



Compensation report 2020

This compensation report gives an overview of how Knowit's guidelines for compensation to senior executives, adopted by the AGM 2020, have been applied in 2020. The report also contains specific data on compensation to Knowit's chief executive officer.

The report does not cover compensation to the Board, which is decided by the AGM. Such compensation is reported in Note 9 on pages 70-71 in the Company's annual report for 2020 ("Annual Report 2020"). No other compensation has been paid to the Board Members.

There are currently no outstanding share-related incentive programs in the Company.

Information required pursuant to Chapter 5 Sections 40-44 of the Swedish Annual Accounts Act (1995:1554) is found in Notes 8-9 in the Annual Report 2020.

Information on the remuneration committee's work in 2020 is found in the corporate governance report, on page 50 of the Annual Report 2020.

Development during 2020

The chief executive officer provides a general summary of the results of the Company in his presentation on page 5 of the Annual Report 2020.

Guidelines on compensation

Knowit's guidelines for compensation state that compensation 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 compensation make it possible for the Company to offer a competitive total compensation.

Compensation to the chief executive officer consists of fixed cash salary, variable cash remuneration, pension benefits, and other benefits.

The guidelines for compensation, as adopted by the AGM 2020, are found on pages 44-45 of the Annual Report 2020. The auditor's report on how the company has observed the guidelines can be found on the company's website: [knowit.eu](https://www.knowit.eu)

Total compensation to the chief executive officer

TABLE 1:
Total compensation to the chief executive officer for the financial year 2020

	Fixed cash salary	Variable cash remuneration	Share-related compensation	Benefits	Pension benefits ¹⁾	Other benefits	Total compensation
SEK, 000s	6,570 ²⁾	2,760 ³⁾	–	93	2,103	–	11,498
Share of total compensation, %	57	24	–	1	18	–	–

¹⁾ Excluding special employer's contribution.

²⁾ In 2020, the chief executive officer had a temporary salary decrease during three months due to the COVID-19 pandemic.

³⁾ Pertains to variable cash compensation earned during 2020. A total of SEK 2,732,000 was paid to the chief executive officer during Q1 2021 for the performance year 2020.

Fixed cash salary includes vacation pay. Benefits include life and health insurance and car benefits. Variable cash remuneration, including vacation pay, was 42 percent of the fixed cash salary 2020.

Variable cash remuneration

The variable cash remuneration is 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 the financial information made public by the company.

The variable compensation for 2020 shall be based on Knowit AB's EBITA margin outcome in 2020. Variable compensation is not grounds for pension benefits, but is grounds for vacation pay. In case of maximum target achievement, variable cash remuneration is 40 percent of the fixed annual cash salary excluding any vacation pay.

If the EBITA margin is less than 5 percent, there is no variable cash remuneration. If the EBITA margin is 10 percent or more, full compensation of 40 percent of the fixed cash salary is paid out. If the EBITA margin is 5 percent, 20 percent of the maximum possible compensation is paid out. An EBITA margin of between 5 and 10 percent corresponds to a compensation that increases linearly from 20 to 40 percent.

The outcome for the financial year 2020 was 100 percent of the maximum possible.

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Share-related incentive programs

There are currently no outstanding share-related incentive programs in the Company.

Comparative information on changes in compensation and Company results

TABLE 2:
Change in compensation and company results for the two most recently reported financial years (SEK, 000s)

Annual change	2020 vs 2019	Financial 2020
Compensation chief executive officer ⁴⁾		
Annual change in total compensation	+3,015 (36%) ⁵⁾	11,498
Company result development		
EBITA ⁶⁾	+15,800 (5%)	335,000
Annual change in average compensation to other employees (full-time equivalents)		
Knowit AB and subsidiaries in Sweden ⁷⁾	+14 (2%) ⁸⁾	711

4) The change in total compensation pertains to the annual change of the sum of all the compensation components, as reported in Table 1.

5) The increase can be attributed to a higher outcome of variable cash compensation for the performance year 2020.

6) For more extensive information on the annual changes in EBITA and other relevant key figures, see page 52 in Knowit's Annual Report 2020.

7) The total compensation for all other employees in Knowit AB and subsidiaries in Sweden divided by the number of full-time equivalents during each respective year.

8) Knowit used short-term furloughs for a number of employees in 2020. Therefore, the calculation of the number of full-time equivalents was adjusted to 1,317.

Compensation from other group companies

The chief executive officer has not received any compensation from other group companies during the year.

Recovery of compensation

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

Observance of the guidelines

No deviations from the guidelines have occurred during the year. The Board and remuneration committee have managed compensation in accordance with the process and principles in the guidelines. ■