

1. Introduction

This report describes how the remuneration guidelines for senior executives at Ambea AB, as adopted by the 2020 AGM, were applied in 2020. The report also contains information about remuneration paid to the Chief Executive Officer and a summary of the company's outstanding share-based and share-price related incentive programmes. The report was 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.

For more information about remuneration of senior executives, refer to Note 7 (Employees and personnel costs) on pages 80-83 of the 2020 Annual Report. For information about the Remuneration Committee's work in 2020, refer to the Corporate Governance Report on pages 44-56 of the 2020 Annual Report.

Board fees are not covered by this report. Such fees are decided annually by the AGM and are recognised in Note 7 on page 80 of the 2020 Annual Report.

2. Development 2020

The Chief Executive Officer summarises the company's overall results in a presentation on page 10 of the 2020 Annual Report and in the Directors' Report on page 59.

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

In order to implement the company's business strategy successfully and protect the long-term interests of the company, including its sustainability, Ambea must be able to recruit and retain qualified employees. This means that the company must be able to offer competitive remuneration. According to Ambea's remuneration guidelines, the remuneration shall be market-based and may include the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The AGM may also – and independently of the guidelines – make decisions regarding, for example, share-based and share-price related payments. Variable cash remuneration shall be linked to pre-determined and measurable criteria that may be financial or non-financial. The criteria may also comprise quantitative or qualitative goals for individuals. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability, by having a clear connection with the business strategy, for example, or by promoting the executive's long-term development. The guidelines are set out on pages 62–63 of the 2020 Annual Report.

According to the guidelines, the Board may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and a deviation is necessary to protect the long-term interests of the company, including its sustainability, or to ensure the company's financial viability. In order to protect the long-term interests of the company, including its sustainability, the Board decided, after considering the proposal presented by the company's Remuneration Committee, to deviate from the guidelines for the recruitment of Ambea's new President and CEO, Mark Jensen, who joined the company in 2021. The Board has proposed that the 2021 AGM adopt the updated remuneration guidelines in order to harmonise them with the remuneration package offered to Mark Jensen. The changes are mainly related to adjustment of the maximum possible amount of short-term variable cash remuneration, adjustment of the performance conditions for extraordinary variable cash remuneration (however, that Mark Jensen may be paid total extraordinary variable remuneration of no more than 44 per cent of his fixed annual cash salary), including a regulation of remuneration for non-competition obligations, adjustment of the Chief Executive Officer's pension benefits and an adjustment of the notice period in the event of termination by the company. The company did not pay any remuneration to Mark Jensen in 2020. In 2020, the company did not make any deviations from the decision-making process that, according to the guidelines, shall be applied when determining the remuneration.

The auditor's opinion on the company's compliance with the guidelines is available at ambea.se/corporate-governance.

In addition to the remuneration covered by the remuneration guidelines, the company's Annual General Meetings have decided to introduce long-term share-based incentive programmes.

Total remuneration of the Chief Executive Officer and Deputy Executive Officer in 2020

SEK	Basic salary	Variable remuneration	Other benefits	Pension cost	Total
Fredrik Gren, CEO	7,156,863	–	89,364	1,915,056	9,161,283
Daniel Warnholtz, Deputy CEO*	1,002,141	–	41,579	250,000	1,293,720
Total	8,159,004	–	130,943	2,165,056	10,455,003

4. Share-based remuneration

The company has introduced three warrants programmes (2017/2020, 2018/2021 and 2019/2022) for the Management Team. The incentive programme entails that senior executives who have entered into a pre-emption agreement with the company are able to purchase warrants at market value, calculated using the Black-Scholes model. The warrants can be exercised during two periods – during two weeks from the day after the publication of the interim report for the first quarters of the 2020/2021/2022 financial years, and during two weeks from the day after the publication of the interim report for the third quarters of the 2020/2021/2022 financial years. The Chief Executive Officer has subscribed for 263,630 warrants. The Deputy CEO has subscribed for 55,750 warrants. A total of 1,046,740 warrants are subscribed, corresponding to 1 per cent of the shares in the company after dilution. In 2020, the warrants for the Deputy CEO expired. In 2021, the Chief Executive Officer's warrants were repurchased at market price.

In addition to the warrants programme above, Ambea has three matching share plans – 2017, 2018 and 2019. For all programmes, Share Rights entitle the participant to Performance Shares on the condition that Ambea's combined quality indices show a positive trend during the vesting period, and the number of Performance Shares carried by each Matching Share is determined by Ambea's annual operating profit growth. Neither the Chief Executive Officer nor Deputy CEO participate in the matching share plans, although some other members of the Management Team do.

5. Application of performance criteria

No variable remuneration with performance criteria for 2020 is, or will be, payable to either Fredrik Gren or Daniel Warnholtz, who were Ambea's President and CEO and Deputy CEO, respectively, in 2020.

6. Comparative information for changes in remuneration and the company's results

Remuneration and the company's results for base year 2020 RR

SEK	RR 2020
Remuneration of CEO	9,161,283
Remuneration of Deputy CEO ¹	1,293,720
Consolidated operating profit	716,730,446
Average remuneration based on the number of FTE employees in the Group ²	470,871

¹ Relates to the period of 1 January-30 April 2020.

² Excluding senior executives. The number of FTE calculated at 13,794.