

Remuneration report 2020

INTRODUCTION

This remuneration report provides an outline of how Pandex's guidelines for executive remuneration, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides details on the remuneration of Pandex's CEO. In addition, the report contains a summary of Pandex's outstanding 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 c7 (Salaries, other remuneration and payroll overheads) on pages 122–124 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 pages 158–163 and 170–173, 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 in note c7 on page 122, in the annual report 2020.

KEY DEVELOPMENTS 2020

Overall company performance in 2020

The CEO summarizes the company's overall performance in his statement on pages 6–11 in the annual report 2020.

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

A prerequisite for a long-term successful and sustainable implementation of the company's business strategy is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. Pandex's remuneration guidelines enable the company to offer the executive management a competitive total remuneration.

Under Pandex's remuneration guidelines, remuneration shall be on market terms and may consist of the following components: fixed cash salary, short-term variable cash remuneration, cash-based incentive programs, pension benefits and other benefits. The remuneration guidelines, adopted by the annual general meeting 2020, can be found on page 123 in the annual report 2020.

During 2020, the company has complied with the applicable remuneration guidelines. 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 whether the company has complied with the guidelines is available on the company's website www.pandex.se/governance/annual-general-meeting/agm-2021/. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of Pandex have resolved to implement long-term share-related incentive schemes and on remuneration to the board of directors.

TOTAL REMUNERATION OF THE CEO (MSEK)*

Name of Director, position	Financial year	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 variable	Multi-year variable				
Anders Nissen, CEO	2020	8.4	0	2.2	0	0	2.9	10.6	80/20 (%)

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2020. Multi-year variable remuneration is reported if vested in 2020, as set out in column 10 of Table 2. Disbursement of any payments may or may not have been made the same year.

SHARE BASED REMUNERATION

Outstanding share and share-price related incentive programs

During the financial year 2020, Pandox had two incentive schemes for senior executives and key individuals:

- Incentive scheme 1, which matured on 31 December 2020, was a bonus scheme based on the price of the Pandox class B share over a period of 30 days between 15 November 2020 and 15 December 2020. Upon maturing, the average share price ("Maturity Price") was compared with the adjusted assumed initial share price ("Initial Share Price") (the Initial Share Price was adjusted for annual return and dividends paid). The difference between the Maturity Price and the Adjusted Initial Share Price, multiplied by a fictitious allocation of shares per participant, was

paid out in cash to the participants. The fictitious allocation of shares was based on the participants' position within the company. The CEO was allocated 360,000 fictitious shares and the other participants a combined 804,000 fictitious shares. On the maturity date, the average Maturity Price was SEK 140.88, resulting in the total amount of MSEK 22 being paid out to the CEO, excluding payroll overheads.

- Incentive scheme 2 is a continuous, ongoing performance- and cash-based incentive scheme based on predetermined and measurable financial and non-financial criteria.

In addition to the above the CEO has, during 2020, acquired in total 600,000 synthetic options from certain shareholders. The

options have a term of approx. five years and the issuers have the possibility to, provided that the exercise price is reached, determine whether the options shall be cash settled or entitle to B-shares in Pandox. The options have been acquired on market terms. The price per option is SEK 2.17 and has been calculated in accordance with the Black-Scholes valuation model. The exercise price per option has been set to SEK 154.85, there is a cap per option of SEK 246.53 and the total profit can be a maximum of approx. MSEK 55.01. Pandox is not involved in the issuance of the options and no costs are expected to be incurred for Pandox as a result of the options. Thus, the options are not covered by the company's remuneration guidelines and this report.

REMUNERATION OF THE CEO IN SHARES*

Name of Director, position	The main conditions of share award plans					Information regarding the reported financial year					
	1 Specification of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	Opening balance	During the year		Closing balance		
						6 Shares held at the beginning of the year	7 Shares awarded	8 Shares vested	9 Shares subject to a performance condition	10 Shares awarded and unvested at year end	11 Shares subject to a retention period
Anders Nissen, Incentive CEO Scheme 1	2015-06-01-2020-12-15	2015-06-01	2020-12-15	2020-12-31	360,000	0	360,000**	0	0	0	

* Refers to Incentive Scheme 1.

** Value: MSEK 22, calculated as the market price per share at vesting (SEK 140.88) minus the share price at grant (SEK 79.70) multiplied by the number of awards (360,000).

PERFORMANCE OF THE CEO IN THE REPORTED FINANCIAL YEAR: VARIABLE CASH REMUNERATION

The performance measures for the 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 2020 have been taken into account. The non-financial performance

measures further contribute to alignment with sustainability as well as the company values.

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	
			a)	b)
Anders Nissen, CEO	Profit for the year	50%	2.1 MSEK	0 MSEK
	Personal goals	50%	2.2 MSEK	2.2 MSEK

CHANGE OF REMUNERATION AND COMPANY PERFORMANCE OVER THE LAST FIVE REPORTED FINANCIAL YEARS (RFY)

	RFY 2020
CEO remuneration	10.6 MSEK
Profit for the year	-1,408 MSEK
Average remuneration on a full time equivalent basis of employees* of the parent company	0.9 MSEK

* Excluding members of the group executive management.