

# Remuneration report 2022/23

## Introduction

This report describes how the guidelines for remuneration of senior executives for Dustin Group AB, as adopted by the 2019/20 Annual General Meeting (AGM), were applied in 2022/23. The report also contains information about remuneration of the CEO and a summary of our outstanding share-based incentive programmes. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

For more information about the remuneration of senior executives, refer to Note 7 on pages 88–90 of our Annual Report for 2022/23. For more information about the Remuneration Committee's work in 2022/23, refer to the Corporate Governance Report on pages 71–72 of the 2022/23 Annual Report.

Board fees are not included in this report. These fees are determined annually by the AGM and presented in Note 7 on page 90 of the 2022/23 Annual Report.

## Key developments 2022/23

The CEO summarises Dustin's overall performance in his statement on page 6–7 of the 2022/23 Annual Report.

### 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 their sustainability, is that we can recruit, retain, engage and develop qualified employees. This means that we must

be able to offer competitive remuneration. Our remuneration guidelines enable us to offer executives a competitive total remuneration package. According to the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed base salary, variable pay, pension benefits and other benefits. In addition to remuneration covered by the remuneration guidelines, Dustin's AGM has resolved to implement long-term share-based incentive programmes.

## Total CEO remuneration

Table 1 – Total CEO remuneration (KSEK) in 2022/23

Executive's name, position	Financial year	Fixed remuneration		Variable remuneration		Extraordinary items	Pension costs	Total remuneration	Ratio of fixed and variable components****
		Base salary*	Other benefits**	One-year***	Multi-year				
Johan Karlsson, CEO	2022/23	2,712.0	38.0	-	-	-	541.6	3,291.6	100/0
Thomas Ekman (outgoing CEO)	2022/23	4,211.0	59.6	-	-	-	1,409.4	5,637.4	100/0
Thomas Ekman	2021/22	6,686.1	78.2	1,903.5	-	-	1,900.6	10,568.4	82/18

Thomas Ekman's employment ended on April 10, 2023 and his remuneration for 2022/23 was paid for the period from September 1, 2022 to April 10, 2023. Former CFO Johan Karlsson was appointed President and CEO from April 3, 2023, and only his remuneration for the period of April 3, 2023 to August 31, 2023 is included in the above and following tables.

\* Including vacation pay of KSEK 15.

\*\* Comprises company car.

\*\*\* Consists of short-term variable remuneration accrued in 2022/23, which is paid out quarterly in arrears.

\*\*\*\* Fixed remuneration here consists of base salary, other benefits and pension costs.

The complete remuneration guidelines are available at <https://www.dustingroup.com/en/remuneration>. In 2022/23, Dustin applied the guidelines adopted by the AGM. There were no deviations from the guidelines, or from the decision-making process that, according to the guidelines, must be applied to determine the remuneration. The auditor's opinion on whether we have complied with the remuneration guidelines is available at <https://www.dustingroup.com/en/general-meetings>. No remuneration has been repaid. Based on the conclusions from the evaluation of the variable remuneration

programmes and application of the remuneration guidelines, the Board has decided to recommend that the remuneration guidelines remain unchanged.

In the 2022/2023 financial year, Dustin Group changed its CEO. Thomas Ekman, who had served as CEO until April 2023, received total remuneration (excl. pensions) of SEK 4.3 million for the period of September 2022 to April 2023. His successor, Johan Karlsson, who took office in April 2023, accrued remuneration (excl. pensions) of SEK 2.8 million for the April to August 2023

period. The average annual remuneration figure for the company's other employees, excluding social security contributions, is KSEK 622.

For the period of September 2022 to April 2023 (8 months), the annual total remuneration rate has been calculated on the basis of total remuneration paid to Thomas Ekman and amount for the corresponding period, with an average remuneration figure of KSEK 415 for the company's other employees. The annual total remuneration rate is therefore 10.29.

For the period of April 2023 to August 2023 (5 months), the annual total remuneration rate has been calculated on the basis of total remuneration paid to Johan Karlsson and amount for the corresponding period, with an average remuneration figure of KSEK 259 for the company's other employees. The annual total remuneration rate is therefore 10.60.

## Short and long-term variable CEO remuneration

### Application of performance criteria to short-term variable remuneration

The performance criteria for variable remuneration to the CEO have been selected to realize Dustin's strategy and to encourage achievements that are

aligned with Dustin's long-term interests. When selecting performance criteria, the strategic targets as well as long and short-term business priorities for 2022/23 have been taken into account. The non-financial performance criteria further contribute to alignment with sustainability, customer satisfaction and culture.

**Table 2 – CEO's performance during the reported financial year: variable pay**

Executive's name, position	Description of criteria related to the remuneration component	Relative weighting of performance criteria	a. Measured performance and b. Actual remuneration outcome	
Johan Karlsson, CEO	Group EBITA (quarterly)	50%	a) Q1: N/A	b) N/A
			a) Q2: N/A	b) N/A
			a) Q3: 0%	b) -
			a) Q4: 0%	b) -
	Group EBITA (annually)	20%	a) 0%	b) -
	Milestones (annually)	30%	a) 0%	b) -
Thomas Ekman, outgoing CEO	Group EBITA (quarterly)	50%	a) Q1: 0%	b) -
			a) Q2: 0%	b) -
			a) Q3: 0%	b) -
			a) Q4: N/A	b) N/A
	Group EBITA (annually)	20%	a) 0%	b) N/A
	Milestones (annually)	30%	a) 0%	b) N/A

## Warrant programme

Dustin currently has two outstanding long-term incentive programmes based on warrants, which were implemented following a resolution by the AGM (LTI 2021 and LTI 2022). During this financial year, one incentive programme was vested (LTI 2020). No warrants were exercised since the market price was lower than the exercise price.

These long-term incentive programmes consist of warrants and synthetic options (for employees in Norway and the Netherlands only) and have a vesting period of 3.4 years. The warrants and synthetic options were transferred at a price corresponding to the market value of the warrants and the synthetic options at the date on which

they were transferred (premium), calculated using a generally accepted valuation model (Black-Scholes). The calculation was carried out by an independent valuer.

When transferring the warrants to the participants, Dustin reserved the right to repurchase the warrants should the participant no longer be employed by, or render services to, the Group, or transfer their warrants (pre-emptive bid). Dustin has also reserved the right to (i) buy back the synthetic options should the participant transfer the synthetic options (pre-emptive bid) and (ii) cap the amount per synthetic option that each participant can receive so that the market value of each synthetic option corresponds to the market value of each warrant.

Dustin has issued a total of 2,286,168 warrants (of which 1,435,482 are outstanding) and 20,456 have been issued as synthetic options in the two outstanding programmes.

If all warrants are fully exercised, Dustin's share capital could amount to a maximum of SEK 7,287,634.95 (based on the current quotient value and provided no recalculation has been carried out in accordance with the conditions), corresponding to a dilution of around 1.3% of the shares in Dustin, based on the number of shares outstanding.

**Table 3 – Long-term incentive programmes (CEO)**

Name of executive	The main terms and conditions for the warrant programs					Opening balance	During the year			Closing balance
	Name of programme	Vesting date	Purchase date	Exercise period	Exercise price (SEK)	Warrants at beginning of the year	Purchased warrants	Warrants held	Warrants exercised	Warrants at year-end
Johan Karlsson, CEO	LTI 2020	January 20, 2020– June 30, 2023	January 20, 2020	January 31– June 30, 2023	90.90	99,727	-	99,727	-	-
	LTI 2021	January 20, 2021– June 30, 2024	January 27, 2021	January 31– June 30, 2024	86.00	93,312	-	-	-	93,312
	LTI 2022	January 20, 2022– June 30, 2025	February 1, 2022	January 31– June 30, 2025	112.00	81,828	-	-	-	81,828
<b>Total</b>						<b>228,211</b>	<b>-</b>	<b>99,727</b>	<b>-</b>	<b>175,140</b>

**Table 4 – Long-term incentive programmes (outgoing CEO)**

Name of executive	The main terms and conditions for the warrant programs					Opening balance	During the year			Closing balance
	Name of programme	Vesting date	Purchase date	Exercise period	Exercise price (SEK)	Warrants at beginning of the year	Purchased warrants	Warrants held	Warrants exercised	Warrants at year-end
Thomas Ekman, outgoing CEO	LTI 2020	January 20, 2020– June 30, 2023	January 20, 2020	January 31– June 30, 2023	90.90	103,883	-	103,883	-	-
	LTI 2021	January 20, 2021– June 30, 2024	January 27, 2021	January 31– June 30, 2024	86.00	116,641	-	-	-	116,641
	LTI 2022	January 20, 2022– June 30, 2025	February 1, 2022	January 31– June 30, 2025	112.00	102,285	-	-	-	102,285
<b>Total</b>						<b>322,809</b>	<b>-</b>	<b>103,883</b>	<b>-</b>	<b>218,926</b>

**Performance share programme (PSP)**

During the 2022/23 financial year, a new long-term incentive programme was implemented in the form of a performance-based share programme, PSP 2023.

The AGM on December 15, 2022 resolved to adopt the share-based incentive programme proposed by the Board. Based on the AGM's authorisation on February 17, 2023, the Board decided to implement a directed issue of new shares and an immediate buy-back of 825,000 Class C shares. The aim of the issue and the buy-back is to ensure the future supply of ordinary shares to the participants in the incentive programme.

PSP 2023 is focused on the financial performance measures that are strategically important for Dustin – organic growth and the EBITA margin, and the total shareholder return (TSR). In addition, PSP 2023 includes a target related to product recycling (annual takeback sales) with the aim of linking the participants' remuneration to Dustin's sustainability targets for 2030.

Category 1 (CEO) may allocate up to 15,900 Investment Shares. For each Investment Share, the participant is entitled to receive a total of 7 performance share rights, of which 1 performance share right of Series A, 2.25 performance share rights of Series B and C, respectively, and 1.5 performance share rights of Series D.

**Table 5 – Performance share programme (CEO)**

Name of executive	Number of shares	Performance target									Total		
		Total shareholder return (A)			Organic growth (B)			EBITA margin (C)					
		Min.	Max.	Max. number	Min.	Max.	Max. number	Min.	Max.	Max. number	Min.	Max. number	Max. total
Johan Karlsson, CEO	15,900	0.0x	1.0x	15,900	0.0x	2.3x	35,775	0.0x	1.5x	23,850	0.0x	111,300	7.0x
<b>Total</b>	<b>15,900</b>	<b>-</b>	<b>-</b>	<b>15,900</b>	<b>-</b>	<b>-</b>	<b>35,775</b>	<b>-</b>	<b>-</b>	<b>23,850</b>	<b>0.0x</b>	<b>111,300</b>	<b>7.0x</b>

## Comparative information about change in remuneration and the company's performance

Table 6 – Change in remuneration and the company's performance for the reported financial year

	2022/23	2021/22
<b>Total CEO remuneration (KSEK)</b>	<b>8,969.0</b>	<b>10,570.8</b>
Year-on-year change (KSEK)	-1,601.8	-520.3
Change in percentage (%)	-15.2%	-4.7%
<b>The Group's operating profit (MSEK)</b>	<b>466.6</b>	<b>758.0</b>
Year-on-year change (MSEK)	-291.4	181.8
Change in percentage (%)	-38.4%	31.6%
<b>Average remuneration to full-time employees in Dustin Aktiebolag (KSEK)*</b>	<b>551.9</b>	<b>520.7</b>
Year-on-year change (MSEK)	31.2	-22.2
Change in percentage (%)	6.0%	-4.1

\* Total remuneration in 2022/23 divided between average number of employees in Dustin Aktiebolag (as per the 2022/23 Annual Report), excluding members of Group Management.