

Net Insight - Remuneration Report 2023

Introduction

This report describes how the guidelines for remuneration to senior executives in Net Insight AB, as adopted by the AGM 2023, were applied in 2023. The report also contains information about remuneration to the CEO and a summary of the Company's outstanding share-based and share price-related incentive programs. The report has been prepared in accordance with the Companies Act and the Swedish Corporate Governance Board's Rules for remuneration to senior executives and incentive programs.

For more information about remuneration to senior executives see Note 7 (Employees) on pages 81-87 of the Annual Report for 2023. For more information about the work of the remuneration committee in 2023, see the Corporate Governance Report on page 44 of the Annual Report for 2023.

Board fees have not been included in this report. Such remuneration is decided annually by the AGM and are reported in Note 7 on page 82 of the Annual Report for 2023.

Developments in 2023

The CEO summarizes the Company's overall results of operations in the report on pages 8-9 in the Annual Report for 2023.

The Company's remuneration guidelines: areas of application, purpose and departures

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 is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the group management a competitive total remuneration. According to the remuneration guidelines, remuneration to Group Management shall be on market terms and may consist of the following components: basic salary, variable cash remuneration, pension benefits and other benefits. Variable cash remuneration shall be linked to financial and non-financial criteria. These may comprise individualized quantitative or qualitative targets. The criteria shall be designed to promote the Company's business strategy and long-term interests, including sustainability, for example by having clear links with the business strategy or promoting the employee's long-term development.

The guidelines, which were adopted at the AGM 2023 and which the Company applied during the year, can be found on pages 86-87 of the Annual Report for 2023. There were no deviations from the guidelines during 2023.

No deviations were made from the decision-making process which the guidelines state shall apply when determining remuneration. The Auditor's statement regarding the Company's compliance with the guidelines can be found at investors.netinsight.net/corporate-governance/. There has been no request for remuneration to be returned. In addition to the remuneration encompassed by the remuneration guidelines, the AGM has decided to introduce long-term share-based incentive programs.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to realize the Company's strategy and to encourage actions that are in the Company's long-term interest. When selecting performance criteria, the strategic goals and short- and long-term business priorities for 2022 have been considered. The performance criteria consist of financial criteria linked to income and profit performance, and non-financial criteria. The non-financial performance criteria contribute to strengthening the Company's long-term financial performance and the Company's values. The financial criteria and the non-financial criteria were partly met during 2023.

Total CEO remuneration in 2023 (SEK thousands)									
Name of director (position)	1 Fixed remuneration		2 Variable remuneration			3	4	5	6
	Base salary*	Other benefits**	One-year variable	Multi-year variable***	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration****	
Crister Fritzon (CEO)	5,576	85	2,548	124	-	1,579	9,912	73/27	

* Including holiday pay of SEK 239 thousand.
 ** Car and health insurance benefit.
 *** Variable remuneration related to option programs.
 **** Pension expense (column 4), which relates to premium defined pension (fixed remuneration) and variable pension expenses related to changes in the value of endowment insurance..

Outstanding share-based and share price-related incentive programs

Net Insight has two incentive programs that are linked to the Company's share price; Synthetic share-based program (Share-based remuneration) and Warrants.

Synthetic share programs (share-based benefits)

Certain senior executives (as invited by the Board of Directors) participate in a synthetic share program in which up to half of the outcome of the variable compensation is put in escrow and paid out in the fourth year following the vesting period. At the time of payment, a multiplier will be applied to the amount held in escrow to reflect the share price development during these three years. The Group revalues the synthetic share program at fair value at each reporting date and makes a provision for the share-based remuneration. Both the variable compensation (performance based) and the share-based benefit (based on changes in the share price) are linked to employment with Net Insight.

Programs running in 2023 were from 2019. No new programs were started in 2020-2022 and accordingly the current CEO has not participated in any of these programs.

For more information about the programs, see Share-based remuneration on page 84 in the Annual Report for 2023.

Warrants programs

Net Insight has, after decisions at the AGM, initiated warrants programs (LTI) that included management. The warrants have been acquired by participants at a price corresponding to the market value of warrants at the time of transfer, which is calculated in accordance with the Black & Scholes valuation model. To encourage participation in LTI, participating employees received a premium subsidy in the form of additional salary which, after tax of 50 percent, corresponds to 50 percent of the option premium paid. The premium subsidy is paid in two identical payments after the second and third year during the term of LTI provided the participant is employed by the Net Insight Group at the time of payment. The Company has also entered into a pre-emptive rights agreement with participants which regulates the transfer of warrants.

No new programs started during 2023 and the programs running in 2023 were from the years 2020 and 2022. The CEO acquired 400,000 warrants in both the 2020 and the 2022 programs. A total of 3,055,000 and 1,805,000 warrants, respectively, were acquired by key executives in the Company. In 2023, all 3,055,00 warrants on the 2020 program were exercised, of which 400,000 by the CEO.

For more information about the program, see Warrants program on pages 84-85 in the Annual Report for 2023.

Warrants (CEO)														
Name of director (position)	The main conditions of share option plans						Information regarding the reported financial year*							
	1		3		5		7		9			11		13
	Name of plan	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price (SEK)	Share options held at beginning of year	Share options awarded	Share options vested	Share options exercised	Share options subject to performance condition	Share options awarded and unvested**	Share options subject to retention period
Crister Fritzsön (VD)	2020:1	2020-2023	6/9/2020	6/19/2023	N/A	9/19/2023	2.80	400,000	-	-	-400,000	0	0	-
Crister Fritzsön (VD)	2022:1	2022-2025	6/17/2022	9/17/2025	N/A	9/17/2025	5.10	400,000	-	-	-	0	400,000	-
Total								800,000	0	0	-400,000	0	400,000	0

* The aggregate market value of the underlying shares at the time of the award were SEK 2,649 thousand and the aggregate exercise price SEK 3,160 thousand.
 ** The warrants was acquired at market value.

Comparative information relating to changes in remuneration and the Company's profit

Change of remuneration and company performance over the last five reported financial years (RFY) (SEK thousands)						
	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2023
CEO remuneration***	+1,176 (+30.7%)	+2,034 (+40.6%)	+1,927 (+27.4%)	+1,225 (+13.7%)	-280 (-2.7%)	9,912
Group operating profit **	+36,452 (n/a)	+34,323 (n/a)	+30,018 (n/a)	+43,183 (168.0%)	+8,496 (+12.3%)	77,378
Average remuneration on a full time employees* of the parent company****	-706 (-41.4%)	-28 (-2.8%)	+47 (+4.9%)	+86 (+8.4%)	+25 (2.2%)	1,132

* Excluding members of the group executive management.

** Including divested operations.

*** Excluding severance pay of SEK 3.3 million 2019. Including invoiced fee from acting CEO of SEK 0.9 million 2020 and SEK 0.6 million 2019.

**** Excluding severance pay of SEK 0.8 million 2023, SEK 1.2 million 2022, SEK 0.8 million 2020, SEK 1.7 million 2020, SEK 4.5 million 2019 & SEK 4.4 million 2018.