

Remuneration Report 2022

This report describes how the guidelines for executive remuneration of Indutrade AB, adopted by the 2021 Annual General Meeting, were applied during 2022 (the "Remuneration Guidelines"). The report also provides information on remuneration to 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 remuneration to senior executives can be found in Note 8 (Wages, salaries and other remuneration, and social security costs) in the Annual Report for 2022. Information about the Remuneration Committee's work during 2022 can be found in the Corporate Governance Report in the Annual Report for 2022.

Board fees are not covered in this report. Those are decided each year at the AGM and reported in Note 8 of the Annual Report for 2022.

The CEO summarizes the company's overall development and results in the CEO's message in the Annual Report for 2022.

During the year, 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.

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 the executive management to perform their utmost in order to safeguard the interests of the shareholders. The total remuneration shall be on market terms, straightforward, long-term and quantifiable, and may consist of the following components: fixed cash salary, variable cash remuneration, 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 the Annual Report for 2022. In 2022, 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 Annual General Meeting of the company has 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.

In 2022, the Board carried out a review of the current Remuneration Guidelines. Evaluation of the Remuneration Guidelines included a comparison of the remuneration levels at companies of comparable size and complexity. In order for the total remuneration to be more market-based and competitive, the Board is proposing that the 2023 AGM adopts the revised guidelines, which would raise the maximum outcome of variable remuneration to the CEO from the current maximum of 50% of fixed annual salary to a maximum of 70% of fixed annual salary.

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 fulfilment of established goals on the Group's profit before taxes for people in Group roles and for business area

managers, it is linked to EBITA results. 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 financial year 2022 amounts to 100 % of the maximum outcome for the CEO and 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 2022, Indutrade had three outstanding long-term incentive programmes for senior executives and key personnel: a warrant program (LTI 2017) that expired in May 2022 and two performance-based share programmes (LTIP 2021 and LTIP 2022).

LTI 2017

The LTI 2017 warrant programme expired in May 2022 and it consisted of two series that included approximately 100 senior executives (including the CEO) and key personnel. The warrants were acquired by the participants in 2017 at a calculated market price. For the warrants the person was guaranteed, Indutrade paid a cash subsidy of a total of 120% of the price paid by the participants during the programme's duration. Acquired warrants in excess of the guaranteed number have not been subsidised. The subsidy was paid to the participants on two occasions and in equal parts, provided that the participant, at the time of payment, had not sold any warrants and that the participant remained in employment. Half of the subsidy was paid out in 2019 and half in 2020. Subscription of shares could take place during specially specified subscription periods between 27 April 2020 up to and including 20 May 2022 at a price of SEK 81.60 for Series I and SEK 92.30 for Series II, recalculated after the 2:1 bonus issue in December 2020.

LTIP 2021 and LTIP 2022

LTIP 2021 and LTIP 2022 are performance-based share programmes for senior executives (including the CEO) and key personnel. Participation requires own 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).

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

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

	2022 vs. 2021	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
Remuneration to the CEO ¹⁾					
Annual change in total remuneration (%)	6%	10%	6%	0%	1%
Net profit for the year, Group					
Annual change in Net profit for the year (%), Group	28%	26%	13%	8%	33%
Remuneration to employees ²⁾					
Annual change in total remuneration (%), Sweden	5%	7%	3%	1%	3%

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 to the CEO in shares

	Programme	Number of invested shares	Number of allotted share rights	Value of allotted share rights, SEK t	Number of vested shares	Number of forfeited share rights	Number of outstanding share rights	Value of vested shares (SEK t)
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	–

¹⁾ Share price 212.30 at the program 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 program start date of 30 May 2022 multiplied by the number of allotted share rights, on the condition of maximum performance results.

Total remuneration to the CEO in 2022¹⁾

		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	10,127	4,950	0	571	3,465	19,133
Bo Annvik	SEK t / Share of total remuneration	53%	26%	0%	3%	18%	

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

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

³⁾ Refers to the short-term incentive programme for 2022, paid out in the beginning of the next year.

⁴⁾ Incentive programmes, LTIP 2021 and LTIP 2022, which are described above, are still ongoing. The year's recognised cost as per IFRS 2 amounted to SEK 1,788 thousand (720).

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

⁶⁾ Pension is only based on base salary.