

Remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration of Inwido AB (publ), adopted by the annual general meeting 2020, were implemented in 2021. The report also provides information on remuneration to the CEO and deputy CEO and a summary of the company's outstanding share-related 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 8 (Employees and personnel costs) on pages 82-85 in the annual report 2021. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 43-47 in the annual report 2021.

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 8 on page 83 in the annual report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement on pages 10-11 in the annual report 2021.

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 based on market terms and consist of a balanced mix of 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 83-84 in the annual report 2021. During 2021, 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 will be available on www.inwido.com/about/general-meetings/general-meetings latest three weeks prior the annual general meeting 2021. No remuneration has been reclaimed

In addition to the remuneration covered by the remuneration guidelines, the company's Annual General Meeting 2021 has decided to introduce a long-term share-based incentive program.

Table 1 – Total CEO and deputy CEO remuneration in 2021 (KSEK)¹

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 ⁴
	Base salary ²	Other benefits ³	One-year	Multi-year				
Henrik Hjalmarsson (CEO)	5 818	269	2 855	0	0	1 782	10 724	74 / 26
Peter Welin (deputy CEO)	4 000	113	1 674	0	0	1 034	6 821	76 / 24

¹The table reports remuneration earned in 2021. This applies regardless of whether payment has, or has not, been made in the same year

²Including holiday pay and changed provisions for holiday pay amounted to 108 KSEK for CEO and SEK 107 KSEK for deputy CEO

³Car benefit, health insurance and domestic services

⁴Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration

Outstanding share-related and share price-related incentive plans

At the 2021 Annual General Meeting, the company decided to introduce a subscription warrants program (Warrants Program 2021/2026) for senior executives and key personnel. The purpose of the Warrants Program 2021/2026 is to offer senior executives and key personnel within the Group to take part of an increase in value of the Inwido share, which is expected to strengthen interest for the company's profitability and share price performance and to stimulate continued corporate loyalty over the forthcoming years. The program is also expected to contribute to the possibilities to recruit and retain competent, motivated and committed employees and, in the long run, the fulfilment of the company's business strategy, long-term interests and sustainability. The warrants have been allocated at a market value at the time of transfer, which has been established by Öhrlings PricewaterhouseCoopers AB as an independent valuation institution, using Black & Scholes' valuation model, and can be exercised to subscribe for shares in the company at a subscription price of SEK 189.79 per share. Subscription of shares by virtue of the subscription warrants may be effected under the periods from 1 August 2024 to 31 August 2024, from 15 February 2025 to 15 March 2025, from 1 August 2025 to and including with 31 August 2025, from 15 February 2026 to 15 March 2026 and from 1 August 2026 to 31 August 2026. The CEO has been granted 15,000 warrants and the Deputy CEO has been granted 10 000 warrants. A total of 94,500 warrants have been granted, which corresponds to 0.2% of the shares in the company after dilution.

Table 2 – Warrants Program (CEO)

	The main conditions of share option plans						Opening balance		During the year		Closing balance		
	1	2	3	4	5	6	7	8	9	10	11	12	13
Name of director (position)	Specification of plan	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price (SEK)	Share options held at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested	Share options subject to a retention period
Henrik Hjalmarsson (VD)	2021/2026	2021-2026	2021.05.20	2024.08.01	n/a	2024.08.01 - 2024.08.31	189.79	0	15 000	0	0	15 000	0
						2025.02.15 - 2025.03.15							
						2025.08.01 - 2025.08.31							
						2026.02.15 - 2026.03.15							
						2026.08.01 - 2026.08.31							
Totalt								0	15 000	0	0	15 000	0

Table 2 – Warrants Program (deputy CEO)

	The main conditions of share option plans						Opening balance		Information regarding the reported financial year		Closing balance		
	1	2	3	4	5	6	7	8	9	10	11	12	13
Name of director (position)	Specification of plan	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price (SEK)	Share options held at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested	Share options subject to a retention period
Peter Welin (vice VD)	2021/2026	2021-2026	2021.05.20	2024.08.01	n/a	2024.08.01 - 2024.08.31	189.79	0	10 000	0	0	10 000	0
						2025.02.15 - 2025.03.15							
						2025.08.01 - 2025.08.31							
						2026.02.15 - 2026.03.15							
						2026.08.01 - 2026.08.31							
Totalt								0	10 000	0	0	10 000	0

Application of performance criteria

The performance measures for the CEO's and deputy 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 2021 have been taken into account. The performance measures further contribute to alignment with sustainability as well as the company values.

Table 3 – Performance of the CEO and deputy 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 b) actual award/remuneration outcome
Henrik Hjalmarsson (VD)	OP EBITA ¹ 2021	60%	a) 907 MSEK b) 1 713 KSEK
	Working Capital in relation to sales	20%	a) 4.4% b) 571 KSEK
	OP EBITA ¹ for Elitfönster and Pihla Group	8%	a) 245 MSEK b) 228 KSEK
	Organic growth of E-commerce	6%	a) 14% b) 171 KSEK
	Group CO2 emissions (kg per unit)	6%	a) 2.8 kg b) 171 KSEK
		OP EBITA ¹ 2021	60%
Peter Welin (vice VD)	Working Capital in relation to sales	20%	a) 4.4% b) 350 KSEK
	OP EBITA ¹ for local business units where Peter Welin is chairman of the board	13%	a) 31 MSEK b) 156 KSK
	Group CO2 emissions (kg per unit)	7%	a) 2.8 kg b) 117 KSEK

1 For a definition of OP EBITA (Operational EBITA), see page 106 in the annual report for 2021

Comperative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY) (KSEK)

	RFY-2017 vs RFY-2016	RFY-2018 vs RFY-2017	RFY-2019 vs RFY-2018	RFY-2020 vs RFY-2019	RFY-2021 vs RFY-2020	RFY2020
CEO remuneration ¹	759 (+7.7%)	- 314 (-2.9%)	- 1 895 (-18.3%)	+1 530 (+18.1%)	+727 (+7.3%)	10 724
Deputy CEO remuneration ²				-302 (-4.5%)	+429 (+6.7%)	6 821
Group OP EBITA	-24 728 (-3.7%)	+8 864 (+1.4%)	-11 873 (-1.8%)	+83 229 (+12.9%)	+178 595 (+24.5%)	907 362
Average remuneration on a full time equivalent basis of employees ³ in the parant company	+157 (17.9%)	-93 (-9.0%)	+81 (+8.6%)	+103 (+10.1%)	+185 (+16.5%)	1 310

¹Henrik Hjalmarsson was appointed as CEO on January 8, 2019

²Peter Welin was appointed as deputy CEO on January 8, 2019. Prior to that, the company had no deputy CEO. Peter Welin was acting CEO at the beginning of 2019

³Exclusive members of Group management.