

Remuneration Report 2021/22

Introduction

This report describes how the guidelines for executive remuneration of Dustin Group AB (“**Dustin**”, “**we**” or “**our**”), adopted by the Annual General Meeting 2019/20, were implemented in 2021/22. The report also provides details on the remuneration to our CEO and a summary of our outstanding share-price related incentive programs. The report has been prepared in compliance 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 7 on pages 88–90 in our Annual Report for 2021/22 (the “**Annual Report 2021/22**”). Information on the work of the Remuneration Committee in 2021/22 is set out in the Corporate Governance Report, which is available on pages 70-81 in the Annual Report 2021/22.

Remuneration of the Board is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in Note 7 on page 90 in the Annual Report 2021/22.

Key developments 2021/22

The CEO summarises our overall performance in his statement on page 6 in the Annual Report 2021/22.

Dustin’s remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of our business strategy and safeguarding of our long-term interests, including its sustainability, is that we can recruit, retain, engage and develop qualified personnel. To this end, we must offer competitive remuneration. Our remuneration guidelines enable us 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 base salary, variable salary, pension and other benefits. In addition to remuneration covered by the remuneration guidelines, the Annual General Meetings of Dustin have resolved to implement long-term share-related incentive plans.

The complete remuneration guidelines can be found on <https://www.dustingroup.com/en/remuneration>. During 2021/22, Dustin 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 our compliance with the remuneration guidelines is available on <https://www.dustingroup.com/en/general-meetings>. No remuneration has been reclaimed. Based on the conclusions from the evaluation of the programs for variable remuneration and the application of the guidelines for remuneration, the Board has decided to propose that the remuneration guidelines shall remain unchanged.

Total remuneration to the CEO

Table 1 – Total remuneration to the CEO (SEK k) during 2021/22

Name of Executive	Financial Year	Fixed remuneration		Variable remuneration		Extra-ordinary items	Pension expense	Total remuneration	Portion of fixed and variable remuneration****
		Base Salary*	Other Benefits**	One-year variable***	Multi-year variable				
Thomas Ekman, CEO	2021/2022	6,686.1	93.0	1,903.5	-	-	1,900.6	10,568.4	82/18

* Including vacation allowance amounting to SEK k 102.

** Consisting of company car benefit.

*** Consisting of short-term variable remuneration earned during 2021/22 which is paid out quarterly in arrears.

**** Fixed remuneration consisting of base salary, other benefits, and pension expense.

Short- and long-term variable remuneration to the CEO

Application of performance criteria on short-term variable remuneration

The performance measures for the CEO's variable salary have been selected to deliver on our strategy and to encourage behaviour which is in the long-term interest of Dustin. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021/22 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability, customer satisfaction and culture.

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

Name of Executive	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a. Measured performance	
			b. Actual remuneration outcome	
Thomas Ekman, CEO	Group EBITA (Quarterly)	50%	a) Q1: 100 % a) Q2: 43 % a) Q3: 0 % a) Q4: 0 %	b) 478.8 SEK k b) 205.2 SEK k b) 0 SEK k b) 0 SEK k
	Group EBITA (Yearly)	20%	a) 19 %	b) 145.2 SEK k
	Milestones (Yearly)	30%	a) 94 %	b) 1074.4 SEK k

Long-term incentive programs

Currently, Dustin has three outstanding long-term incentive programs which have been implemented following resolution from the Annual General Meeting (LTI 2020, LTI 2021 and LTI 2022). During this fiscal year, one incentive program has vested (LTI 2019). No warrants were exercised since the market value was lower than the strike price.

The long-term incentive programs consist of warrants and synthetic options (only applicable for employees in Norway and the Netherlands) and have a vesting period of 3.4 years. The transfer of the warrants and synthetic options were made at a price corresponding to the market value of the warrants and synthetic options at the time of transfer (the premium), calculated according to a by the market generally accepted valuation model (Black & Scholes). The calculation was performed by an independent valuation institute.

In connection with the transfer of the warrants to the participants, Dustin has reserved a right to buy-back the warrants, if the participant ceases to be employed or performing services to the group or if the participant should transfer its warrants (pre-emptive right). Dustin has also reserved the right to (i) buy-back the synthetic options if the participant should transfer the synthetic options (pre-emptive right) and (ii) cap the amount per synthetic option, that each participant can receive in order for the market value per synthetic option to correspond to the market value per warrant.

Dustin has issued a total of 3,428,858 warrants (of which 2,211,103 are outstanding) and 92,370 synthetic options (of which 70 318 are outstanding) in the three outstanding programs.

The increase in Dustin's share capital may, in the event of full exercise of the warrants, amount to no more than SEK 11,342,152.950251 (assuming the current quota value and that no additional recalculation takes place in accordance with the terms and conditions¹), which corresponds to dilution of approximately 2.0% of the shares in Dustin, based on the number of shares outstanding.

Table 3 – Long-term incentive programs (CEO)

Name of the Executive	The main conditions for the warrant programs					Information regarding the reported financial year				
	Name of the program	Vesting period	Purchase date	Exercise Period	Exercise Price (SEK)	Opening balance	During the year			Closing balance
						Warrants held at beginning of year	Warrants purchased	Not exercised Warrants	Warrants exercised	Warrant holding
Thomas Ekman, CEO	LTI 2019	25 January 2019–30 June 2022	22 January 2019	31 January –30 June 2022	94.00	219,204	-	219,204	-	-
	LTI 2020	20 January 2020–30 June 2023	20 January 2020	31 January –30 June 2023	90.90	103,883	-	-	-	103,883
	LTI 2021	31 January 2021–30 June 2024	27 January 2021	31 January –30 June 2024	86.00	116,641	-	-	-	116,641
	LTI 2022	1 February 2022–30 June 2025	1 February 2022	31 January –30 June 2025	112.00	-	102,285	-	-	102,285
Total						439,728	102,285	219,204		322,809

¹ The number of shares that each warrant entitles to subscribe for has been adjusted by a factor of 1.03 for LTI 2020 and LTI 2021 after the rights issue completed in 2021.

Comparative information on the change of remuneration and company performance

Table 4 - Change of remuneration and company performance of reported financial year

	2021/22
Total CEO remuneration (SEK k)	10,568.4
Change compared to previous year (SEK k)	-522.7
Change in percentage (%)	-4.7
Group operating profit (SEK m)	758.0
Change compared to previous year (SEK m)	181.8
Change in percentage (%)	31.6
Average remuneration on a full-time equivalent basis of employees in Dustin Aktiebolag (SEK k)*	520.7
Change compared to previous year (SEK k)	-22.2
Change in percentage (%)	-4.1

* Total remuneration during 2021/22 split in the average number of employees in Dustin Aktiebolag, excluding members of the executive management.