

Remuneration report 2022/2023 for Addtech AB (publ)

Introduction

This remuneration report describes how the guidelines for remuneration to senior executives, adopted by the 2022 Annual General Meeting, were implemented in 2022-2023. The report also contains information about the remuneration of Addtech's CEO. Finally, the report contains information about Addtech's outstanding incentive programmes. The report has been prepared in accordance with the chapter 8, sections 53a-b of the Swedish Companies Act (2005:551) and the *Rules on remuneration to senior executives and on incentive programs* issued by the Swedish Corporate Governance Board.

Further information on remuneration to senior executives pursuant to chapter 5 sections 40-44 of the Swedish Annual Accounts Act is available in note 6 in the company's 2022/2023 annual report.

Information on the work of the Remuneration Committee in 2022/2023 is set out in the corporate governance report in the 2022/2023 annual report.

This report does not cover remuneration of the Board of Directors. Such remuneration is resolved annually by the general meeting and disclosed in note 6 in the 2022/2023 annual report.

Developments in 2022/2023

For more information regarding the company's performance in 2021/2022 please see the comments from the CEO in the 2022/2023 annual report.

The Company's remuneration guidelines: scope, purposes and deviations

A prerequisite for the successful implementation of the company's business strategy and the exploitation of the company's long-term interests, including its sustainability, require Addtech to recruit and retain qualified employees. This requires the company to be able to offer competitive total compensation, which these guidelines allow. The total remuneration shall be market-based and competitive and shall be in relation to responsibilities and powers. In accordance with Addtech's guidelines for remuneration to senior executives, remuneration shall be market-based and consist of the following components: fixed salary, any variable salary under separate agreement, pension and other benefits. The variable salary shall be linked to one or more predetermined and measurable financial criteria established by the Board of Directors such as the Group's earnings growth, profitability and cash flow. By linking the remuneration of senior executives to the company's results, they promote the implementation of the company's business strategy, long-term value creation and competitiveness.

The guidelines for remunerations, adopted by the 2022 Annual General Meeting, can be found on pages 63-64 in the 2022/2023 Annual Report. In 2022/2023, the company has complied with the applicable guidelines and no deviations from the guidelines have been made and no deviations from the decision-making process that the guidelines require to be applied to determine the remuneration have been made. The auditor's report regarding the company's compliance with the guidelines can be found on the Addtech website:

<https://www.addtech.com/investors/corporate-governance/general-meeting>. No remuneration has been reclaimed.

In addition to remuneration covered by the remuneration guidelines, Addtech's annual general meetings have resolved to implement long-term incentive programmes.

Share-based remuneration

At the end of the 2022/2023 financial year, Addtech had four outstanding call option programmes (2019/2023, 2020/2024, 2021/2025 and 2022/2026) for Group Management and other executives in the Group. The incentive programmes provide participants with the opportunity to acquire call options at market prices on class B shares repurchased by Addtech. The employees have paid a market premium for call options on class B shares. The programme includes a subsidy so that the employee receives the same sum as the option premium paid in form of the cash payment, i.e. salary. This subsidy shall be paid two years after the issue decision, providing that the option holder is still employed in the Group and owns call options at the time. This subsidy and the associated social security costs are accrued as personnel costs over the vesting period. Addtech has no obligation to repurchase the options when an employee terminates employment. The holder may exercise the options regardless of continued employment in the Group. In outstanding programmes, the CEO has been given the opportunity to acquire 128,500 call options and has taken full advantage of these offers. A total of 128,500 call options have been allocated, corresponding to 247,000 shares, which corresponds to 0,1 % percent of the shares in the company.

During the 2022/2023 financial year, 295,750 options out of a total of 300,000 options in the 2019/2023 programme were exercised, corresponding to 1,183,000 class B shares. Of these, the CEO exercised 19,000 options, corresponding to 76,000 class B shares.

	Basic information on incentive programmes			Information regarding financial year 2022/2023				
				Opening balance	During the year		Closing balance	
	Outstanding programmes	Exercise period	Redemption price	Number of call options, beginning of year	Call options allotted	Call options exercised	Number of call options, end of year	Corresponding number of shares
Niklas Stenberg, CEO	2022/2026	8 Sep 2025 - 10 June 2026	180,10	0	50 000		50 000	50 000
	2021/2025	9 Sep 2024 - 11 June 2025	214,40	39 000			39 000	39 000
	2020/2024	4 Sep 2023 - 5 June 2024	538,10	20 500			20 500	82 000
	2019/2023	5 Sep 2022 - 2 June 2023	321,80	19 000		19 000	0	0
	Total			78 500	50 000	19 000	109 500	171 000

Total remuneration for senior executives in 2022/2023

(KSEK)	Year	Fixed salary		Variable remuneration		Share		Pension cost	Total remuneration
		Basic salary	Other benefits	One year variable ¹⁾	Multi-year variable	Fixed salary	Variable salary		
Niklas Stenberg, CEO	2022/2023	7922	193	3467	-	70%	30%	2268	13850

1) Includes subsidy for option plan

Variable compensation may be based on parameters such as the Group's growth in earnings, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. In addition, an additional premium of 20 percent may be based on the received variable salary that has been used for the acquisition of shares in Addtech AB. Regarding the company's performance in 2022/2023, earnings growth amounts to 39 % (target >15 %) and profitability in the form of R/RK to 66 % (target >45 %). Operating cash flow amounts to MSEK 1,911 (previous year: MSEK 1,121). Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 40 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Total remuneration for 2022/2023 for the CEO was in line with the approved guidelines.

Comparable information on remuneration trends and company performance

Annual change	2020/2021 vs 2019/2020	2021/2022 vs 2020/2021	2022/2023 vs 2021/2022	Remuneration 2022/2023
Remuneration to Chief Executive Officer				
Niklas Stenberg	1%	28%	23%	13850
The company's financial performance				
Net sales	-3%	24%	33%	
EBITA	-8%	44%	41%	
Profit for the period	-17%	53%	39%	
Average remuneration for a full-time employee				
Average increase ¹⁾	-6%	3%	5%	

1) Employees excluding CEO and other Group Management

Stockholm July 2023

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The Board of Directors