

REMUNERATION REPORT 2020

Introduction

This report describes how the guidelines for executive remuneration of Nobia AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the President and CEO (“the CEO”) and a summary of Nobia’s outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 4 (Employees and personnel costs) on page 81 in the annual and sustainability report 2020. Information on the work of the remuneration committee in 2020 is set out in the Board of Directors’ report available on page 43 in the annual and sustainability 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 4 on page 81 in the annual and sustainability report 2020.

Key developments 2020

The CEO summarizes the Nobia’s overall performance in his statement on page 8 in the annual and sustainability report 2020.

Overview of the application of 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. 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, share related remuneration, pension benefits and other benefits. The variable remuneration shall be linked to financial targets. The criteria shall be designed to contribute to the company’s business strategy and long-term interests, including the sustainability of Nobia.

The guidelines are found on pages 43 in the annual and sustainability report 2020. During 2020, the company has followed the applicable remuneration guidelines adopted by the general meeting apart from the below; due to Covid-19 and the significant implications on Nobia’s business the Board concluded the need for some necessary adjustment within the guidelines. Specifically, given the extensive uncertainty and negative implications on Nobia’s business that became apparent during the early months of 2020 no new Long-Term Incentive Program was launched. Furthermore, given that it was apparent that the targets for the annual STI-program that was discussed and adopted in the February board meeting were irrelevant, and in light of the withheld LTI program, the annual STI-program was adjusted to measure quarterly performance targets for the remaining three quarters. No deviations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

The company has engaged Board member George Adams on a consultancy basis during 2020. In addition to his Board fee, he has received consulting fees of GBP 30 625 as compensation for his work-efforts. For further description, see page 102 in the corporate governance report in the annual and sustainability report 2020.

Table 1 – Total CEO remuneration in 2020 (kSEK)

Name of Director (Position)	Fixed remuneration		Variable remuneration				Total remuneration	Proportion of fixed and variable remuneration
	Base salary**	Other benefits***	One-year variable	Multi-year variable	Extraordinary items	Pension expense****		
Jon Sintorn* (CEO)	7 772	119	4 837	0	0	2 342	15 070	68 / 32

* Jon Sintorn assumed the position as CEO on 1st September 2019.

** Including holiday pay of 92 kSEK.

*** Company car and private medical benefits.

**** Pension benefit is a defined contribution model based on base salary.

Share based remuneration

The CEO participated in the Nobia performance share plan (2019/2021). The performance share plan comprises approximately 100 employees consisting of senior executives and senior managers within Nobia. Participation in the 2019/2021 plan required an employee's private investment in Nobia shares up to one month's base salary. At the end of the vesting period, the participants will be allotted shares in Nobia free of charge, provided that the performance targets related to average operating profit (EBIT) and total shareholder return (TSR) on the company's shares have been achieved. However, if the EBIT performance target has been achieved but the TSR target on the Nobia share is negative, no allotment will take place. Allotment of the performance shares is subject to continuous employment throughout the vesting period. For the CEO, each saving share carries entitlement to a maximum of seven performance share rights. The CEO invested 100% (i.e. one monthly salary) in the 2019 program, corresponding to 12,062 savings shares and 84,432 performance shares. Nobia did not implement a long-term incentive program in 2020. See note 4 in the annual and sustainability report 2020 for further details about LTI programs.

Table 2 – Share award plan

Name of director (position)	The main conditions of share award plans					Information regarding the reported financial year					
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	Opening balance	During the year		Closing balance		
						6 Share awards held at beginning of year	7 Awarded	8 Vested	9 Subject to performance condition	10 Awarded and unvested at year end	11 Shares subject to retention period
Jon Sintorn (President and CEO)	2019/2021	2019-2021	2019-06-01	2021-12-31	2021-12-31	12 062	0	0	84 432	84 432	0
Total						12 062	0	0	84 432	84 432	0

Performance of the CEO in the reported financial year

Performance criteria for short- and long-term incentive plans consist of financial criteria and include EBIT, cashflow and total shareholder return. 2020 was an exceptional year with very uncertain market conditions making forecasting very challenging. The STI-program was implemented starting the second quarter and the long-term incentive program was withheld. The Board of Directors changed the STI-program to focus on quarterly targets to maneuver through the crisis, the CEO was measured on cash flow and EBIT targets. Overall target fulfillment for the CEO on the STI-program implied a payout of 63%.

Apart from what is described above, no deviations from the remuneration guidelines have been made and no deviations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

Table 3 - Performance of the CEO in the reported financial year: share-based incentives

Name of director (position)	Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome
Jon Sintorn (President and CEO)	2019/2021	Average operating profit (EBIT) 2019-2021	50%	a) NA* b) NA*
		Total shareholder return (TSR) 2019-2021	50%	a) NA* b) NA*

*Performance period still running

Comparative information on the change of remuneration and Nobia performance

Table 4 – Remuneration and Nobia performance for the reported financial year

	2019 vs 2020	RFY 2020
CEO remuneration (MSEK)	+4.5 (+37%)	15.1
Group EBIT 2020 (%)	-3.5% (-43%)	4.6%
Group cashflow 2020 (MSEK)	+175 (+11%)	1 808
Average remuneration of employees* at the Nobia parent company (MSEK)	+0.04 (+4.6%)	0.97

* Excluding members of the group executive management