

Remuneration report 2020

Stillfront Group AB (publ)

Introduction

The annual general meeting in Stillfront Group AB (publ) (the “**Company**”) on 14 May 2020 adopted guidelines for remuneration and other terms of employment for the Company’s executive management (the “**Remuneration Guidelines**”). The Remuneration Guidelines can be found on pp. 91-93 in the annual report 2020 (the “**Annual Report 2020**”).

The board of directors has prepared this remuneration report on how the Remuneration Guidelines have been applied during the financial year 2020. The report also provides details on the remuneration of the Company’s CEO and a summary of the Company’s outstanding long-term incentive programs.

Although not directly applicable to the Company, the report has been prepared in compliance with 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 8 on pp. 89-94 in the Annual Report 2020.

Information on the work of the remuneration committee in 2020 is set out in the corporate governance report, which is available on pp. 34-47 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 on p. 94 in the Annual Report 2020.

Key Developments 2020

Overall company performance in 2020

For information about the general performance of the Company during the financial year, please see the CEO’s statement on pp. 5-8 and the Directors’ report on pp. 49-57 in the Annual Report 2020.

Compliance with the Remuneration Guidelines in 2020

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.

The 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 predetermined and measurable criteria such as earnings, achievements in relation to the budget, the development of the Company’s share price and personal performance.

The guidelines are found on pp. 91-93 in the Annual Report 2020. The Remuneration Guidelines,

adopted by the annual general meeting 2020, have been fully implemented in 2020. No deviations from the Remuneration Guidelines or the procedure for implementation of the Remuneration Guidelines have been made. No remuneration has been reclaimed.

The auditor's report regarding the Company's compliance with the Remuneration Guidelines is available on <https://www.stillfront.com/en/arsstamma-agm-2021/>

In addition to remuneration covered by the Remuneration Guidelines, the general meetings of the Company have resolved to implement long-term share-related incentive plans and approve remuneration to the board of directors.

The bonus payable under the CEO employment contract for 2020 was 23% of the base salary for 2020. In addition to the beforementioned bonus, the CEO was compensated in the form of an extra bonus payment of SEK 2,700,000 (set out under the column "extraordinary items" in Table 1 below) for part of the warrant premium paid under incentive program LTIP 2020/2024 I, in compliance with the Remuneration Guidelines.

Table 1 – Total remuneration of the CEO during 2020 (SEK)

Name of Director (position)	Financial year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
		Base salary	Other benefits	One-year variable	Multi-year variable				
Jörgen Larsson (CEO)	2020	5,522,160	0	1,260,000	See under Table 2	2,700,000 ¹	1,080,000	10,562,160	77% / 23% ² 42% / 58% ³

1. Extra bonus payment for part of the warrant premium paid under incentive program LTIP 2020/2024 I
2. Excluding the extra bonus payment referred to under 1 above.
3. Including the extra bonus payment referred to under 1 above.

Remuneration from other entities within the Stillfront Group

The CEO has not received any remuneration from any other company within the Stillfront Group during the financial year 2020.

Share-based remuneration

Outstanding long-term share-based incentive programs

The Company has four outstanding share related incentive programs, see Table 2 below.

Table 2 – Long-term incentive programs

Program	Outstanding share options/warrants*	Vesting period	Exercise period	Exercise price (SEK)**	CEO participation in Program
Series 2018/2021	177,500	3 years	15 May – 1 Jun 2021	472.20	No
Series 2019/2023	200,000 employee share options with attached warrants	3 years	15 Dec 2022 – 30 Dec 2023	500	Yes, 70,000 employee share options
Series 2020/2024 I	277,000	3 years	1 Jun 2023 – 31 May 2024	785.49	Yes, 100,000 warrants
Series 2020/2024 II	125,000	3 years	1 Jun 2023 – 31 May 2024	1193.6	No

* Post the share split completed by the Company on 28 December 2020, each warrant/employee share option entitles the holder a subscription right of 10 shares in the Company subject to the terms and conditions of the relevant long-term incentive program.

** Post the share split completed on 28 December 2020, the subscription price for each long-term incentive program set out in Table 2 above shall be recalculated by dividing it by 10, in each case subject to the terms and conditions of the relevant long-term incentive program.

The total dilution upon full exercise of all outstanding warrants will amount to approx. 2.13 percent.

Long-term incentive programs completed in 2020

The long-term incentive program of Series 2017/2020 was completed in June 2020. 210,000 shares were subscribed for and issued to the participants under that program.

In connection with the annual general meeting 2020, the Board resolved to cancel all outstanding warrants of Series 2019/2022.

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 behavior 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 2020 have been considered.

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last three reported financial years (RFY) (kSEK). (Comparable figures are not available for periods prior to 2017)

	2020	2019	2018	2017
Remuneration for the year to the CEO (kSEK)	10 562	3 883	3 883	2 492
Annual change (%)	172	-	56	
Average remuneration among employees not belonging to the Group executive team (kSEK)	500	434	399	549
Annual change (%)	15	9	-27	
Consolidated net profit for the year (MSEK)	581	341	157	75
Annual change (%)	70	117	109	