

Remuneration report 2021

Introduction

The annual general meeting in Stillfront Group AB (publ) (the “**Company**”) on 11 May 2021 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. 69-71 in the annual report 2021 (the “**Annual Report 2021**”).

The board of directors has prepared this remuneration report on how the Remuneration Guidelines have been applied during the financial year 2021. 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.

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. 68-71 in the Annual Report 2021.

Information on the work of the remuneration committee in 2021 is set out in the corporate governance report, which is available on pp. 32-40 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 8 on p. 71 in the Annual Report 2021.

Key Developments 2021

Overall company performance in 2021

For information about the general performance of the Company during the financial year, please see the CEO’s statement on pp. 8-10 and the Directors’ report on pp. 42-46 in the Annual Report 2021.

Compliance with the Remuneration Guidelines in 2021

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. By meeting these criteria, the remuneration to the CEO contribute to the Company’s business strategy, long-term value creation and sustainability.

The guidelines are found on pp. 69-71 in the Annual Report 2021. The Remuneration Guidelines, adopted by the annual general meeting 2021, have been fully implemented in 2021. No deviations from the Remuneration Guidelines or the procedure for implementation of the Remuneration Guidelines have been made. No remuneration has been reclaimed.

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The auditor's report regarding the Company's compliance with the Remuneration Guidelines is available on <https://www.stillfront.com/en/annual-general-meeting-2022/>.

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.

Table 1 – Total remuneration of the CEO during 2021 (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)	2021	6,154,000	0	500,000	See under Table 2	0	1,500,000	8,154,000	94%/6%

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 2021.

Share-based remuneration

Outstanding long-term share-based incentive programs

The Company has three 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 2019/2023	200,000 employee share options with attached warrants*	3 years	15 Dec 2022 – 15 Dec 2023	44.80	Yes, 70,000 employee share options
Series 2020/2024 I	277,000*	3 years	1 Jun 2023 – 31 May 2024	70.38	Yes, 100,000 warrants
Series 2021/2025	3,500,000	Minimum 3 years	From and including the day of the Company's Q1 report 2025 up to and including seven days thereafter, (ii) from and including the day of the Company's Q2 report 2025 up to and including seven days thereafter, (iii) from and including the day of the Company's Q3 report 2025 up to and including seven days thereafter.	94.77**	Yes, 525,000 employee share options

* 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.

** Assuming exercise at the earliest possible time for exercise under the program.

The total dilution upon full exercise of all outstanding warrants will amount to approx. 1.03 percent.

Long-term incentive programs completed in 2021

The long-term incentive program of Series 2018/2021 was completed in May 2021. 1,565,000 shares were subscribed for and issued to the participants under that program.

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In connection with the annual general meeting 2021, the Board resolved to cancel all warrants of Series 2021/2024 II.

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 2021 have been considered.

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).

	2021	2020	2019	2018	2017
Remuneration for the year to the CEO (kSEK)	8,154	10,562	3,883	3,883	2,492
Annual change (%)	-23	172	-	56	
Average remuneration among the Company's full-time employees (excl. the CEO) (kSEK)*	1,955	2 467	1,625	429	625
Annual change (%)	-21	52	279	-31	
Consolidated net profit for the year (MSEK)	596	581	341	157	75
Annual change (%)	3	70	117	109	

*Remuneration includes fixed salary, variable remuneration and pension contributions for the Company's (i.e., Stillfront Group AB (publ)'s) full-time employees (excl. the CEO).