

## Remuneration report 2023 AQ Group AB

### Introduction

This remuneration report describes how the guidelines for remuneration to senior executives of AQ Group AB, adopted by the Annual General Meeting (AGM) 2022, were applied during 2023. The report also contains information on remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board Rules on remuneration to senior executives and on incentive programs.

Further information on remuneration to senior executives can be found in Note 9 on pages 62-64 of the Annual Report for 2023. Information about the remuneration committee's work in 2023 can be found in the corporate governance report on pages 32-37 of the Annual Report for 2023.

Board fees are not covered by this report. Such fees are resolved annually by the Annual General Meeting and are reported in Note 9 and in the Corporate Governance Report in the Annual Report for 2023.

### Key developments 2023

The CEO summarizes the company's overall results in his statement on page 6-7 of the Annual Report 2023. Further information on the significant events for the year can be found on pages 38-43 of the Annual Report for 2023.

### The company's remuneration guidelines: scope, purpose and deviations 2023

Successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including sustainability, presupposes that the company can recruit and retain qualified employees. AQ Group shall therefore have the remuneration levels and terms of employment required to ensure the company's access to executives with the necessary competence and capacity to achieve set goals and costs adapted to the company. AQ Group shall maintain the remuneration levels and other employment conditions to ensure that the company can recruit and retain the necessary executives to reach long- and short term goals, to support the business strategy and contributes to sustainability. The remuneration may consist of the following components: fixed salary, variable remuneration, pension and other benefits and share and share-price related incentive programs. Where variable remuneration is offered, they shall have a fixed ceiling amount and be linked to predetermined and clearly set measurable target criteria with the aim of promoting the company's business strategy, sustainability and long-term value creation. All share and share-price related incentive programs should be decided by the AGM. The guidelines can be found on page 35 of the Annual Report for 2023 and on the company's website [www.aqgroup.com/Annual General Meeting](http://www.aqgroup.com/Annual%20General%20Meeting).

In 2023, the Company followed the applicable remuneration guidelines for the CEO adopted by the General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process to be applied in order to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available on the company's website [www.aqgroup.com/Annual General Meeting](http://www.aqgroup.com/Annual%20General%20Meeting). No compensation has been claimed back.

## Remuneration to the CEO

Remuneration to the CEO consists of fixed elements (base salary, benefits, insurance, pension) that provide a basic level of remuneration for the reliable and consistent implementation of the AQ Group operating strategy, and enable the CEO to concentrate on performing his duties. Variable parts of the remuneration (incentive program/bonus) emphasize performance-based remuneration and focus on the achievement of both the short- and long-term goals of AQ Group. Through the warrant based incentive program the reward is tied to the company's future development of results and value creation.

**Table 1 - Total remuneration to the CEO 2023 (TSEK)**

	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary	Other benefits	One-year variable	Extraordinary items				
2023: James Ahrgren, CEO	2 285	5	2 240	-	672	5 201	57/43	

Basic salary refers to the annual fixed salary including holiday pay.

Variable remuneration refers to annual bonuses whose outcome is based on target fulfilment of profit margin before tax (EBT) % and inventory turnover for the Group as a whole during the year. The variable bonus compensation is capped at 100% of the annual base salary.

Benefits to the CEO consist of health benefits. Compensation for pensions includes the cost of health insurance and is capped maximized to 30% of base salary. Pensions have been fully recognised as fixed remuneration.

### **Remuneration to the CEO from 2023 not yet paid**

The variable remuneration for 2023 is paid after the 2023 financial year is closed and audited.

## Share based remuneration

### **Outstanding and completed share and share-price related incentive programs**

The Annual General Meeting of 2022 resolved to introduce a long-term incentive program for the managing director, senior executives and other key personnel (not the board) in the Group consisting of a directed new issue of maximum 155,000 warrants. Through this long-term incentive program the reward is tied to the company's future development of results and value creation.

At the end of 2023 financial year there is one outstanding warrant program (TO 2022/2025). There is no completed share or share-price related incentive programs. The current number of outstanding warrants and other significant terms and conditions are communicated in the Annual Report, Note 9 (page 63) and in quarterly reports from the company. The warrant program is three years and mean that the participants are given the opportunity to acquire warrants at a market price for exercising to shares during the period May 12 to June 10, 2025. The exercise price is set at SEK 351.20 per share. There is no subsidy, performance condition nor retention period connected to the program. AQ has no obligation to repurchase the warrants when an employee terminates his/her employment. The holder can redeem the warrants regardless of continued employment in the Group.

**Table 2 – Warrant program – Managing director/CEO James Ahrgren**

The main conditions of warrant program							Information regarding the reported financial year					
Specification of plan	Performance period	Award date	Vesting date	End of retention period	Exercise period	Exercise price of the share (SEK)	Opening balance	During the year		Closing balance		
							Warrants at the beginning of the year	Warrants awarded	Warrants vested	Warrants subject to a performance condition	Warrants awarded and unvested	Warrants subject to a retention period
TO 2022/2025	N/A	2022-05-09	2022-05-09	N/A	2025-05-12 - 2025-06-10	351.20	10,000	N/A	N/A	N/A	10,000	N/A

**Application of performance criteria**

The performance criteria for the CEO's variable remuneration have been chosen 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 2023 have been taken into account. Living up to the company's core values and contributing to increased sustainability of the business is an inherent expectation of the CEO, which is not specifically expressed as a non-financial performance criterion.

**Table 3 - CEO's performance during the reported financial year: variable cash remuneration (TSEK)**

Description of the criteria related to the variable remuneration component	Relative weighting of the performance criteria	Measured performance / actual award, remuneration outcome (TSEK)	
Consolidated earnings before tax (EBT) % for the year, bonus based on outcome between minimi- and max level, limited to 80% of annual base salary	80%	Over max level/ 8.4%	1 792
Consolidated inventory turnover (ITO) for the year, bonus based on outcome between minimi- and max level, limited to 20% of annual base salary	20%	Over max level / 3.2	448

**Comparative information on the change of remuneration and company performance**

The table below illustrates and compares the development of the CEO's remuneration with the development of the average remuneration to employees and the company's profit before tax (EBT).

**Table 4 - Change of remuneration and company performance over the last five reported financial years**

Remuneration and company performance	Change 2019 vs 2018	Change 2020 vs 2019	Change 2021 vs 2020	Change 2022 vs 2021	Change 2023 vs 2022	2023
CEO, total remuneration	+128.9%	+16.8%	+17.8%	-43.8%	+59.7%	5,201 TSEK
Consolidated earnings before tax (EBT) %, change in %	+50.0%	+22.2%	+5.2%	-16.0%	+23.5%	8.4%
Average remuneration on a full time equivalent basis of employees in the Group, excl board, CEO and executive officers, change in %	+10.8%	+2.3%	+6.7%	+11.7%	+15.4%	

In August 2018, a new CEO was appointed who then left his position on March 31, 2021 when the current CEO joined.

AQ Group AB, March 25, 2024

*The Board of directors*