



Remuneration report 2022



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 2022. 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 2022 (the "annual report 2022"). Information on the work of the remuneration committee in 2022 is set out in the corporate governance report in the annual report 2022.

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 2022.

Key Developments 2022

The CEO summarises the company's overall performance in his statement on pages 5-6 in the annual report 2022.

Overview of the application of the compensation guidelines 2022

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 2022, the company has applied the remuneration guidelines adopted by the annual general meeting 2021. No 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 2022.

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	3,3	0,1	-	0,1	1,0	4,4	98%/2%

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 2022 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 have been partially met, but the board has decided to waive the payment of a bonus to the CEO given the company's financial situation.

Comparative information on the change of remuneration and company performance

Table 2

SEK million	2022	2021
Remuneration to the CEO		
Jon Lind, CEO and chief executive	4,4	6,9
The group's results		
EBITDA (adjusted for items affecting comparability)	123,1	190,7
Working capital/net turnover (%)	31,4	20,0
Net sales ³	925,3	895,3
Average remuneration on a full time equivalent basis		
CTEK employees ⁴	0,69	0,68

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 LTIP 2024

CTEK has a long-term incentive program offered to the group management. 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 2022, 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.

Outstanding Equity Incentive Program LTIP 2025

On May 12, 2022, the general meeting, following a proposal from the board, adopted a long-term incentive program for senior executives in the company. LTIP 2025 includes a maximum of 100,000 warrants with a vesting period of three years. Each warrant gives the right to subscribe for one share in the company. 84,285 warrants out of a total of 100,000 have been subscribed by seven senior executives in CTEK according to the following distribution: CEO has received 24,000 warrants through an investment of SEK 260,160 and five senior executives have received 10,857 warrants each through an investment of 93,261 SEK each. A senior executive has received 6,000 warrants through an investment of SEK 51,540. The warrants were subscribed by one of the company's subsidiaries and passed on within the framework of LTIP 2025 to senior executives, on market terms at a price of SEK 8.59 per option determined based on a calculated market value using the Black & Scholes valuation model.

Upon exercise of all 84,285 warrants in LTIP 2025, a maximum dilution corresponding to 0.17 percent can occur.