

Boozt

The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

THE BOARD OF DIRECTORS' PROPOSAL FOR RESOLUTION ON IMPLEMENTATION OF A LONG-TERM INCENTIVE PROGRAM BY WAY OF (A) IMPLEMENTATION OF A PERFORMANCE-BASED SHARE PROGRAM; (B) AUTHORIZATION ON DIRECTED ISSUES OF SERIES C SHARES; (C) AUTHORIZATION ON REPURCHASE OF SERIES C SHARES; AND (D) RESOLUTION ON TRANSFER OF OWN ORDINARY SHARES

The board of directors of Boozt AB (the "Company") proposes that the Annual General Meeting on 27 May 2020 resolves to implement a long-term incentive program in the form of a performance-based share program (the "LTI 2020") for the Company's CEO, Group Management and key employees in accordance with A below. The resolution is conditional upon that the annual general meeting also resolves on hedging measures in accordance with B – D below.

A. Implementation of a performance-based share program

Background

At the Extraordinary General Meeting held on 24 June 2019 it was resolved to implement a long-term incentive program (LTI 2019). As noted in connection with the proposal for LTI 2019, the long-term incentive program was intended to be annual after evaluation of the board of directors. The board of directors has now evaluated LTI 2019 and found that it has worked well and has hence resolved to propose a similar program this year. The overall purpose with LTI 2020 is to align the interests of the Company's senior executives and key employees with those of the shareholders and thus ensure a maximum long-term value adding commitment. LTI 2020 is also considered to create a long-term focus on increase in earnings and growth among the participants. LTI 2020 is further considered to facilitate for the Company to recruit and retain senior executives and key employees.

Terms and conditions for LTI 2020

1. In total, LTI 2020 is proposed to comprise approximately 35 participants composed of senior executives and key employees, divided into three categories. Provided that the performance targets mentioned below are met or exceeded, participants in LTI 2020 shall be given the opportunity to receive ordinary shares in the Company free-of-charge ("Performance Shares").
2. The total number of Performance Shares shall not exceed 1,800,000.
3. The maximum number of Performance Shares that can be allotted to the participants in the respective category shall not exceed the numbers set out in the table below:

Category	Maximum number of Performance Shares per participant
CEO	200,000
Other Group Management (6 persons)	750,000 Performance Shares may in the aggregate be allotted to this category but no participant may be allotted more than 130,000 Performance Shares.

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Key employees (approximately 28 persons)	850,000 Performance Shares may in the aggregate be allotted to this category but no participant may be allotted more than 100,000 Performance Shares.
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4. A condition for the right to receive Performance Shares is that the participant, subject to certain customary good leaver exemptions, has continued to be employed by the Company until 27 May 2023.
5. The performance targets (the "**Performance Targets**") that have to be met or exceeded relate to (i) the share price development of the Company's shares (the "**Share Price Target**"); (ii) the Company's Net Promoter Score (the "**NPS Target**"); (iii) the Company's organic revenue growth (the "**Revenue Growth Target**"); and (iv) the Company's Adjusted EBIT Margin (the "**EBIT Target**"). The number of Performance Shares allocated to each participant in relation to each Performance Target shall be weighted with 25 per cent per Performance Target.

The Share Price Target relates to the development of the Company's share price measured based on the volume weighted average share price during the 30 trading days immediately after the publication of the Company's full year report (Q4-report) for the financial year 2022 (the "**Closing Price**"). A Closing Price below SEK 60 (minimum level) does not entitle to any vesting of any of the Performance Shares pertaining to the Share Price Target, a Closing Price of SEK 60 will entitle to vesting of 25 per cent of the Performance Shares pertaining to the Share Price Target, a Closing Price of SEK 75 (target level) will entitle to vesting of 50 per cent of the Performance Shares pertaining to the Share Price Target and a Closing Price of SEK 90 (maximum level) will entitle to vesting of 100 per cent of the Performance Shares pertaining to the Share Price Target. In the event of a Closing Price between the minimum level and the target level or between the target level and the maximum level, respectively, vesting of the Performance Shares pertaining to the Share Price Target will occur linearly between 25 per cent and 50 per cent of the Performance Shares pertaining to the Share Price Target and between 50 per cent and 100 per cent of the Performance Shares pertaining to the Share Price Target, respectively.

The NPS Target relates to the Company's net promoter score in the fourth quarter of the financial year 2022 ("**NPS**"). A NPS below 61.0 (minimum level) does not entitle to any vesting of any of the Performance Shares pertaining to the NPS Target, a NPS of 61.0 will entitle to vesting of 25 per cent of the Performance Shares pertaining to the NPS Target, a NPS of 65.0 (target level) will entitle to vesting of 50 per cent of the Performance Shares pertaining to the NPS Target and a NPS of 68.0 or more (maximum level) will entitle to a vesting of all of the Performance Shares pertaining to the NPS Target. In the event of a NPS between the minimum level and the target level or between the target level and the maximum level, respectively, vesting of the Performance Shares pertaining to the NPS Target will occur linearly between 25 per cent and 50 per cent of the Performance Shares pertaining to the NPS Target and between 50 per cent and 100 per cent of the Performance Shares pertaining to the NPS Target, respectively.

The Revenue Growth Target relates to the increase of the Company's organic revenue growth during the financial years 2020 - 2022 and the EBIT Target relates to the Company's Adjusted EBIT margin (the profit/loss before interest and tax adjusted for share based payments related to employees and items affecting comparability / net revenue) in the financial year 2022. The Revenue Growth Target and the EBIT Target shall be determined by the board of directors before LTI 2020 is offered to the participants and shall be based on the guidance provided by the Company on 21

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February 2020. For each of these respective Performance Target, a minimum level, a target level and a maximum level shall be determined. If the minimum target is not achieved, no Performance Shares are vested in relation to the relevant Performance Target, if the minimum target is achieved, 25 per cent of the Performance Shares pertaining to the relevant Performance Target are vested, if the target level is achieved, 50 per cent of the Performance Shares pertaining to the relevant Performance Target are vested and if the maximum level is achieved, all the Performance Shares pertaining to the relevant Performance Target will be vested. In the event of an outcome between the minimum level and the target level or between the target level and the maximum level, respectively, vesting of the Performance Shares pertaining to the relevant Performance Target will occur linearly between 25 per cent and 50 per cent of the Performance Shares pertaining to the relevant Performance Target and between 50 per cent and 100 per cent of the Performance Shares pertaining to the relevant Performance Target, respectively.

The board of directors intends to present the determined targets regarding the Revenue Growth Target and the EBIT Target as well as the achievement of these in connection with the expiration of LTI 2020 at the latest.

The final number of Performance Shares vested by each participant shall be rounded downwards to the nearest whole number.

6. In addition to the achievement of the Performance Targets, the allocation of Performance Shares shall be conditional upon that the weighted average quarterly ratio (calculated based on each of the four quarters in the financial year 2022) for "Net working capital - per cent of LTM net revenue" as reported in the Company's full-year report for the financial year 2022 (the "**NWC Ratio**"), does not exceed certain levels to be determined by the board of directors before LTI 2020 is offered to the participants. The board of directors shall determine one threshold level and one maximum level for the NWC Ratio. If the threshold level is exceeded but the maximum level is not reached, the board of directors shall be entitled to decrease the number of Performance Shares to be allocated to the lower number of shares that the board of directors finds reasonable and if the maximum level is exceeded, no Performance Shares shall be allotted in LTI 2020. The board of directors intends to present the determined NWC Ratio in connection with the expiration of LTI 2020 at the latest.
7. Before the number of Performance Shares to be allocated is finally determined, the board of directors shall also make a general evaluation if allocation pursuant to the principles set out above is reasonable, having regard to the Company's results and financial standing, to conditions on the stock market and to other circumstances in general. If the board of directors finds that it is not reasonable, then the board of directors may decrease the number of Performance Shares to be allocated to the lower number of shares that the board of directors finds reasonable.
8. The number of Performance Shares shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar company actions.
9. Allotment and transfer of Performance Shares to the participants shall take place within 30 days after 27 May 2023. To the extent applicable insider rules would prevent transfer of Performance Shares to a participant within this period, the transfer of Performance Shares shall instead be made as soon as such restrictions have ceased to apply.

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10. Participation in LTI 2020 is conditional upon that the participation is legally possible and that the participation in the Company's sole opinion can be made with reasonable administrative costs for the Company.
11. The board of directors shall be responsible for the details and management of LTI 2020 within the framework of the main conditions as set out above, and the board of directors shall be authorized to make minor adjustments to these conditions as required by law or for administrative reasons. The board of directors shall also be authorized to adjust or deviate from the terms and conditions as required by local laws and regulations as well as existing market practices. The board of directors shall also be entitled to resolve on diverging terms for the allocation of Performance Shares in connection with cessation of employment due to death, early retirement or similar occasions or due to termination by the Company that is not related to misconduct by the participants. In these cases the board of directors may resolve that the participant will be entitled to receive a proportionate part of the Performance Shares. Furthermore, in the event of a public take-over offer, a sale of the Company's business, liquidation, merger or any other such transaction affecting the Company, the board of directors shall be entitled to resolve that the Performance Shares shall vest and be allotted on completion of such transaction. The board of directors will make this resolution based on the level of achievement of the Performance Targets and any other factors deemed relevant by the board of directors. Finally, the board of directors is also entitled to adjust vesting and allotment if such has been made based on information which later proves to be incorrect.

B. Authorization on directed issues of series C shares

The board of directors proposes that the Annual General Meeting resolves to authorize the board of directors, for the period up until the next Annual General Meeting, on one or several occasions, to issue a maximum of 1,800,000 series C shares. The new shares may, with deviation from the shareholders' preferential rights, only be subscribed for by a bank or a securities company at a subscription price which corresponds to the quota value. The purpose of the authorization and the reason for the deviation from the shareholders' preferential rights in connection with an issue of shares is to secure delivery of Performance Shares under LTI 2020, which shall be effected through the Company repurchasing the series C shares issued pursuant to the authorization in section C below and thereafter, when the series C shares have been converted to ordinary shares, by transferring ordinary shares to the participants in LTI 2020 in accordance with section D below.

C. Authorization on repurchase of series C shares

The board of directors proposes that the Annual General Meeting resolves to authorize the board of directors, for the period up until the next Annual General Meeting, on one or several occasions, to repurchase its own series C shares. Repurchase may only be effected through a public offer directed to all holders of series C shares and shall comprise all outstanding series C shares. Repurchase may also be made of so-called interim shares, by Euroclear Sweden AB designated as a Paid Subscribed Share (Sw. Betald Tecknad Aktie (BTA)), regarding a series C share. Repurchase shall be made at a purchase price per share which corresponds to the quota value of the share. The purpose of the proposed repurchase authorization is to secure delivery of Performance Shares under LTI 2020.

The board of directors' statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act (Sw. aktiebolagslagen) is presented in a separate document provided with this proposal.

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D. Resolution on transfer of own ordinary shares

In order to fulfil the Company's obligations towards participants in LTI 2020, the board of directors proposes that the Annual General Meeting resolves that the Company shall transfer own ordinary shares as follows:

1. The Company shall have the right to transfer the number of ordinary shares that the Company has a maximum obligation to allocate as Performance Shares to participants in LTI 2020, at most 1,800,000 shares.
2. The number of shares that may be transferred pursuant to LTI 2020 shall be subject to recalculation in consequence of a bonus issue, split, rights issue, and/or other similar corporate action which affects the number of shares in the Company.
3. The right to acquire ordinary shares shall, with deviation from the shareholders' preferential rights, vest in participants in LTI 2020 who are entitled to be allotted Performance Shares in accordance with the terms and conditions of the program.
4. Transfer of shares to participants in LTI 2020 shall be made free of charge and be executed at the relevant time specified in the terms and conditions for LTI 2020.

The reason for the deviation from the shareholders' preferential rights in connection with the transfers of own ordinary shares is to enable the Company's delivery of Performance Shares to participants in LTI 2020.

Costs, impact on key ratios, existing incentive programs and dilution

LTI 2020 will be accounted for in accordance with IFRS 2 which stipulates that the right to receive Performance Shares shall be expensed as a personnel cost over the vesting period.

The board of directors has made a preliminary cost calculation for LTI 2020, which is based on the assumption of a share price of SEK 40 at the start of the program. Based on a Monte Carlo simulation, the Company estimates that the IFRS 2 costs of the Performance Shares related to the Share Price Target are SEK 11.3 per Performance Share. The IFRS 2 costs for the Performance Shares related to the other Performance Targets have been estimated to SEK 40 per Performance Share. If the Company estimates an employee turnover of 0 per cent until shares are received approximately three years later, and excludes future dividends of the Company's share, the total costs for LTI 2020 including costs for social security contributions, are estimated to be approximately MSEK 110, provided that all the Performance Targets are met in full.

Based on the calculation of the total cost as per the above, the anticipated annual costs, including costs for social security contributions, is MSEK 36.7, which corresponds to approximately 16.3 per cent of the Company's total employee costs for the financial year 2019. Based on the calculation of the annual costs and the dilution calculated as per the below, the key figure earnings per share for the full year 2019 had been changed from SEK 0.96 to SEK 0.46 had the Company expensed 1/3 of the total costs for LTI 2020 in 2019.

As per the date of the notice, the number of shares in the Company amounts to 57,745,439, whereof 57,370,853 ordinary shares and 374,586 are series C shares which were issued in connection with LTI 2019 and that will be converted into ordinary shares prior to delivery to participants.

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The maximum number of Performance Shares that can be issued in relation to LTI 2020 amounts to 1,800,000 which corresponds to a dilution of approximately 3.04 per cent of the Company's ordinary shares, calculated on the number of ordinary shares that will be added upon full issuance of Performance Shares in connection with LTI 2020.

Since previously, there are three incentive programs in the Company in the form of one employee option program, one warrant program and one performance based share program (LTI 2019). The existing incentive programs can lead to that in the aggregate 3,538,625 new ordinary shares are issued. In case all outstanding incentive programs as well as the proposed LTI 2020 are exercised in full, a total of 5,338,625 new ordinary shares will be issued, which corresponds to a dilution of approximately 8.51 per cent of the Company's ordinary shares, calculated on the number of ordinary shares that will be added upon full exercise of all outstanding incentive programs as well as the proposed LTI 2020.

The above calculations regarding dilution and impact on key ratios are subject to re-calculation of the warrants in accordance with the customary recalculation terms included in the complete applicable warrant terms.

Preparation of the proposal

The proposal for LTI 2020 has been prepared by the Remuneration Committee together with external consultants. The final proposal has been resolved upon by the board of directors.

Majority requirement

The board of directors' proposal on implementation of a long-term incentive program in accordance with Sections A to D above constitutes an overall proposal which shall be resolved upon as one resolution. The resolution is subject to the provisions in Chapter 16 of the Swedish Companies Act (Sw. aktiebolagslag 2005:551)), and a valid resolution hence requires that the proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

The chairman of the board of directors, or anyone appointed by him, shall be authorized to make minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (Sw. Bolagsverket) or Euroclear Sweden AB.

Malmö in April 2020

The Board of Directors of Boozt AB (publ)

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