

Compensation report 2022

Unofficial English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence.

Introduction

This report describes how the guidelines for compensation to senior executives of Prevas AB, adopted by the Annual General Meeting 2021, were applied during 2022. The report also contains information on compensation to the CEO and a summary of outstanding shares and share price related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's rules on compensation to senior executives and on incentive programs. Further information about compensation to senior executives can be found in note 4 (Employees, personnel costs and compensation to senior executives and the Board of Directors) on pages 93-97 of the 2022 Annual Report. Information about the work of the Compensation Committee in 2022 can be found in the Corporate governance report on pages 127-134 of the 2022 Annual Report. Fees to the Board are not covered by this report. Such fees are decided annually by the AGM and are reported in note 4 on page 95 of the 2022 Annual Report.

Development during 2022

The Chief Executive Officer gives a summary of the overall performance of the company in his statement on pages 6-7 of the 2022 Annual Report.

Company compensation guidelines: scope, purpose and deviations

The successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, requires that the company is able to recruit and retain senior executives with good skills and the ability to achieve set targets. This requires that the company can offer competitive compensation. These guidelines enable senior executives to be offered competitive overall compensation. Variable cash compensation covered by these guidelines should be based on criteria aimed at promoting the company's business strategy and long-term interests, including its sustainability. According to the compensation guidelines, the compensation of senior executives should be market-based and may consist of the following components: fixed cash salary, variable cash compensation, pension benefits and other benefits. The variable cash compensation shall primarily be linked to financial criteria but shall also include non-financial criteria. They may consist of personalized quantitative or qualitative objectives. The criteria should be designed to promote the company's business strategy and long-term interests, including its sustainability, by, for example, having a clear link to the business strategy or promoting the executive's long-term development. The guidelines can be found on pages 62-64 of the 2022 Annual Report.

Prevas

During 2022, the company has complied with the applicable compensation guidelines adopted by the 2021 annual general meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that shall be applied to determine the compensation according to the guidelines. The auditor's opinion on the company's compliance with the guidelines is available on the company's website (prevas.se). No compensation has been reclaimed.

Table 1 - Total compensation of the Chief Executive Officer in 2022 (tSEK)

Senior Executive's name (position)	Basic salary/fees	Variable compensation	Synthetic options	Pension	Other compensation & benefits	Total compensation	Share of fixed compensation %	Share of variable compensation %
Johan Strid (CEO)	3,162	1,554	0	949	68	5,734	73%	27%

Share-based compensation - Outstanding share price related incentive programs

The agreement with Johan Strid, CEO, included the subscription of 250,000 synthetic options, of which 130,000 continue to run until May 2023 with a redemption price of SEK 53. The options are purely cash-based and do not entitle the holder to subscribe for shares or other securities in Prevas. This therefore does not result in any dilution for shareholders in the Company. The value of the options has been determined based on an estimated market value of the options using a generally accepted valuation model (Black & Scholes).

Market value at start was 17.47 SEK per option. Recorded cost during 2019 - 2021 according to calculation model amounted to 11.9 MSEK. The recorded cost in 2022 according to the calculation model amounts to 2.5 MSEK.

Information on the synthetic options can be found on page 94 of the 2022 Annual Report.

The 2021 Annual General Meeting decided to adopt two long-term incentive programs, LTI 2021/2024 and LTI 2021/2025. The programs run until one month after the publication of the interim report for Q1 2024 and 2025 respectively. LTI 2021/2024 has a redemption price of 100 SEK per warrant and the participants were allowed to acquire the warrants for 6.5 SEK per warrant. The redemption price for the warrants in LTI 2021/2025 was to be determined after the 2022 annual general meeting, but the program was never issued. At the time of the 2021 annual general meeting, LTI 2021/2024 could result in a dilution for the shareholders of 3.04 percent of the total number of shares and 2.18 percent of the total number of votes in the company. The warrants in LTI 2021/2024 have been transferred on market terms at a price (premium) determined based on a calculated market value for the warrants using Black & Scholes. Johan Strid has not been entitled to subscribe for warrants in LTI 2021/2024.

Information on LTI 2021/2024 and LTI 2021/2025 can be found on pages 96-97 of the 2022 Annual Report.

Table 2 - Long-term incentive programs (CEO)

The table below refers to senior executive Johan Strid, CEO.

Long-term incentive programs	LTI
	2018/2023
Performance period	2018-2023
Date of allocation	02-20-2018
Date of vesting	05-01-2023
Expiry of the lock-in period	N/A
Period of use*	03-01 - 05-31-2023
Financial instruments allocated in 2022	-
Redemption price (Subscription price in SEK)	53
Outstanding financial instruments as of January 1, 2022	130,000
Financial instruments vested in 2022	-
Financial instruments subject to performance conditions in 2022	130,000
Financial instruments allocated but not vested in 2022	130,000
Outstanding as of December 31, 2022	130,000
Value at vesting, tSEK	2,271,100
Reported compensation expensed during the year, tSEK	0

In 2022 there were no changes to the LTI 2018/2023 option program, in which the CEO holds 130,000 synthetic options. In 2022, the CEO was not allocated any synthetic options.

Application of performance criteria

The performance criteria for the CEO's variable compensation have been chosen to realize the company's strategy and to encourage behavior that is in the long-term interest of the company. The selection of the performance criteria has taken into account the strategic objectives and both short and long term business priorities for 2022.

Table 3 - Performance of the Chief Executive Officer during the reported financial year:

Senior executive's name (position)	Compensation	Regards	Description of criteria relating to the compensation component	Relative weighting of performance criteria	Measured performance	Actual allocation / compensation outcome tSEK
Johan Strid (CEO)	Variable compensation	Bonus 2022	Result (EBIT)	100%	100%	1,554
	Share-based compensation	LTI 2018/2023	N/A	N/A		N/A

The distribution between basic salary and variable compensation shall be proportionate to the senior executive's responsibility and authority. For the management, the variable part for 2022 was based on the Prevas Group's operating profit. The compensation was maximized to 50% of the base salary for the CEO.

Comparative information on changes in compensation and company performance

Because this document is the third compensation report prepared by Prevas, the table below only provides information for the financial years 2020 to 2022.

Table 4 - Changes in compensation and company performance over the last five reported financial years (tSEK)

	RR 2022	RR 2021	RR 2020
Compensation to the Chief Executive Officer	5,631	11,357	4,566
Group operating profit	159,178	133,198	65,517
Average compensation based on the number of full-time employees* in the parent company	12.5	31.4	12.7

* Average compensation based on the number of full-time equivalents (FTEs) employed in the parent company.

Västerås, April 2023

Prevas AB (publ)

Board of Directors