

Remuneration Report 2023

This report describes how the guidelines for executive remuneration of Indutrade AB, adopted by the 2023 Annual General Meeting, were applied during 2023 ('the Remuneration Guidelines'). The report also provides information on the remuneration of the CEO and a summary of the company's outstanding share and share price-related incentive programmes. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules on compensation to senior executives and on incentive programmes issued by the Swedish Corporate Governance Board.

Additional information on the remuneration of senior executives can be found in Note 8 (Wages, salaries and other remuneration, and social security costs) in the Annual Report for 2023. Information about the Remuneration Committee's work during 2023 can be found in the Corporate Governance Report in the Annual Report for 2023.

Board fees are not covered in this report. These are decided each year at the AGM and reported in Note 8 of the Annual Report for 2023.

The CEO summarises the company's overall development and results in the CEO's message in the Annual Report for 2023.

The remuneration guidelines

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of the Company's long-term interests, including its sustainability, is that Indutrade is able to recruit and retain management with high qualifications. To this end, the company must offer competitive remuneration and other terms of employment. The forms of compensation should motivate members of executive management to do their utmost in order to safeguard the interests of the shareholders. The total compensation shall be on market terms, straightforward, long-term and quantifiable, and may consist of the following components: fixed cash salary, variable cash compensation, pension benefits and other benefits. Variable cash remuneration covered by the Remuneration Guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability. The Remuneration Guidelines are included in their entirety in this Annual Report.

In 2023, the company followed the applicable Remuneration Guidelines adopted by the AGM. No deviations from the Remuneration Guidelines have been made and neither were there any deviations from the decision process which according to the Remuneration Guidelines must be applied to establish remuneration. The auditor's report regarding the company's compliance with the Remuneration Guidelines is available on the company's website <https://www.indutrade.com/aboutindutrade/corporate-governance/remuneration/>. No remuneration has been reclaimed. In addition to remuneration covered by the Remuneration Guidelines, the AGM previously resolved to implement long-term share-related incentive plans. The plans are clearly linked to the business strategy and the company's long-term value creation by being linked to earnings development.

Variable cash remuneration

Variable cash remuneration is linked to predetermined and measurable criteria with a clear connection to the company's financial targets. The outcome is linked to the fulfilment of established goals concerning the Group's profit before taxes and working capital efficiency for persons in Group roles. For business area managers, the outcome is linked to the relevant business area's EBITA result and working capital efficiency. The Board of Directors is responsible for making that assessment as regards the CEO. For the other members of the Group Management team, the CEO makes the assessment. The outcome for the 2023 financial year amounts to 97% (100) of the maximum outcome for the CEO and 82% (99) as an average for others in the Group management team.

Outstanding share and share price-related incentive programmes

The main purpose of long-term incentive programmes is to create additional incentives for increased commitment and higher performance among the participants, to strengthen the opportunities to recruit and retain key people and to create a common ownership interest between the participants and the shareholders.

During 2023, Indutrade had three outstanding long-term incentive programmes for senior executives and key personnel: three performance-based share programmes (LTIP 2021, LTIP 2022 and LTIP 2023).

LTIP 2021, LTIP 2022 and LTIP 2023

LTIP 2021, LTIP 2022 and LTIP 2023 are performance-based share programmes for senior executives (including the CEO) and key personnel. Participation requires personal investment in Indutrade shares. These are referred to as Investment shares. For every Investment share acquired, a number of performance share rights were allotted, each of which, at the end of a 3-year vesting period, can give the holder the right to receive up to one Indutrade share. In order to be allocated those shares, the employee must remain in employment, the Investment shares must still be held and the performance requirements of the particular programme must be met.

The performance condition for LTIP 2021 is linked to compound annual growth rate (CAGR) of the earnings per share (EPS) for the Indutrade share during the performance period 2021–2023. EPS for 2020 is used as the basis for calculating CAGR. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 381 (corresponding to 200% of the volume-weighted average price paid for the Indutrade share during the last five trading days in February 2021).

The performance condition for LTIP 2022 is linked to the accumulated earnings per share (EPS) for the Indutrade share during the performance period 2022–2024. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 418 (corresponding to 200% of the volume-weighted average price paid for the Indutrade share during 17–23 February 2022).

The performance condition for LTIP 2023 is linked to the accumulated earnings per share (EPS) for the Indutrade share during the performance period 2023–2025. The maximum value of the performance shares that can be allotted for each performance share right is limited to SEK 528 (corresponding to 200% of the volume-weighted average price paid for the investment shares).

The CEO acquired 3,955 Investment shares within the scope of LTIP 2021, 2,217 Investment shares within the scope of LTIP 2022 and 1,889 Investment shares within the scope of LTIP 2023. For these Investment shares, the CEO received 19,775, 13,302 and 11,334 performance share rights respectively which, after the relevant programme period has ended, may entitle him to receive the same number of Indutrade shares.

In connection with the launch of the performance-based share programmes, the Board also adopted a policy for senior executives' share ownership. The recommended share ownership over time in relation to fixed annual salary is 100% for the CEO and 50% for other members of the Group management team.

Change in remuneration and the company's earnings during the last five financial years

	2023 vs. 2022	2022 vs. 2021	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018
Remuneration of the CEO ¹⁾					
Annual change in total remuneration (%)	32%	6%	10%	6%	0%
Net profit for the year, Group					
Annual change in Net profit for the year (%), Group	7%	28%	26%	13%	8%
Remuneration to employees ²⁾					
Annual change in total remuneration (%), Sweden	4%	5%	7%	3%	1%

1) The remuneration refers to the sum of all remuneration components as they are reported in the table below.

2) Calculated on the average number of employees in full-time equivalents in the Group's companies in Sweden. The number of employees in the Parent Company, excluding Group Management, is considered to be too small to constitute a relevant benchmark.

Remuneration of the CEO in shares

	Programme	Number of invested shares	Number of allotted share rights	Value of allotted share rights (SEK thousand)	Number of vested shares	Number of forfeited share rights	Number of outstanding share rights	Value of vested shares (SEK thousand)
Bo Annvik	LTIP 2021	3,955	19,775	4,198 ¹⁾	–	–	19,775	–
Bo Annvik	LTIP 2022	2,217	13,302	2,999 ²⁾	–	–	13,302	–
Bo Annvik	LTIP 2023	1,889	11,334	2,993 ³⁾	–	–	11,334	–

1) Share price 212.30 at the programme start date of 8 June 2021 multiplied by the number of allotted share rights, on the condition of maximum performance results.

2) Share price 225.47 at the programme start date of 30 May 2022 multiplied by the number of allotted share rights, on the condition of maximum performance results.

3) Share price 264.08 at the programme start date of 5 June 2023 multiplied by the number of allotted share rights, on the condition of maximum performance results.

Total remuneration of the CEO in 2023 ¹⁾

		Base salary ²⁾	One-year variable remuneration ³⁾	Multi-year variable remuneration ⁴⁾	Benefits ⁵⁾	Occupational pension ⁶⁾	Total remuneration
Bo Annvik	Amount in SEK thousand	12,000	7,944	0	608	4,680	25,232
Bo Annvik	Share of total remuneration	48%	31%	0%	2%	19%	

1) The table shows the recognised cost for the remuneration of the CEO.

2) Base salary refers to monthly salary, holiday pay and other taxable cost reimbursements.

3) Refers to the short-term incentive programme for 2023, paid out at the start of the following year.

4) The incentive programmes LTIP 2021, LTIP 2022 and LTIP 2023, which are described above, are still ongoing. The year's recognised cost as per IFRS 2 amounted to SEK 2,662 thousand (1,788).

5) Primarily refers to double housing (housing, garage and travel home), as well as car and fuel.

6) Pension is only based on base salary.