

## Remuneration report

On behalf of the Board of Directors, Alligo AB presents the remuneration report for the financial year 2022. The report describes how the remuneration guidelines adopted at the Annual General Meeting in May 2022 have been applied in the company.

### Introduction

This report describes how guidelines for remuneration for senior management of Alligo AB, adopted by the Annual General Meeting, were applied during 2022. The guidelines are described on pages 49-51 of Alligo's Annual Report for 2022. The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes* (the "Remuneration Rules") issued by the Swedish Corporate Governance Board.

The report contains information on total remuneration, including fixed and variable remuneration to senior management and a summary of the company's share-based incentive programs.

For the period 1 November to 31 December 2021, the remuneration report covers the company's current President & CEO, Clein Ullenvik, and for the period 1 January to 31 October 2021 it covers the company's previous management; President & CEO, Ulf Lilius, and Executive Vice President, Niklas Enmark.

In 2022, there have been no deviations from the enforcement of the remuneration guidelines approved by the General Meeting, however there is a deviation for the current CEO deriving from the time as CEO of Swedol AB (Remuneration report 2021). No compensation has been reclaimed. The auditor's statement on the company's compliance with the guidelines is available on the company's website.

Remuneration to the Board of Directors is not included in the remuneration report since such remuneration is decided annually by the Annual General Meeting. Remuneration to the Board of Directors is presented in note 5 on pages 78-80 of the 2022 Annual Report.

Further information on remuneration to senior executives in accordance with Chapter 5, Sections 40-44 of the Annual Accounts Act can be found in note 5 on pages 78-80 of the Annual Report for 2022. Information on the work of the Remuneration Committee during 2022 can be found in the Corporate Governance Report on pages 52-58 of the Annual Report for 2022.

### Guidelines for remuneration to Alligo's senior management

Alligo has a clear strategy to achieve profitable growth and create shareholder value. A prerequisite for the successful implementation of the Company's business strategy and protection of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. Hence, it is necessary that the Company offers competitive remuneration.

The remuneration guidelines enable the Company to offer senior management a competitive total remuneration. For further information about the Company's strategy, refer to the Company's website.

The terms of remuneration are to emphasize "performance-based rewards" and vary depending on individual performance and the Group's results. The total remuneration package for Group management is to reflect market conditions and may comprise the following components: fixed salary, variable salary, pension benefits and other benefits.

## Remuneration 2022 in brief

The table below summarises the various forms of remuneration as set out in the guidelines.

	Purpose and link to strategy	Construction in brief	Outcome 2022, SEK thousand
<b>Fixed salary</b>	The successful implementation of the Company's business strategy and the protection of the Company's long-term interests, including its sustainability, requires the Company to be able to recruit and retain qualified personnel.	The fixed salary shall be competitive and reflect the requirements placed on the role in terms of qualifications, responsibility, complexity and the manner in which it contributes to achieving the business targets. The fixed salary shall also reflect the performance of the senior executive and thus be individual and differentiated.	Company management CEO: 5,857
<b>Variable remuneration</b>	The objectives of the variable remuneration link the remuneration of senior management to the company's performance, promoting the implementation of the company's business strategy, long-term value creation and competitiveness.	The variable remuneration shall be linked to one or more predetermined and measurable criteria set by the Board of Directors, which may be financial, such as the growth of the Group's and/or the individual area of responsibility's results, profitability and cash flow, or non-financial, such as customer satisfaction, quality, environment, health and safety. Any variable remuneration may consist of an annual cash salary, up to a maximum of 50 per cent of the fixed annual salary.	Company management CEO: 1,935
<b>Other benefits</b>	Provide competitive benefits.	Other benefits, including, inter alia, company car, travel concessions, extra healthcare insurance and occupational health services, shall be in line with market conditions and only constitute a limited share of total remuneration. Premiums and other costs pursuant to such benefits shall amount to not more than 10 percent of the fixed annual salary in total.	Company management CEO: 6
<b>Pension</b>	Providing long-term security and offering competitive pensions.	The President & CEO and other senior executives are covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. Premiums for the defined-contribution pension must not exceed 40 per cent of the fixed annual salary.	Company management CEO: 1,548

## Total remuneration to CEO in 2022 (SEK thousand)

Name of senior executive (position)	Fixed salary	Variable remuneration	Other benefits	Pension	Total remuneration	Percentage fixed <sup>1</sup>	Percentage variable <sup>2</sup>
Clein Ullenvik (CEO)	5,857	1,935	6	1,548	<b>9,346</b>	79%	21%

## Share-based incentive programmes

Alligo has previously offered senior management two long-term share-based incentive programmes, 2017/21 and 2018/22 respectively. The 2022 Annual General Meeting resolved on a new call option programme. The aim of the programmes was to offer benefits in the form of long-term incentives linked to the Company's share price in order to attract, motivate and retain senior management. The programmes were designed to align the incentives to the participants with the shareholders' interests.

In 2021, the Company completed the 2017/21 programme and, following the decision of the Extraordinary General Meeting on 2 December 2021, the 2018/2022 programme was mainly redeemed in December 2021. On 2 June 2022, a redemption in cash of the last 8,000 outstanding options in programme 2018/2022 was made for a payment of SEK 362,647.

## Call option programme 2022/2025

The Annual General Meeting 2022 resolved on a call option programme comprising of a maximum of 185,000 options corresponding to approximately 0.36 per cent of the total number of shares and approximately 0.33 per cent of the total number of votes in the company. The programme is directed to key personnel in senior positions and provides the opportunity to acquire call options at market price for Class B shares repurchased by Alligo. After two years, a subsidy shall be paid corresponding to the premium paid for each call option (before tax), provided that the option holder's employment with the group is not terminated and that the call options are not divested before that time. The subsidy is amortised as an accrued expense until the employment condition is fulfilled. The subsidy is also subject to social security contributions. Each call option entitles its holder to acquire one (1) repurchased Class B share in the company on three occasions: 1) during the period starting 2 June 2025 up to and including 16 June 2025, 2) during the period starting 18 August 2025 up to and including 1 September 2025, and 3) during the period starting 3 November 2025 up to and including 17 November 2025. The exercise price has been calculated at SEK 129.30 based on 120 per cent of the volume-weighted average of the price paid during the period 12 May to 25 May 2022. If the market price at the time the call option is exercised exceeds SEK 194.00, the exercise price shall be increased on a krona for krona basis by the amount exceeding SEK 194.00. The option premium has been calculated at SEK 7.82 and performed by an independent third party according to the recognised Black & Scholes model.

185,000 call options have been granted and acquired by employees on market terms. Of these, 80,000 were acquired by the group's CEO and CFO and 105,000 by other key employees. The option premium paid amounts to a total of SEK 1.4 million.

A summary of the 2022 call option programme for senior management is shown in the following table.

<sup>1</sup> Percentage refers to fixed remuneration and pension divided by total remuneration.

<sup>2</sup> Percentage refers to variable remuneration divided by total remuneration.

Name of senior executive (position)	Allocation	Number of call options allocated	Purchase price, SEK	Exercise period <sup>3</sup>	Time of exercise	Exercise price, SEK	Number of call options at year-end
Clein Ullenvik (CEO)	Jun 2022	50,000	7.82	2025-06-02--16, 2025-08-18-- 09-01 and 2025-11-03--17	-	129.30	50,000

## Application of performance criteria for variable remuneration

The performance criteria for the President & CEO's variable remuneration have been determined to deliver on the Company's strategy and profitability performance and to encourage behaviour that is in the long-term interests of the Company. The non-financial performance criteria also contribute to sustainability adaptations and the Company's values. In the selection of performance criteria for variable remuneration to the President & CEO, both the strategic and long-term objectives and the short-term business priorities for the 2022 financial year have been taken into account.

Name of senior executive (position)	Description of criteria	Weighing	Maximum outcome	Achievement of targets	Remuneration outcome
Clein Ullenvik (CEO)	EBITA	80%	SEK 2,064,000	75%	SEK 1,934,635
	EBITA/WC	20%	SEK 516,000	0%	SEK -

## Comparative information on changes in remuneration and Group performance

Comparative information on the total remuneration and variable remuneration (in italics) of the Company's CEO and the development of the Group's results as well as the average remuneration of the Company's employees is presented below.

Remuneration in SEK thousand (change in %) per financial year<sup>4</sup>

Name of senior executive (position)	2022		2021		2020 (9 months)	2019/2020	2018/2019
	1 Jan-31 Dec	1 Jan-31 Dec	1 Jan-31 Dec	1 Jan-31 Dec	1 Apr 2020– 31 Dec 2020	1 Apr 2019– 31 Mar 2020	1 Apr 2018– 31 Mar 2019
Clein Ullenvik (CEO)	9,346 (601%)	1,334	6,826 (6%)	1,334	-	-	-
As of 1 Nov, 2021	<i>1,935 (450%)</i>	<i>352</i>					
Ulf Lilius (CEO)	-	1,850 (23%)	1,850 (23%)	1,850 (23%)	6,422 (-5%)	6,753 (2%)	6,653 (6%)
1 Jan–31 Oct 2021					<i>1,500 (148%)</i>	<i>604 (-20%)</i>	<i>756 (-14%)</i>
Niklas Enmark (EVP)	-	3,705 (2%)	3,705 (2%)	3,705 (2%)	3,649 (-16%)	4,338 (3%)	4,223 (-3%)
1 Jan–31 Oct 2021					<i>848 (13%)</i>	<i>746 (-11%)</i>	<i>834 (-21%)</i>

Variable remuneration is indicated in italics

## Group result

SEK million	2022		2021		2020 (9 months)	2019/2020	2018/2019
	1 Jan-31 Dec	1 Jan-31 Dec	1 Jan-31 Dec	1 Jan-31 Dec	1 Apr 2020– 31 Dec 2020	1 Apr 2019– 31 Mar 2020	1 Apr 2018– 31 Mar 2019
Operating profit	669	427	427	427	226	303	302

<sup>3</sup> Refers to the exercise period under the offer in August 2018.

<sup>4</sup> Remuneration includes fixed remuneration, variable remuneration, other benefits and pension costs.

Operating profit, change compared to previous financial year	56.7%	88.9%	-25.4%	0.3%	25.8%
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## Average compensation to employees converted to full-time equivalents<sup>5</sup>

SEK thousand	Financial year				
	2022 1 Jan-31 Dec	2021 1 Jan-31 Dec	2020 (9 months) 1 Apr 2020– 31 Dec 2020	2019/2020 1 Apr 2019– 31 Mar 2020	2018/2019 1 Apr 2018– 31 Mar 2019
Remuneration to Group employees	627	595	423	606	612
Change	5.4%	40.7%	-30.2%	-1.0%	5.3%

*This document is in all respect a translation of the Swedish original. In the event of any differences between this translation and the Swedish original, the latter shall prevail.*

<sup>5</sup> Group employees excluding CEO, EVP and Group Management. Remuneration is based on fixed salary and other benefits, including pension.