

REPORT ON QLIRO'S REMUNERATION SYSTEM 2020

The following remuneration information is reported in accordance with article 450 of Regulation (EU) No 575/2013 (CRR), the regulations of the Swedish Financial Supervisory Authority on remuneration systems in credit institutions, securities companies and fund management companies licensed to conduct discretionary portfolio management (FFFS 2011:1, most recently revised FFFS 2020:30), and the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2014:12) regarding prudential requirements and capital buffers. The information is published on Qliro's website (www.qliro.com) and refers to figures as December 31, 2020 in thousands of Swedish kronor, unless otherwise indicated.

GENERAL INFORMATION

Qliro AB ("Qliro") is a credit market company under the auspices of the Swedish Financial Supervisory Authority. The company operates in Sweden with cross-border operations in Norway, Finland and Denmark and its registered address and operating activities in Stockholm. Qliro has been listed on Nasdaq Stockholm since October 2, 2020. Qliro's Board of Directors approved this document and its contents for publication at the ordinary Board meeting on April 15, 2021.

1. DECISION-MAKING PROCESS FOR REMUNERATION POLICY

The Board of Directors of Qliro has adopted a remuneration policy, which applies to all employees of Qliro. The remuneration policy is based on among other things FFFS 2011:1 and the EBA Guidelines on Sound Remuneration Policies 2015/22 and aims to be fully consistent with the commitments imposed on the company therein. In line with FFFS 2011:1, the remuneration policy is formulated based on an analysis of risks related to the remuneration policy, remuneration system and risk profile. In its analysis, Qliro has made an assessment of the risks that the remuneration system could entail, taking into account authorizations, structure and the basis for determining remuneration. The analysis also identifies employees whose tasks have a significant impact on the risk profile. The analysis takes into account all risks that the company could be exposed to. The Board decides whether variable remuneration shall be paid out or, if that is the case, how much variable remuneration is paid out. According to the Board's proposal, the Annual General Meeting approves guidelines for salary and other remuneration to senior executives.

1.1 REMUNERATION COMMITTEE

The Board of Directors of Qliro has chosen to establish a Remuneration Committee to assist the Board in its work with remuneration. With the support of the control functions, the Remuneration Committee shall conduct an independent evaluation of the remuneration policy and its system to determine and pay remuneration and report the results to the Board. Moreover, the Remuneration Committee shall prepare issues (i) where the Board shall decide the remuneration to senior executives and employees who are responsible for any of the internal control functions, and (ii) recommend the measures that will be applied to ensure compliance with the remuneration policy. At the end of 2020, Qliro's Remuneration Committee consisted of two members from the Board and in 2020 it met on 6 occasions.

2. STRATEGY, PRINCIPLES AND GOALS FOR REMUNERATION IN QLIRO AB

A well-functioning, market-based remuneration structure is an important component to achieve good results and sound risk taking. Remuneration within Qliro shall be designed so that it attracts employees with the talents needed to carry out operations and fall within the existing cost structure. The view of remuneration is that it shall, as far as possible, be individually designed and thereby encourage each employee to perform in line with targets, strategy, values and vision. A large part of Qliro's total expenses consists of salaries and other remuneration for employees. Consequently, it is vital to ensure that all remuneration is determined by clear principles and that Qliro regularly evaluates the risks that are associated with the remuneration system.

3. INTERNAL CONTROL

Internal Audit annually conducts an independent review of the application of the remuneration principles and remuneration system. Internal Audit reports its results to the Remuneration Committee and the Board of Directors in its entirety.

4. REMUNERATION SYSTEM

The basic remuneration model for employees consists of fixed remuneration. In certain cases, Qliro pays variable remuneration in accordance with guidelines determined by the Board of Directors. Salaries are based on the position's degree of difficulty and the individual's performance. Qliro therefore applies individual and differentiated salaries. The aim is to reward good performance, engagement and skills building in a way that benefits the company's overall results. This will also help the company to be competitive in the labor market and to recruit and retain talented employees.

- In addition to fixed and variable remuneration, Qliro pays a pension, benefits and, to a certain category of employees, availability pay. Gratuities are used on a small scale, and severance agreements may occur in a few cases but shall be proportionate to performance and risk taking. The company is restrictive with benefits beyond those offered to all employees.
- Guaranteed variable remuneration is used only when hiring new employees under special circumstances, e.g., in order to compensate the employee for the loss of variable remuneration when switching employers and is limited to the first year of employment.
- Fixed remuneration to the CEO, members of executive management and those responsible for control functions is determined by the Board of Directors. For other employees, the grandfather principle is applied, which means that the remuneration decision is made by the employee's manager and immediate supervisor. Fixed remuneration is reviewed annually in the salary audit and each year audits are conducted for employees.
- In cases where variable remuneration is paid, it shall be tied to role-specific targets, unit targets and company-wide targets, to incentivize risk taking and professionalism that benefits Qliro and not only the individual or department. The maximum amount that can be allotted to an employee (if the employee is identified as an employee whose duties have a significant impact on the company's risk profile) corresponds to one fixed annual salary including benefits (such as a pension).
- If variable remuneration corresponds to or exceeds SEK 100,000, a portion (40–60%) of the variable remuneration shall be deferred for a period of at least 3-5 years (for executive management at least 5 years). Before the deferred portion is paid out, a risk assessment and risk adjustment (if necessary) shall be made based on established criteria. In accordance with new regulations from the Swedish Financial Supervisory Authority (FFFS 2020:30), the Board of Directors will evaluate whether deferrals shall continue to apply to the company.
- Commission-based salary, which is based on quantitative targets, may be paid to certain groups of employees. Commission-based salary which is not tied to future risk taking that could change the company's income statement or balance sheet is not counted as variable remuneration.
- Key employees can be offered to participate in Qliro's long-term incentive programs or share price-related incentive programs ("LTIP's"), provided that the Annual General Meeting of shareholders decides to implement such a program. LTIP's can be based on warrants or other financial instruments considered suitable for the purpose. These LTIP's shall be designed so that they ensure a commitment by participants tied to Qliro's appreciation in value and thereby align the interests of key employees and shareholders. The LTIP's shall generally extend for at least three years. As a rule, the participants themselves shall make a personal investment in the LTIP, e.g., in warrants. These investments shall generally be made at market value. Provided that the investments are made at market value and the participants themselves take a personal financial risk, and that a potential increase in the value of the LTIP is taxed as capital and not salary, the LTIP shall not be considered to fall within the framework of variable remuneration.

Variable remuneration is unilaterally determined remuneration which, after a proposal by the CEO, is decided by the Board of Directors. In its decision, the Board has taken into consideration the company's situation and thereby ensured that the total variable remuneration amount does not limit Qliro's ability to maintain

sufficient funds. In cases where the financial situation is constrained, a decision can be made by the Board not to pay variable remuneration.

If the company pays a large share of fixed remuneration, it becomes more difficult to quickly adjust payroll expenses when needed, which is negative compared to a large share of variable remuneration. The remuneration system is positive from a risk perspective, however, since the compensation is not directly tied to sales volume or lending volumes and thus does not incentivize high risk taking. The procedure described above reduces the risk of erroneous remuneration levels and that bonus payments could jeopardize the company's own funds.

The criteria for variable remuneration for employees in control functions is designed to protect the privacy and independence of these employees. Variable remuneration for employees in control functions is therefore based on targets that are tied to those control functions independent of the performance of the business units they control. At present, no employees in control functions receive variable remuneration.

5. EMPLOYEES WHOSE DUTIES HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S RISK PROFILE

Based on FFFS 2020:30, Qliro in 2020 identified 26 employees as well as 8 Board members whose duties have a significant impact on the company's risk profile, of whom 11 have been eligible for variable remuneration. Only the CEO has variable remuneration that can exceed SEK 100,000 per year. No deferred remuneration was paid out in 2020.

6. REMUNERATION IN 2020

In 2020, Qliro invited 24 participants to a LTIP in the form of a warrant program. Based on the design of the program, it is not considered to fall within the framework of variable remuneration. One person has received severance when their employment ended. Due to confidentiality, the severance amount is not reported. No employee hired in 2020 has received guaranteed variable remuneration. No employee has received remuneration amounting to EUR 1 million or more. Following are the actual outcomes for staff costs and remuneration for 2020.

Staff costs (SEK thousands)	2020
Staff costs, employees	Qliro AB
Salaries, bonuses and other remuneration	119 377
Pension costs ¹	14 365
Social security costs	39 483
Other staff costs	2 524
Total	175 749
Staff costs, Board of Directors and the CEO	
Salaries, bonuses and other remuneration	5 485
Pension costs ¹	799
Social security costs	1 917
Other staff costs	189
Total	8 390
Total staff cost	184 139

Fixed remuneration and number of recipients (SEK thousand)

Material risk takers

Board of Directors, 8	2 205
Executive Management, 12	22 120
Other material risk takers, 14	14 148

Other staff, 266	100 653
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Total	139 126
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Cash variable remuneration and number of recipients (SEK thousand)

Material risk takers

Executive Management, 7	620
Other material risk takers, 4	230

Other staff, 3	50
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Total	900
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1. All pension costs are costs for premiums