

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of KlaraBo Sverige AB, corp. reg. no. 559029-2727 (the “**Company**”), adopted by the Extraordinary General Meeting on 4 March 2021, were implemented in 2022. The report also provides information on remuneration to the CEO and a summary of the Company’s outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules administered by the Swedish Stock Market Self-Regulation Committee.

Further information on executive remuneration is available in note 9 on pages 73–74 in the annual report 2022. Information on the work of the Remuneration Committee in 2022 is set out in the corporate governance report available on page 91 in the annual report 2022.

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 9 on page 73 in the annual report 2022.

Key developments 2022

The CEO summarizes the Company’s overall performance in his statement on pages 7–8 in the annual report 2022.

The Company’s remuneration guidelines: scope, purpose and deviations

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 can recruit and retain qualified personnel. To this end, the Company must offer competitive remuneration. The Company’s remuneration guidelines enable the Company to offer executives a competitive total remuneration. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized, quantitative or qualitative objectives. The criteria shall be designed to contribute to the Company’s business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive’s long-term development.

The guidelines are found on page 91 in the annual report 2022. During 2022, the Company has complied with the applicable remuneration guidelines adopted by the 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 on www.klarabo.se. 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 plans.

Remuneration to board members outside the board assignment

In addition to his assignment as a board member, Joacim Sjöberg has had an advisory assignment during 2022 in connection with one of the Company’s property acquisitions. For this advisory work, he received SEK 500,000 in addition to his regular board remuneration.

Table 1 – Total CEO remuneration, Andreas Morfiadakis, during 2022 (MSEK)

Fixed remuneration		Variable remuneration			Pension expense	Total remuneration	Proportion of fixed and variable remuneration, %***
Base salary *	Other benefits **	One-year variable	Multi-year variable	Extraordinary items			
2.4	0.2	-	-	-	0.7	3.4	100/0

* Includes holiday pay

** Includes other benefits such as car and fuel benefits

*** Pension costs, which in their entirety refer to Base salary and are premium-based, have been fully reported as fixed remuneration

Share-based remuneration

Outstanding and completed share-related and share price-related incentive plans

The Company has three outstanding incentive programs consisting of warrants.

At the Extraordinary General Meeting in September 2020, it was resolved to adopt an incentive program for the Company's management and managers, certain key personnel and other employees with permanent employment. A total of 1,666,335 warrants were issued, which give the right to subscribe for the same number of shares of series B. The warrants were subscribed for by the Company's wholly owned subsidiary Fastighetsbolaget KlaraBo AB. Warrants that have not been transferred can be offered to new employees in the group. Of the issued warrants, 1,367,585 are outstanding and are held by participants in the incentive program. The warrants are transferred to the participants at market value calculated according to the Black & Scholes formula and performed by an independent valuation institute. Each warrant carries a right to subscribe for one new share of series B at a subscription price of SEK 30 during the period from 1 March 2024 to 31 March 2024. The participants have entered into a pre-emption agreement.

At the 2021 Annual General Meeting, it was resolved to adopt an incentive program for the Company's CEO Andreas Morfiadakis. A total of 500,000 warrants were issued, which gives the right to subscribe for the same number of shares of series B. All issued warrants are outstanding and are held by the participant in the incentive program. The warrants were offered to the participant in the program at market value calculated according to the Black & Scholes formula and performed by an independent valuation institute. Each warrant carries a right to subscribe for one new share of series B at a subscription price of SEK 39 during the period from 1 June 2024 to 31 August 2024. The participant has entered into a pre-emption agreement.

At the Extraordinary General Meeting in June 2021, it was resolved to adopt an incentive program for certain people in the KlaraBo Group. A total of 1,429,440 warrants were issued, which give the right to subscribe for the same number of shares of series B. [All issued warrants are outstanding] and are held by the participants in the incentive program. The warrants were offered to the participant in the program at market value calculated according to the Black & Scholes formula and performed by an independent valuation institute. Each warrant carries a right to subscribe for one new share of series B at a subscription price of SEK 39 during the period from 1 August 2024 to 31 October 2024. The participants have entered into a pre-emption agreement. The incentive program was

adopted due to the Company's acquisition of all shares in KlaraBo Projektutveckling AB. Some employees had, as a result of a warrant-based incentive program, warrants which entailed a right to subscribe for new shares in KlaraBo Projektutveckling AB. This warrant-based incentive program was replaced by the incentive program in the Company as described above.

Table 2 – Share option plans - CEO Andreas Morfiadakis

The main conditions of share option plans							Information regarding the reported financial year					
Name of plan	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price (SEK)	Opening balance	During the year			Closing balance	
							Share options held at beginning of year	Share options awarded	Share options vested	Share options subject to performance condition	Share options awarded and unvested	Share options subject to retention period
TO 2020/2024	n/a	2020-09-25	2024-03-01	n/a	2024-03-01 2024-03-31	30	341,379	0	0	n/a	341,379	n/a
TO 2021/2025 1	n/a	2021-05-25	2024-06-01	n/a	2024-06-01 2024-08-31	39	500,000	0	0	n/a	500,000	n/a

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 (MSEK)*

	2022	2022 vs 2021	2021 vs 2020
CEO remuneration	3.4	-15 %	25 %
Operating profit	232.4	60 %	100 %**
Average remuneration on a full-time equivalent basis of employees of the Company***	0.5	-2 %	2 %

* The first remuneration report prepared by the Company referred to the financial year 2021. For this reason, the report is limited to not specifying comparative figures earlier than the financial year 2021 against the financial year 2020.

** In 2021, a larger property portfolio was acquired.

*** Excluding members of the executive management of the Group.

Malmö, March 2023
KlaraBo Sverige AB
The Board of Directors