

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of Bufab AB (publ), adopted by the annual general meeting 2021, were implemented in 2022. The report also provides information on remuneration to the CEO and the vice CEO 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 6 (Employees, personnel expenses and fees paid to directors and auditors) on pages 74-76 in the annual report 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on page 106 in the annual report 2022.

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 6 on page 75 in the annual report for 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on page 4-5 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 on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits, other benefits and in special cases additional variable cash remuneration. The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non- financial. The criteria shall primarily relate to the company's results and may be individual. Furthermore, the criteria shall relate to the overall progress of the Bufab group, although criteria related to specific business areas may occur. The criteria shall be designed to contribute to the company's business strategy and long-term interests.

The guidelines in summary are found on page 55 in the annual report 2022. The complete guidelines are available at https://files.bufab.com/hubfs/Bufab-The-Board-of-Directors-proposal-for-guidelines-for-remuneration-to-senior-executives.pdf?_hstc=249138456.19604a916b42dd09172922c26d710cd1.1657800731941.1680189566818.1680194568175.54&_hssc=249138456.102.1680194568175&_hsfp=2300691673. The remuneration guidelines, adopted by the annual general meeting 2021, have been fully implemented. 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 <https://www.bufabgroup.com/sv/investors/general-meetings/archive>. 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 share-related incentive plans.

Table 1 – Total CEO and vice CEO remuneration in 2022 (mSEK)*

Name of director (position)	Time of employment	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****				
Johan Lindqvist (CEO)	January - August	2,6	0,1	1,3	0,2	1,0	5,2	75% / 25%
Johan Lindqvist (Vice CEO)	September - December	1,0	0,0	0,5	0,1	0,3	1,8	71% / 29%
Erik Lundén (CEO)	September - December	1,4	0,0	0,7	0,4	0,4	2,9	76% / 24%
Total		5,0	0,1	2,5	0,7	1,7	9,9	74% / 26%

* The table reports remuneration earned in 2022. Multi-year variable remuneration is not paid.

** Paid and expensed base salary including holiday pay.

*** Health insurance, car benefit.

**** Variable remuneration earned in 2022 in accordance with the fulfillment of the performance criteria that follows of the table below.

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

Application of performance criteria

The performance measures for the CEO and vice 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.

Performance of the CEO and vice CEO in the reported financial year: variable cash remuneration

Name of director (position)	Time of employment	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
Johan Lindqvist (CEO)	January - August	1. Increase in i Bufab Groups earnings per share 2022 vs 2021	80%	a) 100%
		2. Bufabs EBITA-margin 2022	20%	b) 1,0 mSEK
Johan Lindqvist (Vice CEO)	September - December	1. Increase in i Bufab Groups earnings per share 2022 vs 2021	80%	a) 97%
		2. Bufabs EBITA-margin 2022	20%	b) 0,3 mSEK
Erik Lundén (CEO)	September - December	1. Increase in i Bufab Groups earnings per share 2022 vs 2021	80%	a) 100%
		2. Bufabs EBITA-margin 2022	20%	b) 0,4 mSEK
				a) 97%
				b) 0,1 mSEK

Long term share-based incentive programs

The company have under 2022 had four share option programs outstanding (2019/2023, 2020/2023, 2021/2024 and 2022/2025) for the executive management and other key employees within the group. Participants in the programs have been given the opportunity to invest in call options at a price corresponding to the market value, which has been determined through a Black & Scholes valuation. Each call option entitles to the acquisition of one share in the company for a period of approximately six months, which for each program begins three years after the implementation of the program. The purchase price for shares corresponds to 115 per cent of the volume-weighted average price for the company's share on Nasdaq Stockholm during five trading days in connection with the implementation of each program. The redemption period in the call option program 2019/2023 was during August 2022 and February 2023, which means that the program has ended. Further information about the call option programs can be found on page 86-87 in the annual report for 2022.

Johan Lindqvist (CEO January – August, Vice CEO September-December)

Call option program 2019/2023 ended during August 2022-February 2023 and Johan Lindqvist acquired 10,486 shares in the company during the redemption period at an acquisition price of SEK 109.96. Under 2022, Johan Lindqvist also acquired, within the framework of the call option program 2022/2025, 5,000 call options in the company at a price of SEK 60.84 per call option. As of December 31, 2022, Johan Lindqvist held a total of 32,000 call options in the company, distributed over the following programs;

Incentive program	Allocation period	Exercise period	The call options acquisition price	Redemptionsprice, share	Holding of call options, December 31, 2022
Call option program	11 may 2022	15 may 2025 - 15 november 2025	60,84	331,96	5 000
Call option program	11 may 2021	15 may 2024 - 15 november 2024	45,98	261,25	7 500
Call option program	11 may 2020	15 may 2023 - 15 november 2023	12,12	90,20	19 500
Total					32 000

Erik Lundén (CEO September – December)

In 2022, Erik Lundén, within the framework of the call option program 2022/2025, acquired 26,000 call options in the company at a price of SEK 60.84 per call option. As of December 31, 2022, Erik Lundén held a total of 26,000 call options in companies, distributed over the following programs;

Incentive program	Allocation period	Exercise period	The call options acquisition price	Redemptionsprice, share	Holding of call options, December 31, 2022
Call option program	11 may 2022	15 may 2025 - 15 november 2025	60,84	331,96	26 000
Total					26 000

Comparative information on the change of remuneration and company performance

Changes in remuneration and company performance during the last reported financial year (RFY) (mSEK)

	RFY 2022 vs RFY 2021	RFY 2022	RFY 2021	RFY 2020	
		2021			
CEO remuneration	-1%	8,1 *	8,2 **	5,6	***
Vice CEO remuneration	-	1,8 ****	-	-	
Group operating profit (EBITA)	42%	990	695	482	
Average remuneration on a full time equivalent basis of employees* of the group's Swedish companies	3%	0,55	0,54	0,52	

* Johan Lindqvist for the period jan-aug 2022 and Erik Lundén for the period sep-dec 2022.

** Jörgen Rosengren for the period jan-aug 2021 and Johan Lindqvist för perioden sept-dec 2021.

*** Jörgen Rosengren during the period jan-dec 2020

**** Johan Lindqvist for the period sept-dec 2022.

***** Exkluding members in the Groups Executive Management Team.