

# 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 Monday 8 May 2017 at 3.00 p.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 Tuesday 2 May 2017,
- give notice of their attendance no later than Tuesday 2 May 2017. 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 Tuesday 2 May 2017 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) Caren Genthner-Kappesz (re-election, proposed by the Nomination Committee).
  - (b) Lars-Johan Jarnheimer (re-election, proposed by the Nomination Committee).
  - (c) Daniel Mytnik (re-election, proposed by the Nomination Committee).
  - (d) Peter Sjunnesson (re-election, proposed by the Nomination Committee).
  - (e) Christoffer Häggblom (new election, proposed by the Nomination Committee).
  - (f) Erika Söderberg Johnson (new election, proposed by the Nomination Committee).
  - (g) Jessica Thorell (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 key employees in Qliro Group.
21. Resolution regarding adoption of a synthetic call option plan for the CEO and key employees in Qliro Financial Services.
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. 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 Lüning, 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)-(g) and 16)**

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

The Nomination Committee proposes that the Annual General Meeting shall re-elect Caren Genthner-Kappesz, Lars-Johan Jarnheimer, Daniel Mytnik and Peter Sjunnesson as members of the Board and to elect Christoffer Häggblom, Erika Söderberg Johnson and Jessica Thorell as new members of the Board for the period until the close of the next Annual General Meeting.

The Nomination Committee proposes that the Annual General Meeting shall re-elect Lars-Johan Jarnheimer as 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 six 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 3,071,000.

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 2018. KPMG AB has informed that the authorised public accountant Mårten Asplund will be appointed as auditor-in-charge if KPMG AB is re-elected as auditor, replacing Qliro Group's current auditor-in-charge Cronie Wallquist.

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

The Nomination Committee proposes that the work of preparing proposals to the 2018 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.

The Nomination Committee will be formed during September 2017 in consultation with the largest shareholders of the company as per 31 August 2017. The Nomination Committee will consist of at least three members appointed by the largest shareholders of the company who have wished to appoint a member. The Chairman of the Board will also be a member of the Committee, and will act as its convenor. The Nomination Committee will appoint the Committee's Chairman at their first meeting.

The Nomination Committee is appointed for a term of office commencing at the time of its formation and ending when a new Nomination Committee is formed. If a member resigns during the Committee term, the Nomination 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 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 2018 Annual General Meeting.

The Nomination Committee shall have the right to upon request receive personnel resources from the company, such as secretarial services in the Nomination Committee, 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 709,918,343 is to be carried forward.

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

The Board proposes the following guidelines for remuneration to senior executives in the Qliro Group

as well as Members of the Board (of the parent company), to the extent 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 focused on consumer credit financing and payment solutions.

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.

For senior executives that are subject to the remuneration regulations applicable to credit market companies, the payout of a part of the variable remuneration is to be deferred and capped in accordance with applicable rules for credit market companies, and the Board has imposed restrictions for their variable remuneration by making payment conditional on whether the performance on which the remuneration was based proved to be sustainable over time or not.

#### *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.

#### *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.

#### *Information about compliance with the existing guidelines etc.*

For further information regarding the existing guidelines and remuneration for the senior executives paid out during 2016, please refer to Qliro Group's 2016 Annual Report, note 24 for the Group.

In accordance with the Swedish Corporate Governance Code Rule 9.1, the Remuneration Committee monitors and evaluates the application of the guidelines for remuneration to the senior executives resolved by the Annual General Meeting. In addition, the company's auditor has, in accordance with the Swedish Companies Act Ch. 8 Sec. 54, provided a report regarding compliance with the guidelines for remuneration to the senior executives during 2016. According to both the reported results of the Remuneration Committee's monitoring and evaluation of the guidelines, and the auditor's report, there has been compliance with the guidelines during 2016 resolved by the Annual General Meeting.

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

#### *Proposal*

The Board proposes that the Annual General Meeting resolves to adopt a long-term performance share plan (the "**PSP 2017**") for senior executives and other key persons in the parent company and Qliro Group's subsidiaries/business units (i.e. CDON.com, Gymgrossisten, Nelly, Lekmer and Qliro Financial Services). PSP 2017 has a similar structure as the long-term incentive plans adopted the Annual General Meetings in 2011-2016. The CEO and other key persons in Qliro Financial Services will also be invited to invest in synthetic call options, please refer to item 21.

#### *The motives for the proposal*

The objective of the proposed PSP 2017 is to create conditions to recruit and retain high performing employees in the Group.

PSP 2017 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 2017 will have a positive effect on Qliro Group's future development and thus be beneficial for both Qliro Group and its shareholders.

#### *Participants*

PSP 2017 is proposed to in total include around 30 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 2017 – 31 March 2020 (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 2020.

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

- Allotted free of charge after the Annual General Meeting 2017.

- 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 2020.

#### *Personal investment and allocation*

In order to participate in PSP 2017, 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 2017. If the employee has inside information which prevents him/her from purchasing Qliro Group shares in connection with the notification to participate in PSP 2017, Saving Shares shall be purchased as soon as possible, but prior to the next Annual General Meeting.

In total, PSP 2017 is estimated to comprise up to 354,500 Saving Shares entitling to allotment of up to 2,897,000 rights, whereof 354,500 retention rights and 2,542,500 performance rights. PSP 2017 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 39,000 Saving Shares. Each Saving Share entitles the CEO to receive 1 retention right of Series A and 9 performance rights of Series B. In total 10 rights for each Saving Share;
- the CFO of the parent company can allocate up to 27,500 Saving Shares. Each Saving Share entitles the CFO to receive 1 retention right of Series A and 9 performance rights of Series B. In total 10 rights for each Saving Share;
- category 2: approximately 5 employees (senior executives in the parent company and the CEO:s of the retail business units/subsidiaries) can each allocate up to 18,000 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 the parent company and the retail business units/subsidiaries, can each allocate up to 9,000 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 4: approximately 6 employees in the parent company, can each allocate up to 7,000 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 5: approximately 4 employees (the CEO and certain other key persons in the financial services business unit/subsidiary Qliro Financial Services) can each allocate up to 7,500 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 reaching 10 per cent as entry level and reaching 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 2017 in the Annual Report 2020.

#### *Preparation and administration*

PSP 2017 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 2017, in accordance with the mentioned terms and guidelines. To this end, the Board shall be entitled to make adjustments to PSP 2017 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 2017 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 2017 at the latest shall be given, may, upon the condition that the employment commences during 2017, be offered to participate in PSP 2017, if the Board deems it to be in line with the motives for adopting PSP 2017.

#### *Scope and costs of PSP 2017*

PSP 2017 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 12.75 (the closing share price for the Qliro Group share on 30 March 2017) 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 30 per cent, the total cost, exclusive of social security costs, for PSP 2017 is estimated to approximately SEK 8.2 million. The cost will be allocated over the years 2017 – 2020.

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 1.9 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 SEK 45 for all participants, with exception of the CEO and other participants employed by Qliro Financial Services for which the cap is SEK 17.80. 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 2 per cent in terms of shares and votes outstanding and 0.6 per cent in terms of the estimated cost for PSP 2017 as defined in IFRS 2 in relation to Qliro Group's market capitalisation.

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 11.1 million in accordance with IFRS 2 and the maximum cost for social charges approximately SEK 39.6 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 2017 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 508.2 million in 2016.

*Hedging and delivery of shares under PSP 2017*

The Board has considered two alternatives for delivering Qliro Group shares to the participants, subject to the terms and conditions of PSP 2017; 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 items 22 (a)-(c), the Board may enter into a hedging arrangement with a third party to hedge the obligations of Qliro Group to deliver shares under PSP 2017.

Regardless of method of delivery, the costs of PSP 2017 will be charged to the income statement during the vesting period.

*Other share or share-price related incentive plans in Qliro Group*

For a description of the company's other share or share-price related incentive plans, reference is made to the annual report for 2016, note 24, and the company's website, [www.qlirogroup.com](http://www.qlirogroup.com).

**Adoption of a synthetic call option plan for the CEO and key employees in Qliro Financial Services (item 21)***Proposal*

The Board proposes that the Annual General Meeting resolves to adopt a synthetic call option plan for the CEO and other key persons in Qliro Group's subsidiary/business unit in financial services Qliro Financial Services (the "QOP 2017") based on the value growth in Qliro Financial Services. The CEO and certain other key persons in Qliro Financial Services will also be invited to take part in PSP 2017, please refer to item 20.

*The motives for the proposal*

QOP 2017 is expected to lead to greater commitment and increased motivation for the CEO and other key persons in Qliro Financial Services by offering them to make an own investment, on market terms, in synthetic call options directly linked to the long-term value-growth of Qliro Financial Services. The Board of Qliro Group considers that QOP 2017 will increase the shareholder value and benefit the opportunities to recruit, motivate and retain talented employees working in Qliro Financial Services, also taking into account the regulations on remuneration in credit market companies.

*QOP 2017; structure, participation and settlement*

The CEO and other key persons (around 25 persons) working in Qliro Financial Services will be invited to participate in QOP 2017.

The value of the issued synthetic call options will amount to a maximum of approximately 2.0 per cent of the value of Qliro Financial Services. The value of Qliro Financial Services will be determined through a valuation at launch (after the Annual General Meeting 2017) and at close (three years following launch or at Qliro Group's potential divestment of Qliro Financial Services) 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 2017, is proposed 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 (a)-(c), the Board may enter into a hedging arrangement with a third party to hedge the obligations of Qliro Group to deliver shares under QOP 2017, as set out in the agreement between Qliro Group and the employee, or cash settle the synthetic call options in accordance with QOP 2017.

*Main conditions for the synthetic call options*

In order to be able to carry out QOP 2017, the Board proposes that the Annual General Meeting resolves on the following main conditions.

The participants in QOP 2017 shall give notice of their participation and acquire synthetic call options, at market value, following the 2017 Annual General Meeting (the "**Entry Date**"). The market value will be calculated by an independent, valuation institute, applying a standard 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 2017 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 SEK 2.2 million in QOP 2017. Each participant can acquire synthetic call options for an amount that corresponds to a maximum of between 2-16 per cent of the total investment in the QOP 2017 (depending on QOP 2017 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 Qliro Financial Services (the "**Closing Date**"). In the event that Qliro Group divests Qliro Financial Services before the 2018 Annual General Meeting, Qliro Group will have a right to acquire the synthetic call options at market value calculated in accordance with Black-Scholes model.
- 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 Qliro Financial Services, subject to the condition that the determined value of Qliro Financial Services 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 2017 shall be freely transferrable, but subject to a pre-emptive right for Qliro Group to acquire the synthetic call options at market value calculated in accordance with Black-Scholes.
- QOP 2017 will not change the number of shares in Qliro Financial Services.

The Board intends to disclose the outcome of QOP 2017 no later than in the Annual Report 2020.

*Scope and costs of QOP 2017*

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 2017.

The future costs or revenues for Qliro Group attributable to issued synthetic call options in QOP 2017 will depend on the value growth of Qliro Financial Services. If the value of Qliro Financial Services 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 Qliro

Financial Services 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 2.0 per cent of the difference between the determined value for Qliro Financial Services at the Closing Date and 152 per cent of the value at the Entry Date. The total awarded amount (to the QOP 2017 participants) is however subject to that the value of Qliro Financial Services 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 Qliro Financial Services 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 2020, or at Qliro Group's exit in Qliro Financial Services. The maximum dilution for settlement of QOP 2017 is 1 per cent in terms of shares and votes outstanding in Qliro Group.

*Preparation and administration of QOP 2017 and the detailed terms and conditions for the synthetic call options*

QOP 2017 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 2017 within the framework of the main terms and guidelines as resolved by the 2017 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 2017 and QOP 2017:

##### ***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 increase the company's share capital by not more than SEK 9,100,000 by a new issue of not more than 4,550,000 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 (SEK 2.00).

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 2017 and QOP 2017.

##### ***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. The repurchase may only be effected through an offer directed to all holders of Class C shares and shall comprise all outstanding Class C shares. The repurchase may be effected at a purchase price corresponding to not less than SEK 2 and not more than SEK 2.10.

Payment for the repurchased Class C shares shall be made in cash. The purpose of the repurchase is to ensure the delivery of ordinary shares under PSP 2017 and QOP 2017.

##### ***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 4,550,000 ordinary shares held by Qliro Group may be transferred to participants in accordance with the terms of PSP 2017 and QOP 2017, whereof 3,000,000 ordinary shares may be transferred to the participants in PSP 2017 and 1,550,000 ordinary shares may be transferred to the participants in QOP 2017, respectively.

The number of shares that may be transferred to the participants under PSP 2017 and QOP 2017 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 2017 and QOP 2017 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 transfers Qliro Group shares to the participants in PSP 2017 and QOP 2017. Furthermore, in certain cases participants in QOP 2017 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.

## **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. The company currently 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 22-23**

Resolutions under items 22(a), 22(b) and 23 are 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.

Resolution under item 22(c) is valid only if (i) the Annual General Meeting has resolved to adopt either of, or both, PSP 2017 and/or QOP 2017, and (ii) supported by shareholders holding not less than nine-tenth 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 2017  
QLIRO GROUP AB (PUBL)  
THE BOARD

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### **Other information**

Schedule for the Annual General Meeting:

The doors open for shareholders at 2.00 p.m. CET.

The Annual General Meeting commences at 3.00 p.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 e-commerce group in the Nordic region. Since the start in 1999, the Group has expanded and broadened its product portfolio and is now a leading e-commerce player in consumer goods and lifestyle products through CDON.com, Lekmer, Nelly (Nelly.com, NLYman.com, Members.com) and Gymgrossisten (Gymgrossisten.com/Gymsector.com, Bodystore.com, Milebreaker.com and Fitness Market Nordic). The group also comprises the payment and consumer financing solution Qliro. In 2016, the group generated 4.5 billion SEK in revenue. Qliro Group's shares are listed on Nasdaq Stockholm's Mid-cap list under short name "QLRO".*