

Report by the Board of Directors of Indutrade Aktiebolag (publ) on the evaluation in accordance with Chapter 9.1 of the Swedish Corporate Governance Code

The Remuneration Committee held 3 meetings during the financial year 1 January – 31 December 2019. During the new financial year commencing 1 January 2020, the Remuneration Committee has held 1 meeting. The Remuneration Committee has, among other things, dealt with questions regarding the guidelines for compensation for the executive management, decisions on compensation to the CEO, assisting the CEO in compensation issues in respect of the other members of the executive management, as well as issues regarding ongoing and completed programmes for variable compensation.

Indutrade currently has one share based incentive programme, LTI 2017. The purpose of the programme is to, in a simple way, reward and retain important employees as well as to promote and create a long-term commitment to the Indutrade group by the employees' own investments and subsequently attain an increased alignment of interests between the employees and Indutrade's shareholders. The incentive programme comprises warrants in two series for senior executives and other key employees within the Indutrade group. LTI 2017 comprised not more than 704,000 warrants for approximately 180 individuals.

Each warrant under LTI 2017 entitles to subscription of one share in Indutrade as from the registration of the warrants with the Swedish Companies Registrations Office (*Bolagsverket*) up to and including Friday, 20 May 2022. Subscription of shares may only be made during certain subscription periods.

Under LTI 2017, the participants acquired a total of 526,000 warrants of Series I and 60,000 warrants of Series II. Each warrant under LTI 2017, up to the guaranteed number, entitles to a cash subsidy corresponding to 120 per cent of the price paid by the participants for the warrants. The company's cost for LTI 2017 totals approximately SEK 10 million, of which SEK 3 million was recorded in the financial year 2019.

During the financial year 2019, a total of SEK 15 million was recognised for variable compensation to the CEO and other members of the executive management. The variable compensation for 2019 was capped to approximately SEK 20 million.

Further, the Remuneration Committee has reviewed the application of the guidelines for compensation and other terms of employment for senior executives, as adopted by the Annual General Meeting 2019, and has concluded that the guidelines both have been appropriate and complied with. There has been no need to utilise the option of departing from the guidelines in the event of special reasons. The auditors had no remarks in their evaluation upon the compensation for senior executives.

It is the Remuneration Committee's assessment that the company's compensation structure and levels provide for a reasonable and competitive total compensation which enables recruitment and retaining of qualified co-workers.

Stockholm, May 2020
Indutrade Aktiebolag (publ)
The Board of Directors