

Remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration of Probi AB, adopted by the annual general meeting 2020, were implemented in 2021. The report also provides information on remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act and Rules on Remuneration of the Board and Executive Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 10 (Employees and personnel costs) on pages 70-71 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 52-54 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 10 on page 70 in the annual report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement on page 6-7 in the annual report 2021.

The company's remuneration guidelines: scope, purpose and deviations

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. To this end, the company must offer competitive remuneration. The company's 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 financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 50-51 in the annual report 2021. During 2021, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.probi.com/investor-relations/corporate-governance/. No remuneration has been reclaimed.

Table 1 – Total CEO remuneration in 2021 (kSEK)¹

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense ⁵	5 Total remuneration	6 Proportion of fixed and variable remuneration ⁶
	Base salary ²	Other benefits ³	One-year variable ⁴	Multi-year variable				
Tom Rönnlund (CEO)	2,827	98	779	0	0	1,465	5,169	80/20

¹ Except for multi-year variable remuneration, the table reports remuneration earned in 2021.

² Base salary includes gross annual salary, holiday value of 59 kSEK, and reduced salary due to sick leave -15 kSEK.

³ Car and Medical Insurance.

⁴ Gross bonus amount for 2021 year's performance.

⁵ Pension expense (column 4) includes defined pension contribution for fixed remuneration and one-year variable remuneration. Of the listed pension amount approx. 83% relates to fixed contribution and the remaining relates to pension contribution on one-year variable.

⁶ Salary, benefits and pension on those items have been classified as fixed remuneration. One year variable and pension on that variable has been classified as variable remuneration.

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 behaviour 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 taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values. In connection with the annual general meeting's consideration of the remuneration report 2020, opinions were expressed regarding the structure of the company's presentation of the criteria for payment of variable cash remuneration. These opinions have been taken into consideration, by specifying the criteria for payment of variable cash remuneration in the table below.

Table 2 - Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) actual award / remuneration outcome
Tom Rönnlund (CEO)	Financial goals in revenue and EBITDA	70%	a) 60.0% achievement b) 584 kSEK
	Develop external growth of Probi	15%	a) 56.0% achievement b) 117 kSEK
	Reinforce innovation positioning of Probi	15%	a) 37.5% achievement b) 78 kSEK

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 (kSEK)

	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021
CEO remuneration	-279 (-7%)	+1,799 (+47%) ¹	-1,654 (-29%) ¹	+1,557 (+39%)	-362 (-7%)	5,169
Group operating profit	-26,262 (-20%)	-2,971 (-3%)	+10,426 (+10%)	+12,139 (+11%)	-14,438 (-12%)	109,243
Average remuneration on a full-time equivalent basis of employees ² of the parent company	-62 (-8.7%)	+120 (+18.5%)	-41 (-5.3%)	+105 (+14.4%)	-83 (-9.9%)	752

¹ Change of CEO. Refers to two CEO salaries in 2018.

² Excluding members of the group executive management.