

Remuneration report 2022



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Introduction

This remuneration report describes how the guidelines for remuneration to the senior executives of Instalco AB, adopted by the annual general meeting 2022, has been applied during 2022. The report contains information on remuneration to the CEO of Instalco, along with any outstanding share-related incentive programs that are currently in place. This report has been prepared in accordance with Chapter 8, Section 53 a-b of the Swedish Companies Act (2005:551) and the Rules on Remuneration of the Board and Executive Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Additional information on remuneration to senior executives in accordance with Chapter 5, Section 40-44 in the Annual Accounts Act (1995:1554) is included in note 5 on pages 84-85 in the company's annual report for 2022. Information on the work of the remuneration committee during 2022 is available in the corporate governance report on pages 57-65 in the annual report 2022.

The fees to the board are not covered in this report. Such fees are resolved each year at the annual general meeting and information regarding this is included in note 5 on pages 84-85 in the annual report for 2022.

Performance in 2022

The CEO has summarized the company's overall results on pages 3-4 in the annual report for 2022.

The company's remuneration guidelines: application areas, goals and deviations

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability agenda, presupposes that the company can recruit and retain qualified employees. In order to do recruit and retain qualified employees, the company must be able to offer competitive remuneration. The company's remuneration guidelines allow senior executives to be offered competitive remuneration packages.

According to the remuneration guidelines, remuneration to each senior executive must be competitive and it may comprise of the following components: fixed cash salary, variable cash salary, pension benefits and other benefits and in accordance with the summary below.

The remuneration guidelines adopted by the annual general meeting 2022 is included on pages 66-67 in the annual report for 2022. During 2022, the company has complied with the applicable guidelines in their entirety, meaning that no deviations from the guidelines have been made and no deviations have been made from the decision-making process that according to the guidelines shall be applied to determine the remuneration.

The auditor's statement regarding the company's compliance with the guidelines can be found on Instalco's website: <https://instalco.se/investerare/bolagsstyrning/bolagsstaemma>. No remuneration has been subject to claw back.

In addition to the remuneration covered by the remuneration guidelines, the annual general meeting of Instalco has decided to implement long-term incentive programs.

Fixed remuneration (salary)

The salary is competitive in line with well-established statistics on salaries for the local market.

Variable remuneration

There variable cash remuneration shall have an upper limit, be set in relation to the fixed salary and may not exceed 50 % of the fixed annual cash salary. The variable cash remuneration must be linked to pre-determined, measurable criteria, which can be financial, or non-financial.

Pension

According to the board's assessment, a pension commitment shall be made that is line with what is customary on the Swedish market.

Other benefits

Any compensation for termination or severance pay is stated in the employment contract and it must be in accordance with what is stipulated in the Swedish Code of Corporate Governance. Other benefits constitute a limited value.

Table 1 – The CEO's total remuneration in 2022 (SEK thousands)

Name of the senior executive (position)	Salary including vacation pay	Variable remuneration	Benefits, including company car, etc.	Pension	Total remuneration
Robin Boheman, CEO	3,307	1,000	94	1,387	5,787

Salary trend over the last 5 years

Table 2 – Changes in remuneration and the Company's earnings over the last 5 reported financial years (SEK millions)

	2018 compared to 2017	2019 compared to 2018	2020 compared to 2019	2021 compared to 2020	2022 compared to 2021	Total 2022
Robin Boheman (CEO as of 2021-09-01)	N/A	N/A	N/A	N/A	+0.2 (+4%)	5.8
Per Sjöstrand (CEO up until 2021-08-31)	+0.7 (+29%)	-0.1 (-4%)	+0.7 (+21%)	+0.3 * (+7%)	N/A	N/A
The Group's operating profit	+90 (+37%)	+158 (+47%)	+112 (+23%)	+118 (+20%)	+62 (+9%)	784
Average remuneration for a full-time employee of the Group	+0.0 (+4%)	+0.0 (+1%)	0.0 (-1%)	-0.0 (+2%)	+0.0 +5%	0.6

*Total remuneration calculated for 12 months

Long-term incentive program

At the end of the financial year 2022 Instalco had two outstanding warrant programs corresponding to a total of 7,546,280 shares directed to the extended senior management, CEO's in subsidiaries and other key employees within the group. The purpose of the long-term incentive programs is to create conditions for strengthening the motivation of employees whom the group has identified as significant and trusted in the short and long term. The board of directors considers that an incentive program according to the presented proposal is to the benefit of both the group and the company's shareholders. Further information about the long-term incentive programs can be found in Note 5 on pages 84-85 in the annual report for 2022.

LTI 2022

The annual general meeting 2022 resolved to implement an incentive program for the group's senior executives and other key employees through an issue of warrants entitling the warrant holder the right to subscribe for new shares in the company.

At full subscription by exercise of all 2,600,000 warrants, a maximum of 2,600,000 new shares may be issued, corresponding to a dilution of approximately 1 percent of the number of outstanding shares and the maximum number of additional shares from previous programs based on the share capital and votes at the time of the decision, however, subject to any re-calculation of the number of shares each warrant entitles subscription for. Each warrant entitles the holder to subscribe for one new share in the company at a subscription price corresponding to 115 per cent of the volume weighted average price according to Nasdaq Stockholm's official price list for the share during the period of five trading days after the annual general meeting 2022.

The warrants have been transferred on market terms at a price (premium) determined on the basis of an estimated market value for the warrants, using the Black & Scholes valuation model calculated by an independent valuation institute. Application for subscription of shares may take place during the period from and including 22 May 2025 up to and including 16 June 2025, or such earlier dates as may follow under certain circumstances as specified in the terms and conditions for the warrants.

LTI 2020

The annual general meeting 2020 resolved to implement an incentive program for the group's senior executives and other key employees through an issue of warrants entitling the warrant holder the right to subscribe for new shares in the company.

At full subscription by exercise of all 989,256 warrants, a maximum of 989,256 new shares may be issued, corresponding to a dilution of approximately 2 percent of the number of outstanding shares and the maximum number of additional shares from previous programs based on the share capital and votes at the time of the decision, however, subject to any re-calculation of the number of shares each warrant entitles subscription of. Each warrant entitles the holder to subscribe for one new share in the company at a subscription price corresponding to 115 per cent of the volume weighted average price according to Nasdaq Stockholm's official price list for the share during the period of five trading days after the annual general meeting 2020.

The warrants have been transferred on market terms at a price (premium) determined on the basis of an estimated market value for the warrants, using the Black & Scholes valuation model calculated by an independent valuation institute. Application for subscription of shares may take place during the period from and including 22 May 2023 up to and including 16 June 2023, or such earlier dates as may follow under certain circumstances as specified in the terms and conditions for the warrants.

There are no other outstanding incentive programs in the company other than the programs described above.

	Outstanding program	Number of warrants subscribed	Corresponding number of shares	Price per warrant	Subscription price per warrant	Subscription price per share	Subscription period
Robin Boheman	2020/2023	25,000	125,000	SEK 24.56	SEK 157.78	SEK 31.56	22 May 2023 - 16 June 2023
Robin Boheman	2022/2025	50,000	50,000	SEK 7.80	SEK 50.92	SEK 50.92	22 May 2025 - 16 June 2025