

Remuneration report 2023

This remuneration report gives an overview of how Knowit's guidelines for remuneration to senior executives, adopted by the Annual General Meeting 2020, have been applied in 2023. The report also contains specific data on remuneration to Knowit's Chief Executive Officer.

The report has been drafted in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes. The report does not cover remuneration to the Board, which is decided by the Annual General Meeting. Such remuneration is reported in Note 9 on pages 81–82 in the Company's annual report for 2023 ("Annual Report 2023"). No other remuneration has been paid to the Directors.

Information required pursuant to Chapter 5 Sections 40–44 of the Swedish Annual Accounts Act (1995:1554) is found in Notes 8 and 9 in the Annual Report 2023.

Information on the remuneration committee's work in 2023 is found in the corporate governance report, on pages 58–61 of the Annual Report 2023.

Development during 2023

The Chief Executive Officer provides a general summary of the results of the Company in his presentation on page 8 of the Annual Report 2023.

Guidelines on remuneration

Knowit's guidelines on remuneration state that remuneration to the Chief Executive Officer should be on market terms and support the long-term strategy of the Company. A prerequisite for successful implementation of the Company's business strategy, to create long-term value through modern and creative solutions for digitalization and innovation and safeguarding its long-term interests, including sustainability, is that the Company can recruit and retain qualified staff.

For this purpose, it is necessary that the Company offers a fair and competitive remuneration, taking into account the responsibilities and complexity associated with a position. Knowit's guidelines for remuneration make it possible for the Company to offer a competitive total remuneration.

Remuneration to the Chief Executive Officer consists of fixed cash salary, variable cash remuneration, pension benefits, and other benefits.

The guidelines on remuneration adopted by the Annual General Meeting 2020 remain in force, as no new guidelines have been adopted at later Annual General Meetings. These are found on pages 50–57 of the Annual Report 2023. The auditor's report on how the Company has observed the guidelines can be found on the Company's website: www.knowit.eu.

In addition to the remuneration described in the guidelines on remuneration, the Company's Annual General Meeting has decided to implement a share price-related incentive program.

Total remuneration to the Chief Executive Officer

Fixed cash remuneration includes vacation pay. Benefits include life and health insurance and vehicle benefits. For the performance year 2023, no variable cash remuneration was paid out, as the conditions for this were not achieved. See Tables 1 and 4 on page 2. In addition to fixed and variable cash remuneration, the Chief Executive Officer participates in the Company's long-term share price-related incentive program, see Tables 2 and 3 on page 2.

Variable cash remuneration

According to Knowit's guidelines on remuneration, the variable cash remuneration shall be connected to predetermined and measurable criteria, with clear connection to the Company's predefined financial and non-financial, quantitative and qualitative targets, tailored to the person in question. Variable cash remuneration may be at most 50 percent of the annual fixed cash salary. The variable remuneration is also conditional on the Company not reporting a loss for the year to which the remuneration pertains.

The outcome is related to the fulfilment of the targets set, to promote the business strategy and long-term interests of the Company, including sustainability. As regards financial targets, the assessment shall be based on publicized financial information.

The variable remuneration for 2023 was based on the outcome of Knowit's EBITA margin in accordance with an

approved model. Variable remuneration is not grounds for pension benefits, but is grounds for vacation pay. The remuneration is paid out based on the outcome of the EBITA margin in such a way that there is no remuneration if the EBITA margin is below 8 percent and maximal remuneration if the margin is 14 percent or higher. Some adjustments can be made to the outcome calculation based on extraordinary events during the year, if approved by the remuneration committee.

Share price-related incentive programs

The Company has implemented a long-term share-based incentive program (LTIP 2023) that was offered to 37 employees, including members of the Corporate Management Team and members of local and extended management teams at the business area level. On condition that the employee has made an investment in shares in the Company (investment shares), the employee has been allocated a number of share rights, depending on the participant category that the participant belongs to. For category 1, each investment share entitles the holder to four share rights, for category 2, each investment share entitles the holder to three share rights, and for category 3, each investment share entitles the holder to two share rights. The Chief Executive Officer belong to category 1. Within the framework of the program, the Chief Executive Officer has invested in 4,133 investment shares and been allocated 16,532 share rights. Share rights are allocated free of cost and are subject to a three-year vesting period, as well as requiring the fulfillment of certain performance conditions – average annual growth in earnings per share (weight 45 percent), average annual EBITA margin (weight 45 percent), average annual outcome of Knowit's ESH/Impact target (weight 10 percent), defined as percent of Knowit's net sales contributing to at least one of the global SDGs during the three-year performance period.

In total, 94,751 share rights have been allocated, of which 92,477 are active, corresponding to 0.3 percent of Company shares. See Tables 2 and 3 on page 2.

Comparative information on changes in remuneration and results

For changes in remuneration and the Company's results over the four most recent financial years reported, see Table 4 on page 2.

Remuneration from other group companies

The Chief Executive Officer has not received any remuneration from other group companies during the year.

Recovery of remuneration

The Board has not reduced or required recovery of remuneration already paid out.

Observance of the guidelines

The Board and Remuneration committee have managed remuneration in accordance with the processes and principles stated in the guidelines. In 2023, the Board has exercised its right to deviate from the guidelines and made a minor deviation in connection with a new recruitment. New updated guidelines are suggested to the Annual General Meeting 2024.

Opinions in connection with presentation at the Annual General Meeting

No opinions were presented in connection with the presentation of the remuneration report at the Annual General Meeting 2023.

TABLE 1: Total remuneration to Per Wallentin, Chief Executive Officer, for the financial year 2023

	Fixed cash salary	Variable cash remuneration ¹⁾	Share-related remuneration	Benefits	Pension benefits ²⁾	Other benefits	Total remuneration
SEK, 000s	8,568	–	–	112	2,555	–	11,235
Share of total remuneration, %	76	–	–	1	23	–	

1) For the performance year 2023, no variable compensation is paid out.
2) Excluding special employer's contributions.

TABLE 2: Share rights, Chief Executive Officer

Name of executive	Name of program	Information for the financial year reported								
		Main conditions for share program				Opening balance	Change during the year		Closing balance	
		Performance period	Date of allocation	Date of realization	Share rights at the start of the year ³⁾	Allocated ³⁾	Vested ³⁾	Subject to performance criteria ³⁾	Allocated, not vested at the end of the year ³⁾	
Per Wallentin	LTIP2023	January 1, 2023– December 31, 2025	May 31, 2023	June 1, 2026	0	0	0	16,532	16,532	

3) The allocated value is SEK 3,052,468.48. This value is calculated as fair value of the share rights at the time of allocation (SEK 184.64), multiplied by the number of allocated share rights (16,532 share rights). Each share right yields the right to one share in the Company after the vesting period. The market value of each underlying share was SEK 185.60 at the time of allocation.

TABLE 3: Share-based remuneration

The Chief Executive Officer's performance during the financial year reported

Name of executive	Name of program	Description of criteria relevant to the remuneration component	Relative weight of performance criteria, %	Measured performance and actual allocation/remuneration outcome
Per Wallentin	LTIP2023	Earnings per share	45	N/A ⁴⁾
		EBITA margin	45	N/A ⁴⁾
		ESG	10	N/A ⁴⁾

4) The performance period is still ongoing. The performance criteria for the Chief Executive Officer have been chosen to realize the Company's strategy and to encourage actions that are in the long-term interest of the Company. In the choice of performance criteria, the strategic goals and short- and long-term business priorities have been taken into account. The non-financial performance criteria also contribute to sustainability adaptations and the values of the Company. The performance goals encompass both a minimum level that must be achieved in order for any allocation at all to occur and a maximum level beyond which no further allocation shall occur.

TABLE 4: Change in remuneration and results for the three most recently reported financial years (SEK, 000s)

Annual change	2023 vs 2022	2023	2022	2021	2020
Remuneration Chief Executive Officer⁵⁾					
Annual change in total remuneration	-16% ⁶⁾	11,235	13,441	12,383	11,498
Result development					
EBITA ⁷⁾	-17%	496,333	596,475	438,540	334,994
Annual change in average remuneration to other employees (full-time equivalents)					
Knowit AB and subsidiaries in Sweden ⁸⁾	4%	763	731	751	711

5) The change in total remuneration pertains to the annual change of the sum of all the remuneration components, as reported in Table 1.
6) The increase can be attributed to a higher outcome of variable cash remuneration for the performance year 2023.
7) For more extensive information on the annual changes in EBITA and other relevant performance measures, see pages 12 and 62 in Knowit's Annual Report 2023.
8) The total remuneration for all other employees in Knowit AB and subsidiaries in Sweden divided by the number of full-time equivalents during each year.