

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of NCAB Group, adopted by the annual general meeting 2020, and applied in 2022. The report also provides information on remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 9 (Employees and personal costs) on page 46 in the annual report of 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on pages 28-29 in the annual report 2022.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annual by the general meeting and disclosed in not 9 on page 46 and in the corporate report available on page 30 in the annual report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on page, 5 in the annual report 2022.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long term interests, including its sustainability is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration, but not necessary market-leading. The remuneration shall reflect the individuals performance and responsibility and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long term development.

The guidelines are found on pages 33-34 in the annual report 2022. During 2022, the company has complied with the applicable remuneration guidelines adopted by the general meeting with following exception. For two members of Group management, maximum variable remuneration has after adjustments vacations payments marginally exceeded (<2%) the limitations in the guidelines. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on

<https://corporate.ncabgroup.com/en/corporate-governance-reports> No remuneration has been reclaimed.

Table 1 – Total CEO remuneration in 2022 (kSEK)*

Name of Director (position)	Fixed remuneration		Variable remuneration****			Total remuneration	Proportion of fixed and variable remuneration*****
	Base salary**	Other benefits***	One-year variable	Extraordinary items	Pension expens*****		
Peter Kruk CEO	3 319	109	3 361	0	1 019	7 808	57/43

* Remuneration based on year 2022 only

** Inclusive holiday pay of kSEK 83

*** Car benefit

****No remuneration extends over several years, 2021 only

***** Pensions expense (column 4), which in it's entirety relates to base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration

The company has two share-award program (2021/2024) and (2022/2025) for group management and key persons in the company. Subject to the employee having made an own investment in shares in NCAB (investment-shares), the employee has been awarded four performance-shares. In this plan, CEO has for 2022 invested in 30 000 investment shares and thus been awarded 120 000 performance-shares. The performance-shares have been awarded free of charge and are subject to a three-year vesting period and continued employment. Vesting of performance-shares is also subject to the satisfaction of performance conditions. The performance condition is measured as EBITA deducted with 12% interest on total capital employed year three compared to plan which is aligned with the company's financial targets. In total, for the two programs 2021/2024 and 2022/2025 1 424 400 performance shares have been awarded, which corresponds to 0,6% of the shares in the company on a diluted basis.

Table 2 – Share based plan (CEO)

Befattningshavarens namn (position)	Program	Performance-period	Award date	Vesting date	En of retention period	Share options held at beginning of year	Opening balance		Closing balance
							Share options awarded	Share options vested	Share options subject to performance condition
Peter Kruk CEO	2021/2024	2021 - 2023	2021-05-10	2023-12-31	2024-06-30	0	31 250	0	31 250
Peter Kruk CEO	2022/2025	2022 - 2024	2021-05-03	2024-12-13	2025-06-30	31 250	33 000	0	64 250

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities have been taken into account.

Table 3 – Performance of the CEO in the reported financial year: variable cash remuneration

Name of Director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Performance to get maximum bonus award b) Measured performance and c) Actual remuneration outcome
Peter Kruk, CEO	Net Sales 2022 (excl. acquired revenue)	30%	a) 4 236 MSEK b) 4 392 MSEK c) 1 090 kSEK
	EBITDA reduced with 20% internal interest on operative capital (excl. acquisitions)	45%	a) 436 MSEK b) 556 MSEK c) 1 635 kSEK
	Acquisition (discretionary)	25%	a) Great b) Between good and great c) 636 kSEK

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	RFY 2022
CEO remuneration (kSEK)	-157 (-4,3%)	+801 (+23,0%)	+790 (+18,4%)	+2 166 (+42,7%)	+208 (+2,9%)	7 808
Group operating profit (Mkr)	+61,8 (93,9%)	+34,1 (+26,7%)	+20,6 (+12,7%)	+204,9 (+112,4%)	+159,2 (+41,1%)	546
Average remuneration on a full time equivalent basis of employees* of the parent company (kSEK)	+52 (+8,0%)	+21 (+3,0%)	+45 (+6,2%)	+95 (+12,3%)	+170 (+19,7)	1 034

*Exclusive members of the group executive management