



Remuneration report 2021



Introduction

This report describes how the guidelines for executive remuneration of CTEK AB (the "Remuneration Guidelines"), adopted by the annual general meeting 2021, have been implemented in 2021. The report also provides information on remuneration to the CEO of CTEK AB and a summary of the company's outstanding share and share-price related incentive programs. The report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Remuneration Rules issued by the Swedish Corporate Governance Board. Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554) is available in note 6 in the company's annual report for 2021 (the "annual report 2021"). Information on the work of the remuneration committee in 2021 is set out in the corporate governance report in the annual report 2021.

Remuneration to the board of directors is not covered by this report. Such remuneration is resolved on annually by the annual general meeting and disclosed in note 6 in the annual report 2021.

Key Developments 2021

The CEO summarises the company's overall performance in his statement on pages 5-6 in the annual report 2021.

Overview of the application of the compensation guidelines 2021

The remuneration guidelines are intended to ensure that CTEK AB can attract and retain the market's best workforce in order to contribute to CTEK AB's business and strategy, its long-term interests and sustainability. Remuneration to a member of the group management shall be in accordance with market practice and at the same time support the shareholders' interests. Variable cash compensation covered by these guidelines must be linked to predetermined and measurable criteria, which aim to promote CTEK AB's business strategy and long-term interests, including its sustainability. The total remuneration to a member of the group management shall consist of the following components: fixed salary, variable remuneration, pension benefits, and other benefits such as a company car. The remuneration guidelines are available at www.ctekgroup.com.

During 2021, the company has applied the remuneration guidelines adopted by the annual general meeting 2021. Following the preparation of the remuneration committee, the board of directors has decided, with deviation from the guidelines, on an extraordinary remuneration to the CEO listed in Table 1, based on the extraordinary work that the CEO has performed with the company's strategic development and long-term interests during the year. The board of directors considers that the aforementioned extraordinary work constitutes such a special reason required to deviate from the guidelines, in order to satisfy the company's long-term interests. No other deviations from the guidelines have been made. No deviations have been made from the decision-making process that, according to the guidelines, must be applied to determine the compensation. The auditor's opinion on the company's compliance with the guidelines is available at www.ctekgroup.com.

In addition to the remuneration covered by the Remuneration Guidelines, the company's general meetings have decided to introduce share and share price-related remunerations, which are formulated in long-term incentive programs (LTIP).

Total remuneration to the CEO

Table 1 below shows the total remuneration earned by CTEK AB's CEO in 2021.

Table 1

SEK million	Fixed Base Salary	Variable cash remuneration	Extraordinary cash remuneration	Other benefits ¹	Pension costs	Total	Proportion of fixed and variable remuneration ²
Jon Lind, CEO	3.1	2.2	0.5	0.2	0.9	6.9	58%/42%

The CEO's targets for variable remuneration

The performance measures for the CEO's variable remuneration have been selected to realise the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of the performance measures, the strategic objectives as well as short-term and long-term business priorities for 2021 have been taken into account. The performance criteria for the CEO's variable salary are based on EBITDA adjusted for items affecting comparability, working capital in relation to net sales and the group's net turnover. The performance criteria were partially met during the year. In addition to the above-mentioned criteria, the board of directors has during the year, in line with the decision-making process for deviations from the guidelines, in individual cases decided on an extraordinary cash remuneration attributable to work on the company's strategic development to promote the company's long-term interests.

Comparative information on the change of remuneration and company performance

Table 2

SEK million	2021	2020
Remuneration to the CEO		
Jon Lind, CEO and chief executive	6.9	4.9
The group's results		
EBITDA (adjusted for items affecting comparability)	190.7	154.1
Working capital/net turnover (%)	20.0	n/a
Net sales ³	895.3	687.1
Average remuneration on a full time equivalent basis		
CTEK employees ⁴	0.68	0.63

¹ Other benefits refer to car benefits and health insurance

² Fixed remuneration refers to base salary and pension costs

³ Refers to net turnover excluding Central

⁴ Average remuneration per full-time employee within the CTEK group. The CEO and executive management are excluded



Outstanding share-based incentive programs

CTEK has a long-term incentive program offered to the group management (LTIP 24). The purpose of these incentive programs is to link the remuneration of the group management to CTEK's long-term value growth. The programs are designed so the participants' incentives are in line with the interests of the shareholders and thus ensure long-term value creation.

On 23 September 2021, the general meeting, following a proposal from the board of directors, adopted a long-term incentive program for the group management. LTIP 2024 comprises a maximum of 262,930 warrants with a vesting period of three years. Each warrant entitles the holder to subscribe for one share in the company. 196,551 warrants out of a total of 262,930 were subscribed for in 2021 by five individuals in two categories as group management in CTEK according to the following distribution: the CEO received 105,172 warrants through an investment of SEK 1 million and two of the group management received 26,293 warrants through an investment of SEK 0.25 million each. Following 30 September 2021, the remaining two of the group management received 26,293 and 12,500 warrants, respectively, through an investment of SEK 0.25 million and SEK 0.12 million each. The warrants were subscribed for by one of the company's subsidiaries and transferred within the framework of LTIP 2024 to the group management, on market terms at a price of SEK 9.51 per warrant, determined on the basis of an estimated market value using the Black & Scholes valuation model.

When exercising all 196,551 warrants in LTIP 2024, a maximum dilution corresponding to 0.40 percent of the shares in the company may occur.