

Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Probi AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act and Rules on Remuneration of the Board and Executive Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 10 (Employees and personnel costs) on pages 68-69 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 50-52 in the annual 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 10 on page 68 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in his statement on page 6-7 in the annual report 2020.

The company's remuneration guidelines: scope, purpose and deviations

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, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 48-49 in the annual report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.probi.com/investor-relations/corporate-governance/. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term incentive plans.

Table 1 – Total CEO remuneration in 2020 (kSEK)*

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense*****	5 Total remuneration	6 Proportion of fixed and variable remuneration*****
	Base salary**	Other benefits***	One-year variable****	Multi-year variable				
Tom Rönnlund (CEO)	2 711	89	1 400	0	0	1 330	5 026	74/36

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2020.

** Base salary includes gross annual salary + holiday value of 39 K SEK

*** Car and Medical Insurance

**** Gross bonus amount for 2020 year's performance

***** Pension expense (column 4) includes defined pension contribution for fixed remuneration and one-year variable remuneration. Of the listed pension amount approx. 68% relates to fixed contribution and the remaining relates to pension contribution on one-year variable

***** Salary, benefits and pension on those items have been classified as fixed remuneration. One year variable and pension on that variable has been classified as variable remuneration

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Table 2 - Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3	
			a) Measured performance and actual award/	b) remuneration outcome
Tom Rönnlund (CEO)	Financial Goals including strategic KPIs		a) Financial goals and other strategic KPIs met	b) 1 400 KSEK

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)

	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	RFY 2020
CEO remuneration	+859 (+26%)	-279 (-7%)	+1 799 (+47%)*	-1 654 (-29%)*	+1 052 (+26%)	5 076
Group operating profit	+67 281 (107%)	-26 262 (-20%)	-2 971(-3%)	+10 426 (10%)	+12 139 (11%)	123 681
Average remuneration on a full time equivalent basis of employees** of the parent company	-53 (-6,9%)	-62 (-8,7%)	120 (+18,5%)	-41 (-5,3%)	+105 (+14,4%)	835

* Change of CEO. 2 CEO salaries are stated

** Excluding members of the group executive management