

# Remuneration Report 2021

This report describes how the guidelines for executive remuneration of Indutrade AB, adopted by the 2021 Annual General Meeting, were applied during 2021 (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 2021. Information about the Remuneration Committee's work during 2021 can be found in the Corporate Governance Report in the Annual Report for 2021.

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 2021.

The CEO summarizes the company's overall development and results in the CEO's message in the Annual Report for 2021.

## 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, which the Remuneration Guidelines enable. The forms of remuneration 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 2021. During 2021, the company has complied with the applicable Remuneration Guidelines, adopted by the Annual General Meeting. No deviations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made. 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 the development of the share price.

## 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 set objectives regarding the Group's earnings before tax 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 financial year 2021 amounts to 100 % of the maximum outcome for the CEO and 96% as an average for others in the Group management team. The outcome for the Group management includes individual assessments for two executives who changed positions during the year.

## Outstanding share and share price related incentive programme

The main purpose of long-term incentive programmes is to create additional incentives for increased commitment and 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 2021, Indutrade had two outstanding long-term incentive programmes for senior executives and key personnel within the Indutrade Group, a warrant program (LTI 2017) and a performance-based share programme (LTIP 2021).

LTI 2017 is a warrant programme consisting of two series that includes 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 is guaranteed, Indutrade has during the programme's duration paid a cash subsidy of a total of 120% of the price paid by the participants. Acquired warrants in excess of the guaranteed number have not been subsidised. The subsidy has been 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 takes place during specially specified subscription periods between 27 April 2020 up to and including Friday 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.

Within the framework of LTI 2017, the CEO acquired 40,000 Series I warrants in 2017, of which 20,000 without cash subsidy. In 2020, all of these were used to subscribe for shares.

LTIP 2021 is a performance-based share programme for 185 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 shares are allotted, each of which entitles 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 programme must be met.

The programme's performance terms are based on the accumulated average annual growth rate (CAGR) of earnings per share (EPS) during the programme period. EPS for 2020 is used as the basis for calculating CAGR. The maximum value of the performance shares is limited to 200 percent of the volume-weighted average price paid for the Indutrade share during the last five trading days in February 2021.

Within the framework of LTIP 2021, the CEO acquired 3,955 Investment shares in 2021. For these Investment shares, the CEO received 19,775 performance share rights which, after the 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

	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017	2017 vs. 2016
<b>Remuneration to the CEO <sup>1)</sup></b>					
Annual change in total remuneration (%)	10%	6%	0%	1%	16% <sup>2)</sup>
<b>Net profit for the year, Group</b>					
Annual change in Net profit for the year (%), Group	26%	13%	8%	33%	10%
<b>Remuneration to employees <sup>3)</sup></b>					
Annual change in total remuneration (%), Sweden	7%	3%	1%	3%	3%

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

<sup>2)</sup> In April 2017, Bo Annvik took over as the CEO. His predecessor, Johnny Alvarsson, went into retirement.

<sup>3)</sup> 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 shares	Value of allotted share rights, SEK t <sup>1)</sup>	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	–	–	19,775	–

<sup>1)</sup> 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.

## Total remuneration to the CEO in 2021<sup>1)</sup>

	Base salary <sup>2)</sup>	One-year variable remuneration <sup>3)</sup>	Multi-year variable remuneration <sup>4)</sup>	Benefits <sup>5)</sup>	Occupational pension <sup>6)</sup>	Total remuneration
Bo Annvik SEK t / Share of total remuneration	9,593 / 53%	4,680 / 26%	–	513 / 3%	3,276 / 18%	18,062

<sup>1)</sup> The table shows the recognised cost for remuneration to the CEO.

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

<sup>3)</sup> Refers to the short-term incentive programme for 2021, paid out in the beginning of the next year.

<sup>4)</sup> Incentive programme, LTIP 2021, which is described above, is still ongoing. The year's recognised cost as per IFRS 2 amounted to SEK 720 thousand.

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

<sup>6)</sup> Pension is only based on base salary.