company will compensate for the dividends paid by increasing the number of shares that each share right entitles to.
- Shares are allotted following the release of Qliro Group's interim report for the period January-March 2021.

### *Personal investment and allocation*

In order to participate in PSP 2018, the employees must make a personal investment in Qliro Group shares ("**Saving Shares**"). The Saving Shares can either be Qliro Group shares already held by the participant, which are not allocated to ongoing incentive plans, or shares purchased on the market in connection with the notification to participate in PSP 2018. If the employee has inside information which prevents him/her from purchasing Qliro Group shares in connection with the notification to participate in PSP 2018, Saving Shares shall be purchased as soon as possible, but prior to the next

## Annual General Meeting.

In total, PSP 2018 is estimated to comprise up to 243,325 Saving Shares entitling to allotment of up to 1,322,225 rights, whereof 243,325 retention rights and 1,078,900 performance rights. PSP 2018 will, in principle, comprise up to the following number of Saving Shares and rights for the different categories of participants:

- the CEO of the parent company can allocate up to 60,198 Saving Shares. Each Saving Share entitles the CEO to receive 1 retention right of Series A and 2 performance rights of Series B. In total 3 rights for each Saving Share;
- the CFO of the parent company can allocate up to 42,493 Saving Shares. Each Saving Share entitles the CFO to receive 1 retention right of Series A and 2 performance rights of Series B. In total 3 rights for each Saving Share;
- category 2: the CEO:s in CDON and Nelly can each allocate up to 14,858 Saving Shares. Each Saving Share entitles these employees to receive 1 retention right of Series A and 7 performance rights of Series B. In total 8 rights for each Saving Share;
- category 3: approximately 14 employees in CDON and Nelly can each allocate up to 5,728 Saving Shares. Each Saving Share entitles these employees to receive 1 retention right of Series A and 6 performance rights of Series B. In total 7 rights for each Saving Share; and
- category 4: approximately 6 employees in group central support functions can each allocate up to 5,121 Saving Shares. Each Saving Share entitles these employees to receive 1 retention right of Series A and 6 performance rights of Series B. In total 7 rights for each Saving Share.

## *Performance conditions*

The rights are divided into Series A (retention rights) and Series B (performance rights). The number of shares that the participant will be allotted under the rights depends both on which category the participant belongs to (see above), and on the fulfilment of the following defined retention and performance based conditions:

- |                 |   |
|-----------------|---|
| <i>Series A</i> | The total shareholder return (TSR) of Qliro Group's ordinary share during the Measurement Period exceeding 0 per cent as entry level.   |
| <i>Series B</i> | The annual average total shareholder return (TSR) of Qliro Group's ordinary share during the Measurement Period larger than or equal to 10 per cent as entry level and larger than or equal to 20 per cent or more as the stretch target. |

For Series A, all rights (100 per cent) will vest if the entry level is reached.

For Series B, 20 per cent of the rights will vest if the entry level is reached, all rights (100 per cent) will vest if the stretch target is reached, and linear interpolation will be applied between entry level and stretch target as regards the number of rights that vests.

If the entry level is not reached in a series, all rights in that series lapse.

The Board intends to disclose the outcome of PSP 2018 in the Annual Report 2021.

## *Specific terms applicable in relation to the CEO and CFO in Qliro Group AB (publ)*

Qliro Group AB (publ) and Qliro AB are expected to form a so called consolidated situation during 2018. The CEO and the CFO in Qliro Group AB (publ) have been assessed to become identified staff. Against this background, the remuneration rules that are applicable in relation to the credit market company Qliro AB shall, at the point in time when the consolidated situation is formed, also be applied in relation to the CEO and the CFO in Qliro Group AB (publ). The following main specific terms for PSP 2018 shall, as a consequence of this, be applied in relation to the CEO and the CFO:

- The compensation that the CEO and the CFO may receive through PSP 2018 shall not exceed the fixed remuneration and other benefits that the CEO and the CFO will obtain for 2020.
- The CEO and the CFO will during the Measurement Period not be compensated for any dividends paid by increasing the number of shares that each share right entitles to. To the extent permitted under applicable law, compensation will be paid out for dividends on the

- shares awarded to the CEO and the CFO during the deferral period (see further below).
- The CEO and the CFO shall during the Measurement Period fulfil certain conditions in addition to the retention and performance based conditions that shall be fulfilled in order to receive shares based on the rights. These conditions consist of different quantitative and qualitative performance conditions (financial and non-financial) in relation to the CEO, the CFO and Qliro Group. The performance conditions shall not promote excessive risk taking and shall include for instance risk-adjusted performance by the CEO, the CFO and economic efficiency measures in relation to Qliro Group. The assessment of to what extent the performance conditions have been met shall be made by the Board or anyone appointed by the Board.
- 60 percent of the shares that may be transferred to the CEO and the CFO in PSP 2018 will be subject to deferral for a time period of three years. Qliro Group will transfer shares that are subject to deferral once a year evenly distributed over the period of time that the remuneration was deferred (*pro rata*).
- The transfer of shares pursuant to PSP 2018 to the CEO and the CFO are subject to that the performance conditions pursuant to the above have been fulfilled. In addition, a transfer of the shares shall also justifiable based on Qliro Group's financial situation and the performance of Qliro Group and the employee.

#### *Preparation and administration*

PSP 2018 has been prepared by the Remuneration Committee together with external advisors and adopted by the Board.

The Board, or the Remuneration Committee, shall be responsible for preparing the detailed terms and conditions of PSP 2018, in accordance with the mentioned terms and guidelines. To this end, the Board shall be entitled to make adjustments to PSP 2018 to meet market conditions and to comply with applicable regulations, such as the regulations regarding remuneration for credit market companies, and related groups. The Board shall also be entitled to make other adjustments, including e.g. a right to resolve on a reduced allotment of shares, if material changes would occur within the Qliro Group, or on the market that according to the Board's assessment would lead to that the resolved terms and conditions for allotment of shares under PSP 2018 no longer fulfil the main objectives.

New members of the senior management team and/or other key employees that have not yet commenced their employment at the time when notification to participate in PSP 2018 at the latest shall be given, may, upon the condition that the employment commences during 2018, be offered to participate in PSP 2018, if the Board deems it to be in line with the motives for adopting PSP 2018.

#### *Scope and costs of PSP 2018*

PSP 2018 will be accounted for in accordance with IFRS 2 which stipulates that the rights shall be recorded as a personnel expense in the income statement during the vesting period. Based on the assumptions that the share price is SEK 12.20 (the closing share price for the Qliro Group share on 29 March 2018) at the time of allocation, a maximum participation, an annual employee turnover of 10 per cent and an average fulfilment of the performance conditions of 100 per cent in relation to Series A and 50 per cent in relation to Series B, the total cost, exclusive of social security costs, for PSP 2018 is estimated to approximately SEK 7.2 million. The cost will be allocated over the years 2018 – 2021.

Social security costs will also be recorded as a personnel expense in the income statement by current reservations. The social security costs are estimated to be around SEK 3.3 million with the assumptions above, an average social security tax rate of 31.42 per cent and an annual share price increase of 15 per cent on the Qliro Group share during the vesting period.

Recalculation of final allotments of the number of shares to the participants shall take place in the event of an intervening bonus issue, reversed split, split, rights issue and/or other similar events.

The maximum profit (cap) for each right is:

- CEO in the parent company: SEK 30.60.
- CFO in the parent company: SEK 30.26.
- Category 2, 3 and 4: SEK 53.00.



If the value of Qliro Group's share at vesting exceeds the participant's cap the number of shares each right entitles the participant to receive will be reduced accordingly.

The maximum dilution is 0.9 per cent in terms of shares and votes outstanding and 0.4 per cent in terms of the estimated cost for PSP 2018 as defined in IFRS 2 in relation to Qliro Group's market capitalisation. This also includes approximately 47,000 shares to be used as a buffer for compensation to participants for dividends made to shareholders in Qliro Group.

Assuming that the maximum profit per right is achieved, all the participants' allocated shares remain and a 100 per cent fulfilment of the performance conditions, the maximum cost for PSP 2017 is approximately SEK 16.1 million in accordance with IFRS 2 and the maximum cost for social charges approximately SEK 19.8 million.

#### *Effect on certain key ratios*

The costs and dilution are expected to have marginal effect on key ratios of the Qliro Group.

The annual cost of PSP 2018 including social charges is estimated to be approximately SEK 3.5 million based on the above assumptions. This cost can be related to the company's total personnel costs, including social charges, of SEK 442.7 million in 2017.

#### *Hedging and delivery of shares under PSP 2018*

The Board has considered two alternatives for delivering Qliro Group shares to the participants, subject to the terms and conditions of PSP 2018; either Qliro Group (i) transfers ordinary shares held by the company itself to participants, free of charge, or (ii) enters into an agreement with a bank that will be able to, in its own name, acquire and transfer Qliro Group shares. The Board considers the first alternative as its preferred option. However, should the Annual General Meeting not approve the proposed issuance and repurchase of C-shares, and transfer of own ordinary shares in accordance with the proposal in item 22, the Board may enter into a hedging arrangement with a third party to hedge the obligations of Qliro Group to deliver shares under PSP 2018.

Regardless of method of delivery, the costs of PSP 2018 will be charged to the income statement during the vesting period.

### **Adoption of a synthetic call option plan for the CEO and CFO in Qliro Group AB (publ) and the management and key employees in Qliro Financial Services (QOP 2018) (item 21)**

#### *Proposal*

The Board proposes that the Annual General Meeting resolves to adopt a synthetic call option plan for the CEO and the CFO in Qliro Group and the management and other key persons in Qliro Group's subsidiary/business unit in financial services Qliro Financial Services (Qliro AB, hereafter "QFS") based on the value growth in QFS ("QOP 2018").

#### *The motives for the proposal*

QOP 2018 is expected to lead to greater commitment and increased motivation for the participants in QOP 2018 by offering them to make an own investment, on market terms, in synthetic call options directly linked to the long-term value-growth of QFS. The Board of Qliro Group considers that QOP 2018 will increase the shareholder value and benefit the opportunities to recruit, motivate and retain talented employees working in Qliro Group and QFS.

#### *QOP 2018; structure, participation and settlement*

The CEO and CFO in Qliro Group and the management and other key persons (in total around 13 persons) working in QFS will be invited to participate in QOP 2018.

The value of the issued synthetic call options will amount to a maximum of approximately 0.8 per cent of the value of QFS. The value of QFS will be determined through a valuation at launch (after the Annual General Meeting 2018) and at close (three years following launch or at Qliro Group's potential divestment of QFS) by an independent valuation institute, applying recognized valuation methodologies.

Settlement of the amount that the synthetic call option holders have the right to receive, subject to the terms and conditions of QOP 2018, is proposed, primarily, to be made in Qliro Group ordinary shares. The Board has considered two alternatives for delivering Qliro Group shares to the participants; either Qliro Group (i) transfers ordinary shares held by the company itself to participants or (ii) enters into an agreement with a bank that will be able to, in its own name, acquire and transfer Qliro Group shares. The Board considers the first alternative as its preferred option. However, should the Annual General Meeting not approve the proposed issuance and repurchase of C-shares, and transfer of own ordinary shares in accordance with the proposal in items 22, the Board may enter into a hedging arrangement with a third party to hedge the obligations of Qliro Group to deliver shares under QOP 2018, as set out in the agreement between Qliro Group and the employee, or cash settle the synthetic call options in accordance with QOP 2018.

#### *Main conditions for the synthetic call options*

In order to be able to carry out QOP 2018, the Board proposes that the Annual General Meeting resolves on the following main conditions.

The participants in QOP 2018 shall give notice of their participation and acquire synthetic call options, at market value, following the 2018 Annual General Meeting (the "**Entry Date**"). The market value will be calculated by an independent, valuation institute, applying a standard accepted valuation model (Black-Scholes).

Allocation of synthetic call options will be made by the Board, or the Remuneration Committee, in accordance with the principles adopted by the 2018 Annual General Meeting and will be based on the employees' competence, area of responsibility and the investee category in which the employee belongs. The employees are expected to, in total, invest a maximum of approximately SEK 1.4 million in QOP 2018. Each participant can acquire synthetic call options for an amount that corresponds to a maximum of between approximately 7-14 per cent of the total investment in the QOP 2018 (depending on QOP 2018 investee category).

The issue of synthetic call options will take place by entering into an agreement between Qliro Group and the employee, principally on the following terms:

- The synthetic call options may be exercised three years after they were issued and also in case Qliro Group divests QFS (the "**Closing Date**").
- One (1) synthetic call option shall give the holder the right to receive, from Qliro Group, an amount calculated on the basis of the value growth in QFS, subject to the condition that the determined value of QFS on the Closing Date is at least 152 per cent of the determined value at the Entry Date (the exercise price).
- Payment to the participants of said amount will, in accordance with the detailed terms and conditions of the synthetic call options, with certain exceptions, be made by Qliro Group transferring own ordinary shares to the participants. The number of ordinary shares that will be transferred to the participants will be based on a calculated share price for the Qliro Group ordinary share (calculated as the average for each trading day calculated average volume-weighted price paid for Qliro Group's ordinary shares on Nasdaq Stockholm during 10 trading days from and including the first trading day after Qliro Group publishes its first interim report after the Closing Date).
- The synthetic call options that may be issued under QOP 2018 shall be freely transferrable but with certain restrictions related to timing of any disposals of the synthetic call options. In addition, Qliro Group shall be entitled to acquire the synthetic call options at market value calculated in accordance with Black-Scholes.
- QOP 2018 will not change the number of shares in QFS.

The Board intends to disclose the outcome of QOP 2018 no later than in the Annual Report 2021.

#### *Scope and costs of QOP 2018*

The synthetic call options will be transferred to the participants at market price. Accordingly, there will be no initial cost for Qliro Group for QOP 2018.

The future costs or revenues for Qliro Group attributable to issued synthetic call options in QOP 2018 will depend on the value growth of QFS. If the value of QFS at the Closing Date is less than 152 per cent of the value at the Entry Date, the synthetic call options will be worthless and the paid option premiums will become revenue for Qliro Group. If the value of QFS at the Closing Date exceeds 152 per cent of the value at the Entry Date, the synthetic call options will have a value. The total value of the issued synthetic call options at the Closing Date will be a maximum of 0.8 per cent of the difference between the determined value for QFS at the Closing Date and 152 per cent of the value at the Entry Date. The total awarded amount (to the QOP 2018 participants) is however subject to that the value of QFS on the Closing Date is capped to five (5) times of the value at the Entry Date.

The administrative costs for hedging delivery of Qliro Group ordinary shares amounting to the difference between the determined value for QFS at the Closing Date and 152 per cent of the value at the Entry Date, with deduction of the option premiums paid by the participants, will be the total cost for Qliro Group. Settlement in relation to the synthetic option holders will be made during 2021, or at Qliro Group's exit in QFS. The maximum dilution for settlement of QOP 2018 is 0.3 per cent in terms of shares and votes outstanding in Qliro Group.

*Preparation and administration of QOP 2018 and the detailed terms and conditions for the synthetic call options*

QOP 2018 has been prepared by the Remuneration Committee together with external advisors and adopted by the Board.

The Board, or the Remuneration Committee, shall resolve upon the persons to be invited to acquire synthetic call options as well as the detailed terms of the option agreements to subsequently be entered into with the participants. Further, the Board, or the Remuneration Committee, will be responsible for the detailed design and management of QOP 2018 within the framework of the main terms and guidelines as resolved by the 2018 Annual General Meeting.

**Hedging arrangements for the incentive plans (item 22)**

The Board proposes the following methods to secure delivery of Qliro Group shares to the participants under PSP 2018 and QOP 2018:

*Authorisation for the Board to resolve on a new issue of Class C shares (item 22(a))*

The Board proposes that the Annual General Meeting resolves to authorise the Board, during the period until the next Annual General Meeting, to the issuance of, by a new issue, of not more than 1,807,000 Class C shares. With deviation from the shareholders' preferential rights, Nordea Bank AB (publ) shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the quota value of the shares at the time Nordea Bank AB (publ) subscribes for the shares. Subscribed C-shares shall be paid in money.

The new C shares may in accordance with a conversion provision in the company's articles of association be converted to ordinary shares and the purpose of the authorisation and the reason for the disapplication of the shareholders' preferential rights is to ensure delivery of ordinary shares to participants under PSP 2018 and QOP 2018.

*Authorisation for the Board to resolve to repurchase Class C shares (item 22(b))*

The Board proposes that the Annual General Meeting resolves to authorise the Board, during the period until the next Annual General Meeting, to repurchase its own Class C shares up to in total 1,807,000 C-shares, however only to the extent that after each acquisition of own shares the company holds a maximum of one tenth of all shares in the company. The repurchase may only be effected through an offer directed to all holders of Class C shares. The repurchase may be effected at a purchase price corresponding to the lowest of the share's quota value and a maximum of 105 percent of the share's quota value at the time of Nordea Bank AB's (publ) subscription of the C shares.

Payment for the repurchased Class C shares shall be made in cash. The C shares may, in accordance with a conversion clause in the company's articles of association, be converted into ordinary shares and the purpose of the repurchase is to ensure the delivery of ordinary shares under PSP 2018 and QOP 2018.

***Transfer of ordinary shares for delivery under the incentive plans (item 22(c))***

The Board proposes that the Annual General Meeting resolves that a maximum of 1,807,000 ordinary shares held by Qliro Group may be transferred to participants in accordance with the terms of PSP 2018 and QOP 2018, whereof 1,369,000 ordinary shares may be transferred to the participants in PSP 2018 and 438,000 ordinary shares may be transferred to the participants in QOP 2018, respectively.

The participants' right to receive ordinary shares requires compliance with the terms of PSP 2018 and QOP 2018 and the shares shall be transferred during the period of time that follows from the terms of PSP 2018 and QOP 2018 respectively. The shares shall be transferred free of charge.

The number of shares that may be transferred to the participants under PSP 2018 and QOP 2018 shall be subject to recalculation in the event of an intervening bonus issue, reversed split, split, rights issue and/or other similar events.

As set out above under items 20 and 21, PSP 2018 and QOP 2018 may as an alternative be hedged by Qliro Group entering into an agreement with a bank that will be able to, in its own name, acquire and transfer Qliro Group shares to the participants in PSP 2018 and QOP 2018. Furthermore, in certain cases participants in QOP 2018 may be offered cash-settlement instead of Qliro Group shares. That said; the Board considers the transfer of ordinary shares as its preferred option.

**Authorisation for the Board to resolve on repurchase of own ordinary shares (item 23)**

The Board proposes that the Board is authorised to pass a resolution on repurchasing the company's own ordinary shares, if the purpose is to reduce the number of shares through a decrease of the share capital in accordance with the following conditions:

- The repurchase of ordinary shares shall take place on Nasdaq Stockholm following the rules set out by Nasdaq Stockholm regarding re-purchase of own shares.
- The repurchase of ordinary shares may take place on one or more occasions for the period up until the next Annual General Meeting.
- So many ordinary shares may, at the most, be repurchased so that the company's holding does not at any time exceed 10 per cent of the total number of shares in the company.
- The repurchase of ordinary shares at the Nasdaq Stockholm may occur at a price per share within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price.
- Payment for the shares shall be in cash.

The purpose of the authorisation is to give the Board flexibility to continuously decide on changes to the capital structure during the year and thereby contribute to increased shareholder value.

**RESOLUTIONS PROPOSED BY THE SHAREHOLDERS**

**Proposal from shareholder Erik Nordell (item 24)**

Shareholder Erik Nordell proposes that an investigation regarding whether or not Qliro Group's subsidiary Nelly shall be distributed to Qliro Group's shareholders shall be initiated immediately, in order to create shareholder value.

**MISCELLANEOUS**

**Shares and votes**

There are a total number of 150,444,779 shares in the company, whereof 149,269,779 ordinary shares and 1,175,000 Class C shares, corresponding to a total of 150,444,779 votes. As per the day of this notice, the company holds 1,175,000 of its own Class C shares corresponding to 1,175,000 votes which cannot be represented at the Annual General Meeting.

**Special majority requirements and conditions with respect to the proposed resolutions in items 22 and 23**

A resolution under item 22(a) is valid only if supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

A resolution under item 22(b) is valid only if supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

A resolution under item 22(c) is valid only if supported by shareholders holding not less than nine-tenths of both the votes cast and the shares represented at the Annual General Meeting.

A resolution under item 23 is valid only if supported by shareholders holding not less than two-thirds of both the votes cast and the shares represented at the Annual General Meeting.

### **Authorisation**

The Board, or the person that the Board will appoint, shall be authorised to make the minor adjustments in the Annual General Meeting's resolutions as may be required in connection with registration with the Swedish Companies Registration Office and Euroclear Sweden.

### **Documentation**

The annual report, the reasoned statement of the Board, pursuant to Ch 19 Sec 22 of the Swedish Companies Act, the Auditor's statement pursuant to Ch 8 Sec 54 of the Swedish Companies Act, the Board's report of the results of the evaluation according to the Swedish Corporate Governance Code, the Nomination Committee's motivated opinion explaining its proposals regarding the Board and information on the proposed members of the Board will be made available today at the company's website [www.qlirogroup.com](http://www.qlirogroup.com), at the company's premises at Sveavägen 151 in Stockholm and will be sent to shareholders who so request and state their postal or email address.

The documentation can be ordered by telephone at +46 (0) 771-246 400 or in writing at the address Computershare AB "Qliro Group's AGM", P.O. Box 610, SE-182 16 Danderyd, Sweden.

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

The Board and the Chief Executive Officer shall, if any shareholder so requests and the Board believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group and the consolidated accounts.

Stockholm, April 2018  
QLIRO GROUP AB (PUBL)  
THE BOARD

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### **Other information**

Schedule for the Annual General Meeting:

The doors open for shareholders at 9.00 a.m CET.

The Annual General Meeting commences at 10.00 a.m. CET.

### **Interpretation**

The Annual General Meeting will mainly be held in Swedish. As a service to the shareholders, simultaneous interpretation from Swedish to English as well as from English to Swedish will be provided. For the convenience of non-Swedish speaking shareholders the proceedings of the Annual General Meeting will be simultaneously interpreted to English. This service may be requested when attendance to the Annual General Meeting is notified.

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***About Qliro Group***

*Qliro Group is a leading Nordic e-commerce group in consumer goods, lifestyle products and complementary financial services. Qliro Group operates CDON.com (the leading Nordic marketplace), Nelly.com and NLYman.com (fashion) and Qliro Financial Services. Qliro Group's shares are listed on Nasdaq Stockholm as a mid-cap with the ticker symbol "QLRO".*