

Remuneration report 2021

Introduction

This report describes how the guidelines for remuneration to the executive management in Storskogen Group AB (publ), adopted at the extraordinary general meeting on 6 September 2021, have been applied during the year. The report also contains information about remuneration to the CEO as well as remuneration to members of the Board which has not been adopted by the Annual General Meeting¹, as well as a summary of the outstanding share- and share related incentive programmes in the company. The report has been prepared in accordance with the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

More information on remuneration to the executive management can be found in note 8 (Employee and personnel costs) on pages 87-88 as well as in note 36 on page 110 in the 2021 Annual Report. Information on the Remuneration Committee's work during 2021 is available in the Corporate Governance Report on page 57 in the 2021 Annual Report.

Remuneration to the Board of Directors is not covered by this report. Such remuneration is resolved upon annually by the Annual General Meeting and is described in note 8 on page 87 in the 2021 Annual Report.

Development during 2021

The CEO summarises the company's overall results in his statement on pages 8-9 in the 2021 Annual Report.

The company's guidelines for remuneration, application, purpose and deviations

Storskogen aims to be the best owner for small and mid-sized companies. Focus lies on long-term ownership, good profitability, stable cash flows and supporting the companies in maintaining and developing a strong position within their niche. A successful implementation of the company's strategy is contingent on the company's ability to recruit and retain qualified management executives, which is enabled through the company's

¹ The Board member Alexander Murad Bjärgård is employed by the company as Head of M&A and Corporate Development and has, in his role as an employee in the company, received remuneration that has not been resolved upon by the General Meeting and which is therefore covered by the guidelines for remuneration to the executive management. Up until the Annual General Meeting 2021, Peter Ahlgren was also a Board member and received remuneration in his role as an employee in the company, which was not resolved upon by the General Meeting. As the guidelines for remuneration to the executive management were adopted in September 2021, i.e. after Peter Ahlgren left the Board of Directors, information on remuneration to Peter Ahlgren is not covered by this report.

guidelines for remuneration to the executive management. In accordance with the guidelines for remuneration to the executive management, remuneration to members of the executive management should be in line with market conditions and may consist of the following components: fixed cash remuneration, variable cash remuneration, pension benefits and other benefits. Remuneration that is covered by the guidelines for remuneration to the executive management should be designed to support the company's business strategy and long-term interests, including its sustainability, for example by having a clear connection to the business strategy or support the long-term development of the member of the executive management.

The guidelines for remuneration to the executive management is found in the Corporate Governance Report on page 59 in the 2021 Annual Report. The company has followed the guidelines for remuneration which was adopted at the extraordinary general meeting in September 2021, and the decision-making process that should be applied in accordance with the guidelines in order to determine remuneration. The Auditor's statement on whether the guidelines for remuneration to the executive management have been followed is available on www.storskogen.com under Annual General Meetings. No remuneration has been retracted. In addition to the remuneration that is covered by the guidelines for remuneration to the executive management, the company has adopted two long-term incentive programmes, one share savings programme and one warrant programme.

Table 1: Total remuneration to executives during 2021 (SEK)*

Name of the executive	1. Fixed remuneration		2. Variable remuneration**		3	4	5	6
	Basic salary***	Other benefits	One-year	Multi-year	Non-recurring items	Pension costs****	Total remuneration	Fixed vs. variable salary (%)
Daniel Kaplan, CEO	7,075,246	N/A	N/A	N/A	N/A	1,473,024	8,548,270	100/0
Alexander Murad Bjärgård, member of the Board of Directors	3,638,700	N/A	N/A	N/A	N/A	757,651	4,396,351	100/0

* Remuneration presented in the table was paid by the company (Storskogen Group AB (publ)). During 2021, no remuneration was paid to the executives (Daniel Kaplan and Alexander Murad Bjärgård) from any other group company.

** Variable remuneration was not applicable during 2021.

*** Basic salary includes holiday allowance.

**** Pension costs include health insurance.

Share based remuneration

Outstanding share-based incentive programmes

Storskogen has adopted two long-term incentive programmes ("LTIP") consisting of a share savings programme and a warrant programme.

Share savings programme 2021

The extraordinary general meeting on 24 September 2021 resolved to introduce a long-term incentive programme in the form of a share savings programme to members of the executive management as well as other key persons in the group. Participation in the share savings programme was contingent on the participants investing own funds in the company's B-share at market price on Nasdaq Stockholm or allocating already owned B-shares to the share savings programme ("**Savings Shares**"). The maximum allowed investment in Savings Shares was calculated on an amount corresponding to a maximum of 12 per cent of each participant's fixed annual remuneration.

The duration of the programme is three years and each participant who keeps their Savings Shares and remains employed by Storskogen for the duration of the programme will be entitled to receive additional B-shares free of charge ("Performance Shares") if two pre-determined performance criteria regarding total return and EBITA-development have been fulfilled by the end of the programme. The criterion for total return means that the total return for Storskogen's shareholders should exceed 15 per cent during the vesting period (45 per cent or higher for maximum allotment). The EBITA-criterion means that the EBITA-increase for the past 12 months as presented in the financial report for the period 1 January–30 September 2021 compared to EBITA for the past 12 months as presented in the financial report for the period 1 January–30 September 2024 should exceed 15 per cent from 2021 to 2024 (45 per cent or higher for maximum allotment). For each Savings Share, 2-6 Performance Shares may be allotted depending on the category each participant belongs to. For full allotment of Performance Shares based on the actual participation in the programme, the total number of B-shares will amount to a maximum of 2,493,872 B-shares.

Warrant programme 2021

The extraordinary general meeting on 24 September 2021 also resolved to introduce a long-term incentive programme in the form of a warrant programme for certain members of the executive management and other key persons in the group. The warrant programme involved an issue of 3,424,040 warrants of series 2021/2024, of which all warrants are still outstanding. The warrants were issued to the participants for a payment of SEK 2.97 per warrant (corresponding to the market value of the warrants as determined by Black & Scholes). The number of warrants offered to each participant was dependent on the participant's position and responsibilities within Storskogen and the highest permitted investment amounted to a maximum of ten per cent of the participant's fixed annual remuneration. Subscription of B-shares by exercise of the warrants can be made during a subscription period from and including the day after publication of the interim report for the period 1 January–30 September 2024 and for a period of 30 days thereafter. Each warrant can be exercised for subscription of one B-share in the company during the subscription period. The subscription price for subscription of B-shares shall correspond to 150 per cent of the offering price of SEK 38.50 in the company's IPO (i.e., SEK 57.75 per B-share).

Table 2a – Share savings programme (executives)

Name of the executive	Principal terms for the share savings programme					Opening balance	During the year		Closing balance		
	1	2	3	4	5	6	7	8	9	10	11
	Name of programme	Performance period	Date for allotment	Date for vesting	End of lock-up period	Share rights at the beginning of the year	Allotted during the year	Vested during the year	Subject to performance criteria	Allotted but not vested by year-end	Shares subject to lock-up period
Daniel Kaplan, CEO	LTIP 2021	2021–2024	2021-10-05	2024-10-05	2024-10-05	0	130,908	0	130,908	130,908	130,908
Alexander Murad Bjärgård, Board member	LTIP 2021	2021–2024	2021-10-05	2024-10-05	2024-10-05	0	67,320	0	67,320	67,320	67,320

Table 2b – Warrant programme 2021 (executives)

Name of the executive	Principal terms for the warrant programme						Information for the reported financial year						
	1	2	3	4	5	6	7	8	During the year		Closing balance		
	Name of programme	Performance period	Date for allotment	Date for vesting	End of lock-up period	Exercising period	Redemption price (subscription price, SEK)	Warrants at the beginning of the year	Allotted during the year	Vested during the year	Subject to performance criteria	Allotted but not vested by year-end	Warrants subject to lock-up period
Daniel Kaplan, CEO	LTIP 2021	2021–2024	2021-10-05	–	2024-10-05	2024-10-05–2025-02-05	57.75	0	235,690	–	0	–	235,690
Alexander Murad Bjärgård, Board member	LTIP 2021	2021–2024	2021-10-05	–	2024-10-05	2024-10-05–2025-02-05	57.75	0	121,212	–	0	–	121,212

Changes year-on-year

The table below accounts for changes in remuneration to the executives, in relation to the company's results and average remuneration to employees in the company for the previous two financial years ("FY").

Change year-on-year	Information on FY 2021	FY 2021 vs FY 2020
Remuneration to executives (SEK thousand)		
Daniel Kaplan, CEO	8,548	+5,983

Alexander Murad Bjärgård, member of the Board of Directors	4,396	(+21%) +2,186 (+98%)
The company's results (SEK million)		
Operating profit	1,406	+632 (+82%)
Average remuneration per full-time equivalent in the company* (SEK thousand)		
Employees in the company	1,417**	+122 (+9.4%)

* Refers to employees in the parent company, excluding members of the executive management and the persons covered by this report.

** Amount consists of basic salary and pension.