

Ovzon AB

Remuneration report 2021

This report describes how the guidelines for remuneration to senior executives of Ovzon AB, as adopted by the 2021 Annual General Meeting, were applied during 2021. This report also contains information on remuneration to the Chief Executive Officer, as well as a summary of the company's outstanding share-based incentive plans. This remuneration report has been prepared in accordance with the Swedish Annual Accounts Act (SFS 2005:551) and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Additional information on remuneration to senior executives is provided in Note 8 of the Annual Report for 2021. Board fees, which are not covered by this report, are determined annually by the Annual General Meeting and are reported in Note 8 of the Annual Report for 2021. Information on the activities of the Remuneration Committee is provided in the Corporate Governance Report on pages 45–48 of the Annual Report for 2021.

Company performance in 2021

The Chief Executive Officer summarizes the company's overall performance in their report on pages 7–8 of the Annual Report for 2021.

Company remuneration guidelines: scope, purpose and deviations

The company's remuneration guidelines must promote the creation of conditions for the company to retain and recruit competent and committed employees in order to successfully implement the company's business strategy and provide for its long-term interests, including sustainability. Furthermore, the guidelines must stimulate increased interest in operations and earnings performance as a whole, as well as boost motivation for senior executives and increase the sense of

solidarity within the company. Moreover, the guidelines must promote good ethics and corporate culture.

According to Ovzon's remuneration guidelines, remuneration and other terms of employment for senior executives must be market-based. Total remuneration consists of fixed salary, variable cash remuneration (if any), pension and other customary benefits. Variable remuneration that is covered by the remuneration guidelines must be based on predetermined criteria that are intended to promote the company's business strategy and long-term interests, including its sustainability. Total remuneration to the Chief Executive Officer in 2021 is in compliance with the company's remuneration guidelines.

The remuneration guidelines that were adopted by the 2021 Annual General Meeting and implemented in 2021 are summarized on pages 47–48 and 58 of the Annual Report. No deviations from the remuneration guidelines were decided. The auditor's statement on compliance with the remuneration guidelines is available on the company's website, www.ovzon.com. In addition to remuneration that is covered by the guidelines, the Annual General Meeting of Ovzon resolved on fees to the Board of Directors.

Remuneration to the CEO

Table 1 – Total remuneration to the CEO for financial year 2021 (TSEK)

Name (Position)	Period	Base salary ¹	Other benefits	Short-term variable remuneration ²	Service pension	Total remuneration	Fixed and variable remuneration as share of total remuneration
Magnus René (CEO)	Jan. 1, 2021–Apr. 30, 2021	1,196	0	508	84	1,788	72% / 28%
Per Norén (CEO)	May 1, 2021–Dec. 31, 2021	2,403	0	60	120	2,583	98% / 2%

1) Base salary has been reported in its entirety as fixed remuneration.

2) Short-term variable cash remuneration earned in 2021 and settled in 2022.

Remuneration to Magnus René also includes TSEK 478 pertaining to 2020 that was settled in 2022.

Application of performance criteria, variable cash remuneration

The performance criteria for variable remuneration to the Chief Executive Officer were selected to realize the company's strategy and to encourage actions that are in the long-term interests of the company. Selection of performance criteria took the strategic objectives as well as short- and long-term business priorities for the year into account.

Table 2 – CEO performance in financial year 2021; Short-term variable remuneration (TSEK)

Name (Position)	Period	Performance criteria	Relative weight of the performance criteria ³	A) Performance surveyed ¹ B) Remuneration outcome ²
Magnus René (CEO)	Jan. 1, 2021–Apr. 30, 2021	1) Order intake	1) 50%	A) 5% B) TSEK 30
		2) Net sales	2) 30%	
		3) EBITDA	3) 20%	
		4) Focus issues for the financial year	3) 20%	
Per Norén (CEO)	May 1, 2021–Dec. 31, 2021	1) Order intake	1) 50%	A) 5% B) TSEK 60
		2) Net sales	2) 30%	
		3) EBITDA	3) 20%	
		4) Focus issues for the financial year	3) 20%	

1) Performance surveyed consists of the aggregate fulfillment of the performance criteria in relation to the maximum contracted outcome expressed as a percentage.

2) Remuneration outcome pertains to the variable remuneration earned in 2021 that was settled in 2022.

3) Variable remuneration is capped at 50% of the base salary and the aggregate output of the weighting can never exceed 100%.

Comparison information regarding changes in remuneration and the company's earnings

Table 3 – Remuneration compared to the company's earnings over the last five financial years

Since this report constitutes the first remuneration report that the company has prepared, only information pertaining to financial year 2021 in relation to 2020 is presented.

Annual change	2021 vs. 2020		2021
	TSEK	%	TSEK
Total remuneration to CEO	254	6%	4,371
Average remuneration based on the number of full-time equivalents employed in the Ovzon Group 1	-102	-9%	974

Annual change	2021 vs. 2020		2021
	TSEK	%	TSEK
Net sales	30,901	19%	191,378
Operating loss	-65,099	-135%	-113,383

1) Excluding members of Group Management. The lower outcome in 2021 is attributable primarily to a lower USD/SEK exchange rate.

Outstanding long-term incentive plans

An Extraordinary General Meeting on May 18, 2020 resolved on issuing a maximum of 900,000 warrants under the 2020/2023 warrants program. The company's CEO at the time subscribed for 100,000 options; other members in the Management Group subscribed for a total of 400,000 warrants and other personnel subscribed for a total of 200,000 warrants. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 102.10 per share. If all warrants allotted are used in the option program, a dilution of 1.4 percent of the shares and votes in the company will occur. The exercise period for all warrants runs from June 18, 2023 until July 18, 2023.

The Annual General Meeting on April 13, 2021 resolved to issue a maximum of 1,100,000 warrants under the 2021/2024 warrants program. The company's current CEO subscribed for 100,000 options; other members in the Management Group subscribed for a total of 310,000 warrants and other personnel subscribed for a total of 186,000 warrants. Each warrant provides entitlement to subscribe for one new share in the company at a price of SEK 145.60 per share. If all warrants allotted are used in the option program, a dilution of 1.2 percent of the shares and votes in the company will occur. The exercise period for the warrants runs from May 15, 2024 until June 15, 2024.

Solna, Sweden, March 2022

Ovzon AB

Board of Directors