



## Remuneration report 2021

### Introduction

This remuneration report provides an outline of how the guidelines for remuneration of senior executives of Nolato AB adopted by the Annual General Meeting 2021 have been implemented in 2021. The report also provides information on remuneration to the CEO and the deputy CEO and a summary of Nolato's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes*.

Further information on remuneration of senior executives is available in Note 27 (Remuneration of senior executives) on pages 86-87 in the Swedish Annual Report 2021. Information on the work of the Remuneration Committee in 2021 is set out in the corporate governance report of 2021 on page 47 of the Swedish Annual Report.

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 27 on page 87 of the Swedish Annual Report 2021.

### Key developments in 2021

The CEO summarizes Nolato's overall performance on page 6-7 of the Swedish Annual Report 2021.

### Remuneration guidelines: scope, purpose and any deviations

The Company's overall objective with its operations is to create long-term growth and stable return for the shareholders. The Company develops and manufactures polymer products and systems for leading customers in specific market areas. Further, the Company has a target-based approach to sustainable development, which creates benefits for the society and the group's business operations. Sustainable development is an integrated part of the Company's growth strategy and value creation. The Company's sustainability work is systematic and targeted. The results are reported in detail in the groups yearly sustainability report. For further information regarding the Company's business strategy, long-term interests and sustainability, see the Company's website ([www.nolato.com](http://www.nolato.com)).

The implementation of the Company's business strategy and capitalization on the Company's long-term interests including the ability to meet expectations of a sustainable and responsible business enterprise requires that the Company, based on country of employment, has market-based and competitive remuneration levels and terms of employment in order to recruit and retain qualified employees within the group management with the right competence and experience. The guidelines ensure that senior executives can be offered a market-based and competitive total remuneration package.

The total remuneration shall be based on the position, individual performance, the group's earnings and that the remuneration is in line with the going rate in the market and competitive in the country of employment.

Applicable guidelines are available at [www.nolato.com/corpgov](http://www.nolato.com/corpgov). During 2021, the Company has complied with the applicable remuneration guidelines adopted by the Annual 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 is available at [www.nolato.com/corpgov](http://www.nolato.com/corpgov). 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 programs.

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

Name of the senior executive (position)	Fixed remuneration		Variable remuneration			Proportion of fixed and variable remuneration
	Base salary	Other benefits*		Pension expense	Total remuneration	
Christer Wahlquist (CEO)	5,160	633	2,952	1,806	10,551	72% / 28%
Per-Ola Holmström (deputy CEO)	3,060	202	1,441	1,050	5,753	75% / 25%

\* Including holiday pay and other compensations, such as a taxable car benefit etc.

### Outstanding share-related incentive programs

The Company has implemented two warrant plans (2016/2021 and 2019/2024) for some twenty individuals within Nolato's management. The number and amounts stated below regarding the incentive programs have been adjusted considering the share split (10:1) resolved by the 2021 Annual General Meeting.

#### Incentive program 2016/2021

An Extraordinary General Meeting of 5 December 2016 approved the issue of up to 7,980,000 Warrants in three different series: Series 2016/2019, Series 2017/2020 and Series 2018/2021 with 2,660,000 Warrants in each Series, granting the right to subscribe for as many B shares. Each Warrant thus entitles the holder to subscribe for one (1) new B share in the Company. The Warrants were transferred to some twenty individuals within Nolato's management on market terms at a price determined based on an estimated market value of the Warrants using the Black & Scholes valuation model.

#### Incentive program 2016/2021 – Series 2016/2019

Total subscribed Warrants amounted to 2,406,000 and all Warrants were exercised for share subscription during 2019.

#### Incentive program 2016/2021 – Series 2017/2020

Total subscribed Warrants amounted to 1,962,000 and all Warrants were exercised for share subscription during 2020.

#### Incentive program 2016/2021 – Series 2018/2021

Total subscribed Warrants amounted to 1,935,000 and all Warrants were exercised for share subscription during 2021.

#### Incentive program 2019/2024

The Annual General Meeting of May 8, 2019 approved the issue of up to 7,980,000 Warrants in three different series: Series 2019/2022, Series 2020/2023 and Series 2021/2024 with 2,660,000 Warrants in each Series, granting the right to subscribe for as many B shares. Each Warrant thus entitles the holder to subscribe for one (1) new B share. The Warrants were transferred to some twenty individuals within Nolato's management on market terms at a price determined based on an estimated market value of the Warrants using the Black & Scholes valuation model. The maximum dilution effect of all three series of the incentive programs is expected to amount to a total of approximately 3 percent of the share capital and 1.6 percent of all votes (based on the number of existing shares), provided full subscription and full exercise of all Warrants.

#### Incentive program 2019/2024 – Series 2019/2022

It was resolved not to implement this part of the program.

#### Incentive program 2019/2024 – Series 2020/2023

Total subscribed Warrants amounted to 287,500 and the price per Warrant was SEK 7.10. The subscription price for one B share amounts to SEK 92.88. The Warrants can be exercised to subscribe for shares as of 1 May 2023, up to and including 15 December 2023.

#### Incentive program 2019/2024 – Series 2021/2024

Total subscribed Warrants amounted to 257,000 and the price per Warrant was SEK 9.93. The subscription price for one B share amounts to SEK 140.20. The Warrants can be exercised to subscribe for shares as of 1 May 2024, up to and including 15 December 2024.

**Table 2 – Performance of the CEO and deputy CEO in the reported financial year: variable cash remuneration**

Name of director	Criteria	Relative weighting	Measured performance	Remuneration outcome
Christer Wahlquist (CEO)	Performance	45%	1,401 MSEK	2,952 kSEK
	Return	45%	22.8%	
	Carbon dioxide	10%	-20%	
Per-Ola Holmström (deputy CEO)	Performance	45%	1,401 MSEK	1,441 kSEK
	Return	45%	22.8%	
	Carbon dioxide	10%	-20%	

#### Comparative information on the change of remuneration and company performance

**Table 3 – Change of remuneration and company performance over the last five reported financial years (kSEK)**

Annual change (kSEK)	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020
CEO remuneration Christer Wahlquist	+2,475 (51.8%)	+794 (10.9%)	+2 (0.02%)	+925 (11.5%)	+1,574 (17.5%)
Deputy CEO remuneration Per-Ola Holmström	+1,328 (38.9%)	+336 (7.1%)	+39 (0.8%)	+499 (9.8%)	+140 (2.5%)
Group operating profit	+306,000 (69.1%)	+192,000 (25.6%)	-54,000 (-5.7%)	+161,000 (18.2%)	+285,000 (27.2%)
Average remuneration on a full time equivalent basis of	+38 (3.8%)	+111 (10.8%)	+78 (6.8%)	+38 (3.1%)	-4 (-0.3%)**

employees of the parent company*					
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\* Excluding members of the group executive management.

\*\* 2021 is affected by higher sickness absence during pandemic times, which has resulted in lower compensation.