

Remuneration report

On behalf of the Board of Directors, Alligo AB (until December 2021 Momentum Group AB) presents the remuneration report for the financial year 2021. The report describes how the remuneration guidelines adopted at the Annual General Meeting in August 2020 have been applied in the company.

Introduction

This report describes how guidelines for remuneration for senior management of Alligo AB, adopted by the 2020 Annual General Meeting, were applied during 2021. The guidelines are described on pages 35-37 of Alligo's Annual Report for 2021. 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. These programs have mainly been terminated during 2021 and at the year-end there were no longer any share-based incentive programs for the Company's senior management active during 2021.

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

In 2021, 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 President & CEO of the Group deriving from the time as President & CEO of Swedol AB (publ). The deviation entails that in the event of self-termination, a severance payment of six months' salary will be paid. 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 66-68 of the 2021 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 66-68 of the Annual Report for 2021. Information on the work of the Remuneration Committee during 2021 can be found in the Corporate Governance Report on pages 42-47 of the Annual Report for 2021.

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 Company's 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 2021 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 2021, SEK thousand
Fixed salary	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.	<p>Company management 1 Nov–31 Dec CEO: 756</p> <p>Company management 1 Jan–31 Oct CEO: 3,798 EVP: 2,132</p>
Variable remuneration	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 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 take consist of an annual cash salary, up to a maximum of 50 per cent of the fixed annual salary.	<p>Company management 1 Nov–31 Dec CEO: 352</p> <p>Company management 1 Jan–31 Oct CEO: 1,850 EVP: 848</p>
Other benefits	Provide competitive benefits.	Other benefits, including 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.	<p>Company management 1 Nov–31 Dec CEO: 3</p> <p>Company management 1 Jan–31 Oct CEO: 68 EVP: 78</p>
Pension	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 percent of the fixed annual salary.	<p>Company management 1 Nov–31 Dec CEO: 223</p> <p>Company management 1 Jan–31 Oct CEO: 1,110 EVP: 647</p>

Total remuneration to CEO and EVP in 2021 (SEK thousand)

Name of senior executive (position)	Fixed salary	Variable remuneration	Other benefits	Pension	Total remuneration	Percentage fixed ¹	Percentage variable ²
Clein Ullenvik (CEO) 1 Nov–31 Dec 2021	756	352	3	223	1,334	74%	26%
Ulf Lilius (CEO) 1 Jan–31 Oct 2021	3,798	1,850	68	1,110	6,826	73%	27%
Niklas Enmark (EVP) 1 Jan–31 Oct 2021	2,132	848	78	647	3,705	77%	23%

Share-based incentive programmes

Alligo has previously offered senior management two long-term share-based incentive programmes, 2017/21 and 2018/22 respectively. 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 terminated 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.

Call option programme 2018/22

In August 2018, the Annual General Meeting of Alligo AB resolved to offer 50 key individuals in senior positions the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares on market terms. The programme was fully subscribed. The call options have been transferred at a price of SEK 10.20 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The exercise price for the call options is SEK 137.30 per share and the redemption period was set at 14-28 February and 16-30 May 2022, respectively. The programme is secured in its entirety by share repurchases. The offering was linked to a subsidy corresponding to the option premium paid, which meant that an amount of SEK 10.20 per acquired call option is paid to the holder. The subsidy was paid by the holder's employer in September 2020 on the condition that all originally acquired call options in this programme remained and that the individual was still an employee of the Group.

At the beginning of the year, the number of outstanding call options was 240,000. Pursuant to a resolution of the Extraordinary General Meeting on 2 December 2021, the Company has offered and implemented a cash redemption of 232,000 call options in the programme.

A summary of the 2018/2022 call option programme for senior management is shown in the following table.

¹ Percentage refers to fixed remuneration and pension divided by total remuneration.

² Percentage refers to variable remuneration divided by total remuneration.

Call option programme 2018/2022

Name of senior executive (position)	Allocation	Number of call options allocated	Purchase price, SEK	Exercise period ³	Time of exercise	Exercise price, SEK	Number of call options at year-end
Ulf Lilius (CEO) 1 Jan–31 Oct 2021	Sep 2018	35,000	10.20	2022-02-14--28 and 2022-05-16--30	Dec 2021	137.30	0
Niklas Enmark (EVP) 1 Jan–31 Oct 2021	Sep 2018	30,000	10.20	2022-02-14--28, and 2022-05-16--30	Dec 2021	137.30	0

Call option programme 2017/2021

In November 2017, an Extraordinary General Meeting of Shareholders in Alligo AB resolved to offer 40 key individuals in senior positions the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares on market terms. The programme was fully subscribed. The call options have been transferred at a price of SEK 9.60 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The original exercise price per call option in the 2017/21 share-based incentive programme of SEK 121.60 has been recalculated by Nordea Bank in accordance with the terms of the incentive programme due to paid and adopted dividends between 2018 and 2021, and thus amounted to SEK 119.30. Each call option in this programme entitled the holder to acquire one repurchased Class B share during the exercise periods of 18-25 February and 12-25 May 2021, respectively. The programme was secured in its entirety by share repurchases.

The offering was linked to a subsidy corresponding to the option premium paid, which meant that an amount of SEK 9.60 per acquired call option is paid to the holder. The subsidy was paid by the holder's employer in December 2019 on the condition that all originally acquired call options in this programme remained and that the individual was still an employee of the Group.

This programme ended in May 2021.

A summary of the call option programme 2017/2021 for senior management is shown in the following table.

Call option programme 2017/2021

Name of senior executive (position)	Allocation	Number of call options allotted	Purchase price, SEK	Exercise period	Time of exercise	Exercise price, SEK	Number of call options at year-end
Ulf Lilius (CEO) 1 Jan–31 Oct 2021	Dec 2017	15,000	9.60	2021-02-18--25 and 2021-05-12--25	Feb 2021	119.30	0
Niklas Enmark (EVP) 1 Jan–31 Oct 2021	Dec 2017	15,000	9.60	2021-02-18--25 and 2021-05-12--25	Feb 2021	119.30	0

³ Refers to the exercise period under the offer in August 2018.

Application of performance criteria for variable remuneration

The performance criteria for the President & CEO and Executive Vice President'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 and Executive Vice President, both the strategic and long-term objectives and the short-term business priorities for the 2021 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) 1 Nov–31 Dec 2021	EBIT	80%	SEK 296,000	100%	SEK 296,000
	EBITA/WC	20%	SEK 74,000	75%	SEK 55,500
Ulf Lilius (CEO) 1 Jan–31 Oct 2021	EBITA	80%	SEK 1,480,000	100%	SEK 1,480,000
	EBITA/WC	20%	SEK 370,000	100%	SEK 370,000
Niklas Enmark (EVP) 1 Jan–31 Oct 2021	EBITA	80%	SEK 678,400	100%	SEK 678,400
	EBITA/WC	20%	SEK 169,600	100%	SEK 169,600

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 EVP 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 year⁴

Name of senior executive (position)	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	2017/2018 1 Apr 2017– 31 Mar 2018
Clein Ullenvik (CEO) 1 Nov–31 Dec 2021	1,334 <i>(352)</i>	0	0	0	0
Ulf Lilius (CEO) 1 Jan–31 Oct 2021	6,826 (6%) <i>1,850 (23%)</i>	6,422 (-5%) <i>1,500 (148%)</i>	6,753 (2%) <i>604 (-20%)</i>	6,653 (6%) <i>756 (-14%)</i>	6,279 <i>882 (]⁵</i>
Niklas Enmark (EVP) 1 Jan–31 Oct 2021	3,705 (2%) <i>848 (13%)</i>	3,649 (-16%) <i>750 (1%)</i>	4,338 (3%) <i>746 (-11%)</i>	4,223 (-3%) <i>834 (-21%)</i>	4,492 <i>1,062 (]⁶</i>

Variable remuneration is indicated in italics

⁴ Remuneration includes fixed remuneration, variable remuneration, other benefits and pension costs.

⁵ The senior executive was not a senior executive during the financial year 1 April 2016 to 31 March 2017, therefore the percentage increase compared to that financial year cannot be calculated.

⁶ The senior executive took office as senior executive during the latter part of the financial year 1 April 2016 to 31 March 2017 and no variable remuneration was paid during that financial year, therefore the percentage increase compared to the previous financial year cannot be presented.

Group result

SEK million	Financial year				
	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	2017/2018 1 Apr 2017– 31 Mar 2018
Operating profit, SEK million	427	226	303	302	240
Operating profit, change compared to previous financial year	88.9%	-25.4%	0.3%	25.8%	269.2%

Average compensation to employees converted to full-time equivalents⁷

	Financial year				
	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	2017/2018 1 Apr 2017– 31 Mar 2018
Remuneration to Group employees, SEK thousand	595	423	606	612	581
Change	41%	-30%	-1%	5%	2%

⁷ Group employees excluding CEO, EVP and Group Management. Remuneration is based on fixed salary and other benefits, including pension.