

Remuneration report 2023

Introduction

This report describes how the guidelines for executive remuneration of NCAB Group, adopted by the annual general meeting 2020, were applied in 2023. 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 49 in the annual and sustainability report 2023. Information on the work of the remuneration committee in 2023 is set out in the corporate governance report available on page 30 in the annual and sustainability report 2023.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annual by the general meeting and disclosed in note 9 on page 49 and in the corporate report available on page 31 in the annual and sustainable report 2023.

Key developments 2023

The CEO summarizes the company's overall performance in his statement on page 7 in the annual and sustainability report 2023.

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 individual's 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 30 in the annual and sustainability report 2023. During 2023, the company has complied with the applicable remuneration guidelines adopted by the general meeting. 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 2023 (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	3 523	118	1 574	0	1 011	6 225	75/25

* Remuneration based on year 2023 only

** Inclusive holiday pay of kSEK 91

*** Car benefit

****No remuneration extends over several years, 2023 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 three share-award programs (2021/2024), (2022/2025) and (2023/2026) 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, the CEO has invested in 15 000 investment shares and thus been awarded 60 000 performance-shares for 2023. 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 by 12% interest on total capital employed year three compared to plan which is aligned with the company's financial targets. In total, for the three programs 2021/2024, 2022/2025 and 2023/2026, 2 200 400 performance shares have been awarded, which corresponds to 0,9% of the shares in the company on a diluted basis. The result from the first program 2021/2024 ended up with four warrants per share vested to a price corresponding to SEK 30,20.

Table 2 – Share based plan (CEO)

Befattningshavarens namn (position)	Program	Performance- period	Award date	Vesting date	En of retention period	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	125 000	0	125 000
Peter Kruk CEO	2022/2025	2022 - 2024	2022-05-03	2024-12-13	2025-06-30	132 000	0	132 000
Peter Kruk CEO	2022/2026	2023 - 2024	2023-05-09	2025-12-13	2026-06-30	60 000	0	60 000
Total						317 000		317 000

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 2023 (excl. acquired revenue)	30%	a) 5 135 MSEK b) 4 088 MSEK c) 0 kSEK
	EBITDA reduced with 20% internal interest on operative capital (excl. acquisitions)	45%	a) 583 MSEK b) 525 MSEK c) 685 kSEK
	Acquisition (discretionary)	25%	a) Great b) Great c) 840 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)

	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	RFY 2023
CEO remuneration (kSEK)	+801 (+23,0%)	+790 (+18,4%)	+2 166 (+42,7%)	+568 (+7,8%)	-1 583 (-20,3%)	6 225
Group operating profit (Mkr)	+34,1 (+26,7%)	+20,6 (+12,7%)	+204,9 (+112,4%)	+159,2 (+41,1%)	+45,0 (+8,2%)	591
Average remuneration on a full time equivalent basis of employees* of the parent company (kSEK)	+21 (+3,0%)	+45 (+6,2%)	+95 (+12,3%)	+170 (+19,7%)	+162 (+15,7%)	1 196

*Exclusive members of the group executive management