

# Remuneration report 2020/2021 for Addtech AB (publ)

## **Introduction**

This remuneration report describes how the guidelines for remuneration to senior executives, adopted by the 2020 Annual General Meeting, were implemented in 2020/2021. The report also contains information about the remuneration of Addtech's CEO. Finally, the report contains information about Addtech's outstanding incentive programmes. The report has been prepared in accordance with the chapter 8, sections 53a-b of the Swedish Companies Act (2005:551) and the *Rules on remuneration to senior executives and on incentive programs* issued by the Swedish Corporate Governance Board.

Further information on remuneration to senior executives pursuant to chapter 5 sections 40-44 of the Swedish Annual Accounts Act is available in note 6 in the company's 2020/2021 annual report.

Information on the work of the Remuneration Committee in 2020/2021 is set out in the corporate governance report in the 2020/2021 annual report.

This report does not cover remuneration of the Board of Directors. Such remuneration is resolved annually by the general meeting and disclosed in note 6 in the 2020/2021 annual report.

## **Developments in 2020/2021**

For more information regarding the company's performance in 2020/2021 please see the comments from the CEO in the 2020/2021 annual report.

## **The Company's remuneration guidelines: scope, purposes and deviations**

A prerequisite for the successful implementation of the company's business strategy and the exploitation of the company's long-term interests, including its sustainability, require Addtech to recruit and retain qualified employees. This requires the company to be able to offer competitive total compensation, which these guidelines allow. The total remuneration shall be market-based and competitive and shall be in relation to responsibilities and powers. In accordance with Addtech's guidelines for remuneration to senior executives, remuneration shall be market-based and consist of the following components: fixed salary, any variable salary under separate agreement, pension and other benefits. The variable salary shall be linked to one or more predetermined and measurable financial criteria established by the Board of Directors such as the Group's earnings growth, profitability and cash flow. By linking the remuneration of senior executives to the company's results, they promote the implementation of the company's business strategy, long-term value creation and competitiveness.

The guidelines for remunerations, adopted by the 2020 Annual General Meeting, can be found on pages 61-62 in the 2020/2021 Annual Report. In 2020/2021, the company has complied with the applicable guidelines and no deviations from the guidelines have been

made and no deviations from the decision-making process that the guidelines require to be applied to determine the remuneration have been made. The auditor's report regarding the company's compliance with the guidelines can be found on the Addtech website: <https://www.addtech.com/investors/corporate-governance/general-meeting>. No remuneration has been reclaimed.

In addition to remuneration covered by the remuneration guidelines, Addtech's annual general meetings have resolved to implement long-term incentive programmes.

## Share-based remuneration

At the end of year 2020/2021, Addtech had four outstanding call option programmes (2017/2021, 2018/2022, 2019/2023 and 2020/2024) for Group Management and other executives in the Group. The incentive programmes provide participants with the opportunity to acquire call options at market prices on class B shares repurchased by Addtech. The employees have paid a market premium for call options on class B shares. The programme includes a subsidy so that the employee receives the same sum as the option premium paid in form of the cash payment, i.e. salary. This subsidy shall be paid two years after the issue decision, providing that the option holder is still employed in the Group and owns call options at the time. This subsidy and the associated social security costs are accrued as personnel costs over the vesting period. Addtech has no obligation to repurchase the options when an employee terminates employment. The holder may exercise the options regardless of continued employment in the Group. In outstanding programmes, the CEO has been given the opportunity to acquire 90,000 call options and has taken full advantage of these offers. A total of 90,000 call options have been allocated, corresponding to 360,000 shares, which corresponds to 0,1 % percent of the shares in the company.

During the 2020/2021 financial year, 252 500 options out of a total of 300 000 options in the 2017/2021 programme were exercised, corresponding to 1 010 000 class B shares. Of these, the CEO exercised 17 000 options, corresponding to 68 000 class B shares.

Basic information on incentive programmes			Information regarding financial year 2020/2021					
			Opening balance	During the year		Closing balance		
Outstanding programmes	Exercise period	Redemption price	Number of call options, beginning of year	Call options allotted	Call options exercised	Number of call options, end of year	Corresponding number of shares	
Niklas Stenberg, CEO	2020/2024	4 Sep 2023 - 5 June 2024	538.10	0	20,500		20,500	82,000
	2019/2023	5 Sep 2022 - 2 June 2023	321.80	19,000			19,000	76,000
	2018/2022	6 Sep 2021 - 3 June 2022	232.90	27,500			27,500	110,000
	2017/2021	14 Sep 2020 - 4 June 2021	178.50	23,000		17,000	6,000	24,000
<b>Total</b>			<b>69,500</b>	<b>20,500</b>	<b>17,000</b>	<b>73,000</b>	<b>292,000</b>	

## Total remuneration for senior executives in 2020/2021

(KSEK)	Year	Fixed salary		Variable remuneration		Share		Pension cost	Total remuneration
		Basic salary	Other benefits	One year variable <sup>1)</sup>	Multi-year variable	Fixed salary	Variable salary		
Niklas Stenberg, CEO	2020/2021	5548	43	1534	-	78%	22%	1632	8757

1) Includes subsidy for option plan

Variable compensation may be based on parameters such as the Group's growth in earnings, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. In addition, an additional premium of 20 percent may be based on the received variable salary that has been used for the acquisition of shares in Addtech AB. Regarding the company's performance in 2020/2021, earnings growth amounts to -8 % (target > 15 %) and profitability in the form of R/RK to 52 % (target > 45 %). Operating cash flow amounts to SEK 1,483 million (previous year: SEK 1,117 million). Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 40 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Total remuneration for 2020/2021 for the CEO was in line with the approved guidelines.

## Comparable information on remuneration trends and company performance

Annual change*	2019/2020 vs 2018/2019	2020/2021 vs 2019/2020	Remuneration 2020/2021
Remuneration to Chief Executive Officer			
Niklas Stenberg <sup>1)</sup>	48%	1%	8757
The company's financial performance			
Net sales	16%	-3%	
EBITA	26%	-8%	
Profit for the period	30%	-17%	
Average remuneration for a full-time employee			
Average increase <sup>2)</sup>	16%	-1%	

1) Niklas Stenberg was, during the financial year 2018/2019, employed as Business Area Manager April 1-August 31 2018 and as CEO September 1 2018-March 31 2019

2) Employees excluding CEO and other Group Management

Stockholm July 2021

**Addtech AB (publ)**

The Board of Directors