

Corporate governance report

This report describes Qliro's principles of corporate governance. Qliro is a Swedish public limited liability company. The corporate governance report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"). Qliro strives to follow the Code where appropriate. Qliro is governed by several bodies. At the AGM, the shareholders exercise their voting rights by electing the Board of Directors and external auditors. Some of the Board's duties are prepared by Qliro's the CEO. The CEO is responsible for and oversees the company's day-to-day management in accordance with guidelines from the Board.

Shares and shareholders

Qliro's first day of trading on Nasdaq Stockholm was October 2, 2020.

According to the share register maintained by Euroclear Sweden AB, there were 16,339 shareholders at the end of 2021. Shareholdings by the 15 largest shareholders correspond to approximately 66.7 percent of the share capital and votes. Swedish institutions and equity funds own approximately 49.5 percent of the share capital, international investors hold approximately 23.1 percent and Swedish individual investors own approximately 27.4 percent.

The share capital consists of one type of shares, ordinary shares. There are no restrictions on the number of votes each shareholder can cast at the AGM. In preparation for the separate listing, the share capital and number of shares were changed during the year. At year-end, the number of shares was 17,972,973 and the share capital amounted to SEK 50,324,324.40, corresponding to a quota value of SEK 2.80 per share.

Shareholders are regularly provided with information, including interim and year-end reports, annual reports and press releases on significant events. All reports, press releases and other information can be found on the website at qliro.com.

Annual General Meeting

The Annual General Meeting is a limited company's highest decision-making body. It is where all shareholders can exercise their voting rights to decide on issues affecting the company and its operations. The Swedish Companies Act and the Articles of Association stipulate how notice is given of the AGM and Extraordinary General Meetings, as well as who is entitled to participate and vote at the meetings. The authority of the AGM and its rules of procedure are primarily based on the Swedish Companies Act and the Code, as well as the Articles of Association adopted by the AGM. The AGM must be held within six months of the end of the financial year. The AGM makes decisions on adoption of the company's income statement and balance sheet, appropriation of the year's profit or loss according to the adopted balance sheet, discharge of liability for the Board and CEO, appointment of the Board, its Chairman and the company's auditors, and certain other matters

provided for by law and the Articles of Association. The AGM for the financial year 2021 will be held on May 17, 2022.

Nomination Committee

The members of Qliro's Nomination Committee was appointed during October 2021 in accordance with the instruction for the Nomination Committee that was adopted by the annual general meeting in 2021. The Nomination Committee consist of Christoffer Häggblom, Alexander Antas, Thomas Krishan and Lennart Jacobsen. According to the instruction for the Nomination Committee, its tasks include:

- Proposal on the number of Board members and auditors and, where applicable, deputy auditors
- Proposal for election of the Chairman of the Annual General Meeting
- Proposal for election of the Board
- Proposal for election of the Chairman of the Board
- Proposal for remuneration for the Board divided between the Chairman and other members, as well as for committee work
- Proposal for election of auditors and, where applicable, deputy auditors
- Proposal for remuneration to the auditors, and to the extent it is considered necessary, proposals for revisions to the instruction for the Nomination Committee

Board of Directors

Qliro's Board of Directors is elected at the AGM for the period until the conclusion of the next AGM. Qliro's Articles of Association do not include any restrictions on the eligibility of Board members. According to the Articles of Association, the Board should consist of a minimum of three and a maximum of nine members.

Responsibilities and duties of the Board

The Board has overarching responsibility for Qliro's organization and management. The Board has adopted rules of procedure for its work that include rules pertaining to the number of scheduled Board meetings, which issues are dealt with at scheduled Board meetings, the duties of the Chairman and instructions on the division of duties between Qliro's and the CEO.

In addition to the rules of procedure for the Board, the Board's work is governed by rules and regulations that include the Swedish Companies Act, the Swedish FSA's Regulations and General Guidelines regarding Governance, Risk Management and Control at Credit Institutions (FFFS 2014:1), Guidelines on Internal Governance (EBA/GL2017/11), Guidelines on the Assessment of the Suitability of Members of the Management Body and Key Function Holders (EBA/GL/2017/12), the Articles of Association and the Code.

To perform its work effectively, the Board has appointed a Remuneration Committee and a Risk, Capital, Audit and Compliance Committee (RCACC) with special tasks. These committees deal with matters within their respective areas and present recommendations and reports on which the Board can base its decisions and actions. However, all members of the Board have the same responsibility for all decisions, irrespective of whether the issue in question has been reviewed by a committee.

The Board has also issued an instruction for the CEO, which requires among other things that major investments in fixed assets must be approved by the Board. The Board also approves major transactions, including acquisitions and divestments or business closures. Further, the Board has issued written instructions specifying when and how the information required by the Board to evaluate the company's financial position must be reported.

The rules of procedure adopted annually by the Board include instructions on which financial reports and what financial information must be submitted to the Board. In addition to the year-end report, interim reports and annual report, the Board examines and evaluates extensive financial information related to the company as a whole, as well as various entities within the company. The Board also examines, primarily through the RCACC, the most significant accounting policies applied in the company regarding financial reporting, and any key changes to these policies. The RCACC Committee is also tasked with examining reports on internal controls and the processes for financial reporting, along with internal audit reports compiled by the internal audit function, which is outsourced to an external party. The company's auditor reports to the Board as required, but at least once a year. At least one of these reporting occasions takes place without the CEO or any other member of executive management in attendance. The company's auditor also participates in a number of meetings of the RCACC. The Committee meetings are minuted and the minutes are made available to all Board members and the auditors.

Composition of the Board

The Board of Qliro consists of six members: Lennart Jacobsen (Chairman), Alexander Antas, Robert Burén, Monica Caneman, Lennart Francke and Helena Nelson.

The Board's composition shall comply with current laws and regulations, as well as the policy on competence and composition (including diversity) of the Board adopted by Qliro's Board. The policy states that the Board shall, as far as possible and without compromising with regard to competence, consist of an even distribution of men and women from different backgrounds. The composition of Qliro's Board satisfies the requirements of Nasdaq Stockholm and the Code regarding independent members. All Board members elected by the AGM are independent in relation to the company and the management and independent in relation to the company's major shareholders.

Remuneration Committee

The Remuneration Committee consists of Monica Caneman (Chairman) and Lennart Jacobsen.

The Remuneration Committee's primary tasks are to: (i) prepare decisions for the Board on matters regarding remuneration principles, remuneration and other employment terms for the CEO and senior executives; (ii) monitor and evaluate ongoing programs and programs concluded during the year for variable remuneration (e.g., long-term share-based incentive programs) for the CEO, senior executives and other key persons within Qliro; and (iii) monitor and evaluate the application of the guidelines for remuneration of senior executives that the AGM by law decides on, along with applicable remuneration structures and remuneration levels in the company.

Risk, Capital, Audit and Compliance Committee

The RCACC consists of Lennart Francke (Chairman), Helena Nelson and Monica Caneman.

The RCACC's tasks are set out in the Code. The Committee's responsibility is to: (i) monitor the company's financial reporting

Board of Directors

Name	Position	Born	Citizenship	Elected	Independent of major shareholders	Independent of company and management	Remuneration Committee	RCACC
Lennart Jacobsen	Chairman	1966	Swedish	2017	Yes	Yes	Yes	No
Alexander Antas	Member	1981	Finnish	2020	Yes	Yes	No	No
Robert Burén	Member	1970	Swedish	2018	Yes	Yes	No	No
Monica Caneman	Member	1954	Swedish	2019	Yes	Yes	Yes	Yes
Lennart Francke	Member	1950	Swedish	2016	Yes	Yes	No	Yes
Helena Nelson	Member	1965	Swedish	2015	Yes	Yes	No	Yes

and make recommendations and suggestions to ensure reporting reliability; (ii) in respect of the financial reporting, monitor the efficiency of the company's internal controls, internal audits and risk management; (iii) stay informed about the audit of the annual report and consolidated accounts, as well as the conclusions of the Supervisory Board of Public Accountants' quality control; (iv) inform the Board about the results of the audit and how the audit contributed to the reliability of financial reporting, as well as the role the Committee has played; (v) review and monitor the impartiality and independence of the auditor, particularly paying special attention to whether the auditor provides the company with services other than auditing; and (vi) assist in the preparation of proposals for the AGM's resolution on election of the auditor.

The RCACC's work is focused on evaluating the quality and accuracy of the financial reporting, internal controls, internal audits and risk assessments.

Qliro has an independent internal audit function that is outsourced to an external party.

Remuneration of Board members

The fixed remuneration for the Board, based on the usual term of office in 12 months, is SEK 600,000 to the Chairman of the Board and SEK 300,000 to other members. For the work of the Board's committees, a fee of SEK 125,000 is paid to the Chairman and SEK 75,000 each to the two other members of the RCACC, along with SEK 50,000 to the Chairman and SEK 25,000 to the other member of the Remuneration Committee. Remuneration of Board members is proposed by the Nomination Committee, which represents the company's largest shareholders, and approved by the AGM. The Nomination Committee's proposal is based on benchmarking of peer group remuneration for companies of similar size.

The Board's work in 2021

During the year, the Board regularly reviewed Qliro's earnings, financial position, organization and administration. During

its meetings, the Board dealt with matters involving Qliro's strategy, including budget and other financial forecasts, capital structure and financing, investments in fixed assets and continued streamlining of internal procedures and control processes and the handling of the pandemic situation. In November the Board together with the CEO Carolina Brandtman decided that it was time for a new leadership. The recruitment process to recruit a new CEO began immediately. The Board held a total of 14 meetings in 2021, including one statutory meeting.

The Board's self-assessment

The Board establishes an education plan every year. During the year the Board has received training in the following areas: customer protection and transparency from a legal perspective as well as insurance. At the end of the year, a self-evaluation was carried out regarding the Board's competence to identify the need for education during 2022.

External auditors

Qliro's auditor, KPMG AB, was elected at the 2021 AGM for a period of one year. KPMG has been the company's external auditor since 2014. Mårten Asplund, Authorized Public Accountant at KPMG, has overseen the company's audits since May 2017. An auditor election will take place at the 2022 AGM.

The auditors report their findings to the shareholders by means of the auditor's report, which is presented to the AGM. In addition, the auditors report their findings to the Audit Committee twice a year and to the full Board once a year, and annually provide written assurance of their impartiality and independence to the Audit Committee.

KPMG also provided the company with certain additional services beyond the audit during the year. Such matters included consulting in accounting-related areas.

Audit engagements involve examination of the annual report, financial accounting and administration by the Board and CEO. In addition, the engagement has included other reviews and audit-related tasks incumbent on the company's auditor. For more information on the auditor's fee, see Note 10.

Attendance at Board and Committee meetings in 2021

	Board meetings	RCACC	Remuneration Committee
Number of meetings 2021	14	9	3
Lennart Jacobsen	14/14		3/3
Robert Burén	14/14		
Monica Caneman	14/14	9/9	3/3
Lennart Francke	13/14	9/9	
Helena Nelson	13/14	9/9	
Alexander Antas	14/14		

CEO and executive management

The company's executive management consists of the CEO and Group Management.

The CEO is responsible for the ongoing administration of the company in accordance with the guidelines and directions established by the Board.

The CEO and executive management team, supported by various staff functions, are responsible for adhering to the Group's overall strategy, financial and business controls, financing, capital structure, risk management and acquisitions. Among other tasks, this includes the preparation of financial reports and information to and communication with investors.

Internal control of financial reporting

The processes for internal control, risk assessment, control activities and monitoring regarding financial reporting are designed to ensure reliable overall and external financial reporting in accordance with IFRS, for the parent company with the limitations and additions pursuant to Recommendation RFR 2 Accounting for Legal Entities and FFFS 2008:25 and for the Group according to full IFRS as well as applicable laws and regulations.

Qliro has a clear framework in place for internal control of financial reporting. The Board has overarching responsibility for ensuring that suitable systems and structures for internal control of financial reporting have been established and for monitoring that such systems and structures are effective.

As a minimum requirement, the internal control framework for financial reporting shall include the following components:

- A risk assessment to identify, analyze and evaluate risks and key processes relevant to the financial reporting.
- Mapping and documentation of key processes, including the risks associated with each key process.
- Key controls, established through policies and processes, to ensure that relevant risks are mitigated. Control activities should be conducted at all levels within Qliro, in various stages of the business processes, including the IT environment. Key controls should be designed, implemented and documented.
- Monitoring and reporting the results of the risk assessment to management, the RCAAC and the Board, including the measures required to remedy ineffective controls, deadlines for measures and determination of responsibility. Measures should be followed up and reported.

Control environment

The Board has adopted a series of policies and instructions, which together with the external rules provide the foundation for the company's control environment. In addition to communicating a clearly defined internal control environment,

the policies and instructions have as a goal to define roles and the distribution of responsibilities between the CEO, the Board and independent control functions. The policies and instructions cover among other things credit processes, conflicts of interest, anti-money laundering and counter-terrorist financing, information security, risk management, management of operational risks, compliance, internal audit, outsourcing, data security, remuneration, etc.

To create an effective system for internal control and risk management, the company has established a model with three lines of defense (including control functions for risk, compliance and internal audit). The control functions are organizationally separated from each other to ensure independence and avoid conflicts of interest. The control functions must regularly report material shortcomings and risks to the CEO and the Board, or the Board's committees, which will ensure that processes are established to regularly monitor the measures that are taken due to such reports.

The Board is ultimately responsible for maintaining an effective control environment, and the CEO must regularly submit a report to the Board containing among other things comments on significant events. Managers at various levels of the company have, in their capacity as operational staff and operational managers of certain business units and support functions in the first line of defense, responsibility for identifying, addressing and reporting operational risks.

Risk assessment and control activities

The risks that could materially impact the company's strategic, operational, reporting and compliance goals must be managed correctly and sufficiently. The company systematically evaluates the risks that it faces, to identify, analyze and evaluate current and potential risks, as well as how these risks are addressed and reported. This assessment is performed through the risk management process, which consists of six steps: risk identification, risk analysis, risk assessment, risk management, risk monitoring and reporting.

Information and communication

Qliro's communication channels and the company's limited size make it possible to quickly and easily communicate written information regarding internal control to the employees concerned. In addition to written information and reports, risk management and control activities are communicated verbally and discussed at in-person/digital meetings with the employees concerned. With regard to external communication, the company has established policies to ensure that it meets applicable information requirements as well as to guarantee that communicated information is accurate and of high quality. Qliro's website is continuously updated and meets the requirements for credit market companies and companies listed on Nasdaq Stockholm.

Monitoring

The Board continuously evaluates the information submitted by company management and the RCAAC. The Board receives regular updates between meetings on the Group's development. The company's financial position, strategies and investments are discussed at every ordinary Board meeting. The RCAAC reviews all quarterly reports prior to publication. The RCAAC is also responsible for monitoring internal control activities. This work includes ensuring that measures are taken

to deal with any shortcomings and implementing proposed measures that have emerged from the internal and external audits. The external auditors participate in a number of regular meetings of the RCAAC.

The company has an independent internal audit function with responsibility for monitoring and evaluating risk management and internal control activities. Internal audit has been performed by an external party whose work includes scrutinizing compliance with established guidelines.