

REMUNERATION REPORT OF ALIMAK GROUP AB FOR FINANCIAL YEAR 2020

Introduction

This report describes how the guidelines for executive remuneration of Alimak Group AB, adopted by the general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and former CEOs, and where applicable former deputy CEO, and a summary of the Company's outstanding share- and share price-related incentive plans. The report has been prepared in accordance 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 (Employees and personnel costs) on pages 81-84 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 page 59 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 on page 56 in the annual report 2020.

Key developments 2020

The CEO summarizes the financial year 2020 and the Company's overall performance in his statement on page 7-8 in the annual report 2020.

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

In order to execute strategic plans and deliver effective operational results to support the company's business strategy and long-term interests, including its sustainability, it is of fundamental importance to attract and retain senior executives and other employees with excellent competence. To obtain this it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and compensation levels. The remuneration guidelines enable the Company, regardless of geographical market, to offer the senior executives a competitive total compensation. Terms of employment for senior executives shall consist of a balanced combination of fixed- and variable remuneration as well as pension and other benefits as well as terms for termination of employment/severance pay. In addition, the Board of Directors may propose, and the general meeting may resolve on resolutions for share- and share price-related incentive plans. Such a combination of remuneration enables both a short- and long-term management by objectives and also promotes attaining objectives.

Executive seniors have an annual variable remuneration that is paid on a full-year basis. The variable remuneration consists of a percentage of the fixed remuneration. Targets for the variable remuneration shall primarily relate to the outcomes of financial targets for the group, as well as potential clearly stipulated individual non-financial targets in relation to certain duties or the Group's sustainability. The targets shall be designed to contribute to the Company's business strategy as well as facilitate its long-term interests, including its sustainability, by having a clear connection to the business strategy and promote the executives' long-term development.

The variable remuneration varies depending on the role of the executive and can as a maximum amount to 50 per cent of the fixed remuneration for the CEO and 40 per cent of the fixed remuneration for other senior executives. The targets are constructed so that no variable remuneration is paid if a minimum target is not reached. At the maximum outcome of variable remuneration, the variable remuneration will constitute 25-30 per cent of the total remuneration to the senior executive.

The guidelines are available on page 44 and in note 7 on pages 81-84 in the annual report 2020.

During 2020, the Company has complied with the applicable remuneration guidelines adopted by the general meeting. There have been no deviations from the guidelines, nor from the procedure to determine remuneration in accordance with the guidelines. The Company's auditor will make a statement regarding whether the Company has been compliant with the guidelines. The auditor's

report regarding the guidelines for 2020 will be provided on the Company's website along with other relevant documents before the annual general meeting 2021.

No remuneration has been reclaimed by the Company during the financial year.

In addition to remuneration covered by the remuneration guidelines, previous annual general meeting of the company have resolved to implement incentive plans.

Table 1 – Total remuneration of CEOs and deputy CEO in 2020 (KSEK)

Name of director and position	Fixed remuneration		Variable remuneration		Extraordinary items ³⁾	Pensions expense	Total Remuneration	Proportion	
	Base salary ¹⁾	Other benefits ²⁾	One-year	Multi-year				Fixed	Variable
Ole Kristian Jødahl 1 June – 31 December	2,643	189	-	-	500	904	4,236	100 %	0 %
Tormod Gunleiksrud former CEO 1 January – 31 May	1,956	15	-	-	6,948	815	9,734	100 %	0 %
Stefan Rinaldo, former deputy CEO, 1 January – 31 October	2,150	-	-	-	-	1,779	3,929	100 %	0 %

1) Including vacation pay

- Ole Kristian Jødahl 18
- Tormod Gunleiksrud 1,456
- Stefan Rinaldo 443

2) Remuneration for travel expenses due to double accommodation in Norway and Sweden while working in Sweden.

3) Ole Kristian J.: One time payment regarding fixed bonus because of employment during the year, 500 KSEK.

Tormod G.: Severance pay including pension deduction, 6,948 KSEK.

Share based remuneration – outstanding share related incentive plans

The Company has implemented two share saving programs (2018/2021 and 2019/22) for senior executives and other key employees. With the condition that the employee has made a personal investment in Company shares (savings shares), the employee has been awarded performance share rights. Within the boundaries for each program, the CEO has invested in 1,500 savings shares and accordingly been awarded 1,500 performance share rights. The deputy CEO has invested in 1,000 savings shares and accordingly been awarded 1,000 performance share rights for each program. The performance share rights has been awarded free of charge and are subject to three-year vesting periods and requires continued employment. Vesting of performance shares also requires compliance with performance conditions – earnings per share of the Group during the first two years of the performance period. At the turn of the year, a total of 5,100 performance share rights has been awarded, which constitutes less than one (1) per cent of the Company's shares. This after the CEO's and deputy CEO's performance shares were deducted due to the fact that they have left their positions.

No incentive plans have been implemented during 2020.

Table 2 – Share savings program (CEO and deputy CEO)

Name of director and position	Name of plan	Performance period	Award date	Vesting date	End of retention period	Share options held at beginning of the year
Tormod Gunleiksrud, CEO	LTI 2018/2020	2018-2019	2018-11-30	2021-04	2021-04	1,500
	LTI 2019/2021	2019-2020	2019-09-16	2022-04	2022-04	1,500
Stefan Rinaldo, deputy CEO	LTI 2018/2020	2018-2019	2018-10-25	2021-04	2021-04	1,000
	LTI 2019/2021	2019-2020	2019-08-21	2022-04	2022-04	1,000

Comment: in order for the participants to be able to exercise their right regarding performance share rights and obtain Company shares, it is required that (1) the participants do not sell their savings shares, (2) the participants remain employed within the Alimak Group and (3) that the Alimak Group reach a financial performance target of earnings per share.

With regards to the fact that both Tormod Gunleiksrud and Stefan Rinaldo have left their employments during 2020 and the requirement of employment within the Alimak Group during the vesting period, no performance shares will be allotted to them.

Application of performance criteria for variable remuneration

The performance criteria for the CEOs' variable remuneration has been selected to fulfil the Company's business strategy and to encourage actions that are in the Company's short- and long-term interest. When selecting performance criteria, the strategic targets and short- and long-term business priorities for 2020 have been taken into account. In 2020, no remuneration has been paid or reserved for due to the set objectives not being achieved.

Table – 3 CEO's performance in the reported financial year: variable cash remuneration

Name of director and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and
			b) actual award/remuneration outcome
Tormod Gunleiksrud, CEO ¹⁾	EPS-outcome 2019, 7.28 linear outcome to EPS 9.10 for 2020	100 %	a) EPS SEK 7.28 – 9.10 b) EPS SEK 3.37 / 0 in variable remuneration
Ole Kristian Jødahl, CEO ²⁾	EPS-outcome 2019, 7.28 linear outcome to EPS 9.10 for 2020	100 %	a) EPS SEK 7.28 – 9.10 b) EPS SEK 3.37 / 0 in variable remuneration

1) During the period 1 January – 31 May 2020.

2) During the period 1 June – 31 December 2020.

Ole Kristin Jødahl, CEO from 1 June 2020, has not received any variable cash remuneration during the year, but received a fixed bonus of KSEK 500. See Table 1.

Comparative information regarding changes in remuneration and company performance

Below table shows the annual change in KSEK and per cent for the CEO, the Group's operating profit and remuneration to other employees in the Group over the past five years.

Table 4 – Changes in remuneration and the Company's performance during the past five reported financial years (RR) (kSEK)

	RR-4 vs RR-5		RR-3 vs RR-4		RR-2 vs RR-3		RR-1 vs RR-2		RR vs RR-1		RR 2020
CEO remuneration ¹⁾	-347	-4,9%	2,636	39,0%	-2,178	-23,2%	1,229	17,0%	-1,417	-16,8%	7,022
Group operating profit ²⁾	10,603	3,6%	110,082	35,9%	22,857	5,5%	125,223	28,5%	-287,498	-50,9%	277,475
Average remuneration ³⁾	23	5,6%	-53	-12,1%	61	15,9%	26	5,8%	23	4,9%	494

1) Total remuneration for both CEOs during 2020. Severance pay of KSEK 6,948 regarding Tormod G., not included in "CEO remuneration" for 2020.

2) During the third and fourth quarter of 2020, the Alimak Group operation profit has been subject to MSEK 60 due to the introduction of "the New Heights Program", and an additional MSEK 16 regarding provisions made for account receivables due to delays in delivery as well as provisions for inventories and accounts receivables.

3) Based on the number of full time equivalent basis of employees in the Group (excluding Group management).

Miscellaneous

Below information has not been reported for the following reasons:

- Share option plans (CEO) – no such program is active in the Company.
- The largest shareholder, Investment AB Latour, has issued 65,000 call options to Ole Kristian Jødahl in 2020.