

Remuneration Report 2023

Introduction

The annual general meeting in Stillfront Group AB (publ) (the “**Company**”) on 11 May 2023 adopted guidelines for remuneration and other terms of employment for the Company’s executive management (the “**Remuneration Guidelines**”). The Remuneration Guidelines can be found in note 8 on pp. 84-86 in the annual report 2023 (the “**Annual Report 2023**”).

The board of directors has prepared this remuneration report on how the Remuneration Guidelines have been applied during the financial year 2023. 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 Stock Market Self-Regulation Committee (ASK).

Information required by Chapter 5, Sections 40-44 of the Annual Accounts Act (1995:1554) is available in note 8 on p. 84-86 in the Annual Report 2023.

Information on the work of the remuneration committee in 2023 is set out in the corporate governance report, which is available on pp. 45-53 in the Annual Report 2023.

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. 84-86 in the Annual Report 2023.

Key Developments 2023

Overall company performance in 2023

For information about the general performance of the Company during the financial year, please see the CEO’s statement on pp. 6-7 and the Directors’ report on pp. 62-66 in the Annual Report 2023.

Compliance with the Remuneration Guidelines in 2023

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 is able to 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 based on annual performance targets (bonus), 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, fulfilled sustainability goals 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 in note 8 on pp. 84-86 in the Annual Report 2023. No deviations from the Remuneration Guidelines, adopted by the annual general meeting 2023, 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-2024/>.

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 2023 (kSEK)**

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)	2023	9,115	0	434	549	0	0	10,098	90%/10%

* Except for multi-year variable remuneration, the table reports remuneration earned in 2023. Multi-year variable remuneration is reported if vested in 2023, as set out in column 10 of Table 2 and column 8 of Table 3 below (as applicable). Disbursement of any payments may or may not have been made in the same year.

** Vested employee stock options and RSUs as set out in column 10 of Table 2 and column 8 of Table 3 below. No stock options have been exercised during 2023. Since the exercise price for all vested stock options exceeded the market value of the underlying shares at vesting, no value has been assigned. Value of vested RSUs correspond to kSEK 549 per an external Monte Carlo valuation performed at the time of the award.

*** Pension expense, which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

Remuneration from other entities within the Stillfront Group

The CEO has not received any remuneration from any other company within the Stillfront Group than the employing entity during the financial year 2023.

Share-based remuneration

Long-term share-based incentive programs expired in 2023

LTIP 2019/2023 expired in 2023 with none of the employee stock options being exercised because the exercise price of the employee stock options granted under the program was higher than the market price of the underlying share. All warrants issued under LTIP 2019/2023 to secure the delivery of shares that would have been subscribed for under the program if it had been exercised have been cancelled.

Outstanding long-term share-based incentive programs (each an “LTIP” and together the “LTIPs”)

The Company has four outstanding share related incentive programs.

For each outstanding program a maximum allocation pool per individual is set, which in no event exceeds 20% of the total amount of instruments issued under a program.

Each LTIP requires the participants to hold the relevant instruments issued under that LTIP for a minimum of three years before the date of exercise, and the relevant instruments allocated to a participant under an LTIP are vested gradually based on that participant’s continued employment in the Stillfront group. For LTIP 2022/2026 and LTIP 2023/2027, vesting is further conditional upon the fulfilment of the performance targets set out below. If the participant ceases to be employed in the Stillfront Group, the right to all unvested instruments allocated to that participant under any LTIP is forfeited.

For additional information on the main conditions of each LTIP, see table 2 below.

LTIP 2020/2024

LTIP 2020/2024 comprises 277,000 warrants. The number of shares that each warrant may entitle to has been recalculated following the share split completed by the Company on 28 December 2020 and the preferential rights issue announced on 19 January 2022. Subsequently, the warrants may in total result in subscription of 3,091,432 shares against payment of a certain strike price (subject to the terms and conditions of LTIP 2020/2024).

LTIP 2021/2025

LTIP 2021/2025 comprises 3,500,000 ESOs. The number of shares that each ESO may entitle to has been recalculated following the preferential rights issue announced on 19 January 2022. Subsequently, the ESOs may in total entitle holders to receive 3,906,127 shares against payment of a certain strike price (subject to the terms and conditions of LTIP 2021/2025). There is no dilution related to LTIP 2021/2025, as a potential delivery of shares has been secured via a share swap agreement with Nordea Bank Abp, filial i Sverige.

LTIP 2022/2026

LTIP 2022/2026 comprises 2,000,000 restricted stock units (RSUs) which have been secured through the issuance of warrants. Each RSU entitles the holder to acquire one share in the Company free of charge (subject to the terms and conditions of LTIP 2022/2026). In total, the outstanding RSUs may result in subscription of 2,000,000 shares. Entitlement to shares under LTIP 2022/2026 is conditional upon the fulfilment of a performance target of average annual total shareholder return including reinvested dividends (TSR) corresponding to a minimum of 8% during a four-year measurement period (2022-2026).

LTIP 2023/2027

LTIP 2023/2027 comprises 2,024,000 RSUs. Each RSU entitles the holder to acquire one share in the Company free of charge (subject to the terms and conditions of LTIP 2023/2027). In total, the outstanding RSUs may result in subscription of 2,024,000 shares. The RSUs are vested on an annual basis during a four-year period depending on Stillfront's annual achievement of two of its financial targets (revenue growth and EBITDAC-margin), and after the expiration of the four-year period, each vested RSU entitles the participant to receive one share in Stillfront for free during the exercise windows following the release of Stillfront's Q2 report 2027.

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Table 2 – Option programs (CEO)

Name of director (position)	The main conditions of share option plans							Information regarding the reported financial year					
								Opening balance		During the year		Closing balance	
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Exercise period	7 Exercise price (SEK)	8 Options held at beginning of year	9 Options awarded	10 Options vested	11 Options subject to performance condition	12 Options awarded and unvested	13 Options subject to retention period
Jörgen Larsson (CEO)	LTIP 2020/2024	N/A	2020-06-17	1/3: 2021-05-14 1/3: 2022-05-14 1/3: 2023-05-14	N/A	2023-06-01 – 2024-05-31	70.38	33,333	0	33,333 ¹⁾	N/A	0	N/A
	LTIP 2021/2025	N/A	2021-05-15	25%: 2022-05-15 75%: Linear vesting on a quarterly basis starting 15 May 2021 and ending 30 April 2025	N/A	Day of Q1 report 2025 + 7-day period thereafter Day of Q2 report 2025 + 7-day period thereafter Day of Q3 report 2025 + 7-day period thereafter	94.773 ²⁾	236,250	0	105,000 ³⁾	N/A	131,250	N/A
Total								269,583	0	138,333	N/A	131,250	N/A

¹⁾ Value at vesting: kSEK 0, calculated as the aggregate market price of the underlying shares at vesting (14 May 2023) (SEK 22.51 per 15 May 2023) less the aggregate exercise price of the options vested.

²⁾ Assuming exercise at the earliest possible time for exercise under the program.

³⁾ Value at vesting: kSEK 0, calculated as the aggregate market price of the underlying shares at the latest vesting event (31 Dec 2023) (SEK 12.17 per 29 Dec 2023) less the aggregate exercise price of the options vested.

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Table 3 – Restricted Stock Unit (RSU) programs (CEO)

Name of director (position)	The main conditions of share award plans					Information regarding the reported financial year					
						Opening balance	During the year		Closing balance		
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Share awards held at beginning of year	7 Awarded	8 Vested	9 Subject to performance condition ¹⁾	10 Awarded and unvested at year end	11 Shares subject to retention period
Jörgen Larsson (CEO)	LTIP 2022/2026	2022 – 2026	2022-05-17	Subject to the Performance Target being fulfilled, the RSUs will vest during Q2 2026. ²⁾	N/A	300,000	0	0	300,000	N/A	N/A
	LTIP 2023/2027	2023 – 2027	2023-05-17	Subject to the Performance Targets being fulfilled, the RSUs will vest as follows: Linear vesting on an annual basis (25% per year) starting 31 December 2023 and ending 31 December 2026. ³⁾	N/A	0	300,000 ⁴⁾	37,500 ⁵⁾	225,000	N/A	N/A
Total						300,000	300,000	37,500	525,000	N/A	N/A

¹⁾ RSUs held at the beginning of the year or awarded during the year, which may be vested in the future if certain performance targets are met.

²⁾ RSUs under LTIP 2022/2026 will formally vest when the fulfillment of the Performance Target has been determined by the board of directors during Q2 2026.

³⁾ RSUs under LTIP 2023/2027 vest linear on an annual basis, as fulfillment of the Performance Targets is determined by the board of directors annually.

⁴⁾ Value: kSEK 4,395 per an external Monte Carlo valuation performed at the time of the award.

⁵⁾ Value: kSEK 549 per an external Monte Carlo valuation performed at the time of the award .

Application of performance criteria

Table 4 (a) – Performance of the CEO in the reported financial year: variable cash remuneration (One year – variable)

The performance targets for the CEO’s variable cash remuneration have been determined by the board of directors, to deliver the Company’s strategy and to encourage behavior which is in the long-term interest of the Company and its shareholders. In the selection of performance targets, the strategic objectives, and short-term and long-term business priorities for 2023 have been considered and includes also ESG related targets.

Name of director (position)	Description of the criteria related to the variable remuneration	Relative weighting of the performance criteria	Maximum (EUR)	Measured performance	Actual variable remuneration outcome (EUR)
Jörgen Larsson (CEO)	Adjusted EBITDAC vs budget	25%	37,806	Target not achieved	0
	Net Revenue vs budget	25%	37,806	Target not achieved	0
	Organic growth vs budget	25%	37,806	Target not achieved	0
	Completion of strategic targets for 2023 set by the board (includes ESG related targets)	25%	37,806	Target achieved	37,806
Total					37,806

Table 4 (b) – Performance of the CEO in the reported financial year: variable share based remuneration (Multi-year variable)

The performance targets for the CEO’s variable share based remuneration have been proposed by the board of directors and determined by the general meeting. The board of directors’ view is that the performance targets are an efficient method of aligning the interests of senior managers and other key personnel within the group on the one hand, and the group’s employees, customers and the Company’s shareholders on the other.

Name of director (position)	Program	Description of the criteria related to the variable remuneration	Relative weighting of the performance criteria ¹⁾	Measured performance	Actual variable remuneration outcome (SEK)
Jörgen Larsson (CEO)	LTIP 2022/2026	Average Annual TSR of a minimum 8% between Q1 2022 – Q1 2026	100%	To be determined by the board in Q2 2026	0
	LTIP 2023/2027	Annual Organic Revenue Growth above addressable market	50%	Target not achieved	0
		Annual adjusted EBITDAC margin of at least 23.6%	50%	24.4%	549,000
Total					549,000

¹⁾ Reflects the relative weighting of applicable performance criteria under each respective program in the reported financial year.

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Comparative information on the change of remuneration and company performance

Table 5 – Change of remuneration and company performance over the last five reported financial years (RFY)

	2023	2022	2021	2020	2019
Remuneration for the year to the CEO (kSEK)*	10,098	8,927	8,154	10,562	3,883
Annual change (%)	+13	+9	-23	172	-
Average remuneration among the Company's full-time employees (excl. the CEO) (kSEK)**	1,188	1,304	1,474	1,812	1,625
Annual change (%)	-9	-12	-19	12	279
CEO pay ratio***	8.5	6.8	5.5	5.8	2.4
Consolidated net profit for the year (MSEK)	12	547	596	581	341
Annual change (%)	-98	-8	3	70	117

* As of October 2022, the CEO is employed in a legal entity in Portugal and receives his remuneration in EUR currency. Remuneration for the year 2022 in the table above has been restated to be comparable with the new terms of employment. The increase in CEO remuneration from 2022 to 2023 is explained mainly by variable remuneration accruals and also by currency effects.

** 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). The comparison figures for 2019-2021 have been adjusted in accordance with note 3 M3 in the Annual Report 2022. Accordingly, from and including 2022, average remuneration among the Company's full-time employees only comprises remuneration to employees in the parent company. In previous remuneration reports, the comparison has also included consultancy fees.

*** CEO pay ratio is calculated by dividing the CEO's compensation by the pay of the average employee.