

Remuneration report 2022

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, and the annual general meeting on 17 May 2022, 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 Stock Market Self-Regulation Committee'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, staff costs and remuneration to senior executives) on pages 93-95 as well as in note 36 (Employee, staff costs and remuneration to senior executives) on page 122 in the 2022 Annual Report. Information on the Remuneration Committee's work during 2022 is available in the Corporate Governance Report on page 49 in the 2022 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 pages 93-95 in the 2022 Annual Report.

Development during 2022

The CEO summarises the company's overall results in his statement on pages 6-7 in the 2022 Annual Report.

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

Storskogen's mission is to empower businesses to realise their full potential. 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 guidelines for remuneration to the executive management. In accordance with the guidelines for remuneration to the executive

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.

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 52 in the 2022 Annual Report. The company has followed the guidelines for remuneration which was adopted at the extraordinary general meeting on 6 September 2021 and the annual general meeting on 17 May 2022, 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 the company's website (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 four long-term incentive programmes through two share savings programme, a warrant programme and an employee share option programme.

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

Name of the executive	1. Fixed remuneration		2. Variable remuneration**		3.	4.	5.	6.	7.
	Basic salary***	Other benefits	One-year	Multi-year	Share-related remunerations****	Non-recurring items	Pension costs*****	Total remuneration	Fixed vs. variable salary (%)
Daniel Kaplan, CEO	7,075,246	N/A	N/A	N/A	1,686,517	N/A	1,439,752	10,201,515	100/0
Alexander Murad Bjärgård, member of the Board of Directors	3,638,700	N/A	N/A	N/A	865,532	N/A	762,232	5,266,464	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 2022.

*** Basic salary includes holiday allowance.

**** Refers to IFRS 2 costs related to share saving programmes and employee share option programmes.

***** Pension costs include health insurance.

Share based remuneration

Outstanding share-based incentive programmes

Storskogen has adopted four long-term incentive programmes consisting of two share savings programmes, a warrant programme and an employee share option 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 2,325,547 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 3,373,535 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). The full terms and conditions for the warrants also include customary conversion provisions. The company reserves the right to repurchase warrants, for example if the participant's employment with the company is terminated.

Share savings programme 2022

The annual general meeting on 17 May 2022 resolved to establish a long-term incentive programme in the form of a share savings programme for CEOs and other key individuals in subsidiaries or business areas, and the programme has a term of three years. The participants in the share savings programme were offered to acquire or allocate already held shares in Storskogen as savings shares. The savings share must not already be designated as savings shares under the 2021 share savings programme. If the participants hold their savings shares for a period of three years, and if the total return on Storskogen's B shares and the key performance figure adjusted EBITA develops in accordance with predetermined criteria, the participants may be granted up to two or three performance shares per savings share. The total return criteria means that the total shareholder return for shareholders in Storskogen must exceed 50 percent during the vesting period (100 percent or higher for a full grant). The EBITA criteria means that the EBITA growth in the last 12 months as stated in the financial statements for the period must exceed 50 percent (100 percent or more for a full grant). Performance shares are B shares and granted free of charge. Upon full allotment of performance shares based on actual participation, the total number of B shares in the share savings programme will amount to no more than 1,535,478 B shares. To ensure the delivery of shares pursuant to the share savings programme and cover the cost of social security contributions, 3,140,164 warrants were issued to the company. The share savings programme is not available to persons covered by this remuneration report.

Employee share option programme

The annual general meeting on 17 May 2022 resolved to establish a long-term incentive programme in the form of an employee stock option programme for senior executives and other key employees in the group. The number of employee stock options offered to each participant depends on the participant's position and responsibilities at Storskogen. The participants in the employee stock option programme were offered the opportunity to receive a certain number of free employee stock options with conditions of continued employment and a value ceiling of 100–200 percent of the participant's annual salary at the start of the programme. The employee share options give the participant a right to after three years, depending on criteria regarding the vesting period and the development of the key performance figure adjusted EBITA, acquire one Class B share in Storskogen per employee share option at a price corresponding to the volume-weighted average price of the company's Class B share on Nasdaq Stockholm during the trading days that fell within a period of ten banking days immediately before the employee share options were granted (corresponding to SEK 16.95). The number of employee stock options available for exercise depends on the fulfilment of the established performance requirement, an increase in adjusted EBITA between 50–100 percent for the minimum to maximum exercise rate during the vesting period. As of 31 December 2022, there were 12,151,839 employee stock options outstanding. To ensure delivery of B shares under the employee stock option programme and to cover costs for social security contributions, an issue of 16,891,002 warrants was made to the company itself.

Table 2 – Long-term incentive programmes (executives)

		Principal terms for the incentive programmes						Information for the reported financial year					
		1	2	3	4	5	6	Opening balance	During the year		Closing balance		
		Name of the executive	Name of programme	Performance period	Date for allotment	Date for vesting	End of lock-up period	Exercising 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
Daniel Kaplan, CEO	LTIP 2021	Share rights	2021–2024	2021-10-05	2024-10-05	2024-10-05	-	130 908	0	0	130 908	130 908	130 908
	Warrants		2021–2024	2021-10-05	-	2024-10-05	2024-10-05-2025-02-05	235 690	0	-	0	0	235 690
	ESOP 2022	Employee Share Option	2022–2025	2022-06-10	2025-06-10	2025-06-10	2025-06-10-2025-09-10	0	558 270	0	558 270	558 270	558 270
Alexander Murad Bjärgård, Board member	LTIP 2021	Share rights	2021–2024	2021-10-05	2024-10-05	2024-10-05	-	67 320	0	0	67 320	67 320	67 320
	Warrants		2021–2024	2021-10-05	-	2024-10-05	2024-10-05-2025-02-05	121 212	0	-	0	0	121 212
	ESOP 2022	Employee Share Option	2022–2025	2022-06-10	2025-06-10	2025-06-10	2025-06-10-2025-09-10	0	284 448	0	284 448	284 448	284 448

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 2022	FY 2022 vs FY 2021
Remuneration to executives (SEK thousand)		
Daniel Kaplan, CEO	8,515**	-33 (0%)
Alexander Murad Bjärgård, member of the Board of Directors	4,401**	+4 (0%)
The Group's results (SEK million)		
Operating profit	2,613	+1,207 (+86%)
Average remuneration per full-time equivalent for employees in Storskogen Group AB		
Employees in the company	1,398**	-19 (-1%)

* 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.