

Remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration of Lifco AB, adopted by the annual general meeting, were implemented in 2021. The report also provides information on remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act and *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 10 (Personnel costs and average number of employees) on pages 72-74 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on page 45 in the annual report 2021.

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 10 on page 73 in the annual report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement on pages 6–7 in the annual report 2021.

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. Under the remuneration guidelines, executive remuneration shall be on market terms 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 46–47 in the annual report 2021. During 2021, 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 www.lifco.se/investors/corporate-governance/annual-general-meeting-2022. No remuneration has been reclaimed.

Table 1 – Total CEO remuneration in 2021 (kSEK)

	1		2		3	4	5	6
	Fixed remuneration		Variable remuneration					
Name of director (position)	Base salary	Other benefits ¹	One-year variable	Multi-year variable	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration ²
Per Waldemarson (CEO)	22,473	92	17,981	-	0	13,424	53,973	67/33

¹ Company car.

² Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

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 for 2021 have been taken into account.

Table 2 - Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) actual award/ remuneration outcome
Per Waldemarson (CEO)	Profit before tax	100%	a) 3,070 MSEK b) 17,981 kSEK

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)¹

	2017 vs 2016	2018 vs 2017	2019 ² vs 2018	2020 vs 2019 ²	2021 vs 2020	RFY 2021
CEO remuneration	+3,586 (+7.2%)	+4,730 (+8.8%)	-10,127 (-17.4%)	-388 (-0.8%)	+6,180 (+12.9%)	53,973
Group operating profit	+267,611 (+21.4%)	+382,858 (+25.2%)	+156,556 (+8.2%)	+202,219 (+9.8%)	+871,105 (+38.4%)	3,140,311
Average remuneration on a full-time equivalent basis of employees ³ of the parent company	+35 (+8%)	+42 (+9%)	+737 (+139%)	+76 (+6%)	-481 (-36%)	861

¹ Remuneration = fixed remuneration, variable remuneration and pension expense.

² CEO remuneration 2019 refers to remuneration to Per Waldemarson, CEO from 8 February 2019, as well as remuneration to Fredrik Karlsson, CEO until February 7 2019 and Director until 27 February 2019.

³ Excluding members of the group executive management.