

## Remuneration Report 2020

### Introduction

This report describes how the guidelines for executive remuneration of Indutrade AB, adopted by the annual general meeting 2020, were implemented in 2020 (the "Remuneration Guidelines"). The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. 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 8 (Wages, salaries and other remuneration, and social security costs) in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available in the annual report 2020.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 8 in the annual report 2020.

The CEO summarizes the company's overall performance in his statement in the annual report 2020.

### The remuneration guidelines

A prerequisite for the successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability, is that Indutrade is able to recruit and retain management with high qualifications. To this end, the company must offer competitive remuneration and other terms of employment, which the Remuneration Guidelines enable. The forms of remuneration should motivate members of the executive management to perform their utmost in order to safeguard the interests of the shareholders. The total remuneration shall be on market terms, straightforward, long-term and quantifiable, and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Variable cash remuneration covered by the Remuneration Guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

The Remuneration Guidelines are included in their entirety in the annual report 2020. During 2020, the company has complied with the applicable Remuneration Guidelines, adopted by the annual general meeting. No deviations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made. The auditor's report regarding the company's compliance with the Remuneration Guidelines is available on the company's website <https://www.indutrade.com/about-indutrade/corporate-governance/remuneration/>. No remuneration has been reclaimed. In addition to remuneration covered by the Remuneration Guidelines, the annual general meeting of the company has previously resolved to implement long-term share-related incentive plans. The plans are clearly linked to the business strategy and the company's long-term value creation by being linked to the development of the share price.

### Variable cash remuneration

Variable cash remuneration is linked to predetermined and measurable criteria with a clear connection to the company's financial targets. The outcome is entirely related to the fulfilment of the set objective regarding the Group's profit before tax. The Board is responsible for the outcome assessment as regards the CEO. The outcome for the financial year 2020 amounts to 100% of maximum outcome.

### Outstanding share-related and share price-related incentive plans

In 2020, Indutrade has had one outstanding warrant programme comprising two series for senior executives and other key persons in the Indutrade Group (LTI 2017). The purpose of LTI 2017 is to, in a simple way, reward and retain important employees as well as to promote and create a long-term commitment to the Indutrade Group by the employees' own investments and subsequently attain an increased alignment of interests between the employees and Indutrade's shareholders.

LTI 2017 is a warrant programme comprising approximately 100 senior executives (including the CEO) and other key persons in the Indutrade Group. The participants acquired the warrants in 2017 at a calculated market price. During the term of the programme, Indutrade has paid out a cash subsidy for the number of warrants that the individual is guaranteed, corresponding to a total of 120 percent of the price that the participants paid. Any warrants acquired in excess of the number of warrants that is guaranteed have not been subsidized. The subsidy has been paid out to the participants on two occasions and in equal portions, provided that the participant, at the time of payment, had not disposed of any warrants and that the participant was still employed by the Group and had not resigned or been dismissed. Half of the subsidy was paid out in 2019, and half was paid out in 2020. Shares can be subscribed for during certain specified subscription periods from 27 April, 2020 up to and including Friday, 20 May, 2022 at a subscription price of SEK 81.60 for series I and SEK 92.30 for series II, recalculated after the bonus issue 2:1 in December 2020.

The CEO acquired 40,000 warrants of series I in 2017 within the incentive programme, of which 20,000 was acquired without any cash subsidy. In 2020, all of the warrants were exercised to subscribe for shares.

In addition to this programme, the CEO acquired 100,000 warrants in 2017 via L E Lundbergföretagen, at a calculated market price, which after the bonus issue 2:1 in December 2020 entitle to subscription of 300,000 shares.

The CEO was not awarded any remuneration in the form of shares during 2020.

### Change of remuneration and company performance over the last five financial years

	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017	2017 vs. 2016	2016 vs. 2015
<b>CEO remuneration <sup>1)</sup></b>					
Annual change in total remuneration (%)	6%	0%	1%	16% <sup>2)</sup>	4%
<b>The company's profit development</b>					
Annual change in profit after tax for the year (%), the Group	13%	8%	33%	10%	5%
<b>Remuneration to employees <sup>3)</sup></b>					
Annual change in total remuneration (%), Sweden	3%	1%	3%	3%	5%

<sup>1)</sup> The remuneration refers to the total amount of all remuneration components as reported in the table below.

<sup>2)</sup> Bo Annvik is CEO since April 2017. He succeeded Johnny Alvarsson who retired.

<sup>3)</sup> Calculated based on the average number of employees in full-time equivalents in the Group's companies in Sweden. The number of employees in the parent company, excluding group management, is considered too small to constitute a relevant benchmark.

Total remuneration to the CEO in 2020	Base salary	One year variable remuneration	Multi-year variable remuneration <sup>1)</sup>	Benefits <sup>2)</sup>	Occupational pension <sup>3)</sup>	Total remuneration	
Bo Annvik	SEK thousand / Proportion of total remuneration	8,509 / 52%	4,380 / 27%	25 / 0%	436 / 2%	3,066 / 19%	16,416

<sup>1)</sup> The subsidy cost for the year, related to the incentive programme described above. In 2020, TSEK 180 was disbursed.

<sup>2)</sup> Refers mainly to double housing (housing, garage and home travels), as well as car and fuel.

<sup>3)</sup> Only base salary qualifies for pension benefits.

The chart refers to costs accounted for regarding remuneration to the CEO. Base salary refers to monthly salary, holiday pay and other taxable expense allowances. One year variable cash remuneration refers to a short-term incentive program for year 2020, which is paid in the beginning of the following year. Multi-year variable remuneration refers to cost accounted for regarding the long-term incentive program described above.

In 2020, the management reduced the base salary by 10% for six months due to the COVID-19 pandemic.