

Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Ferronordic AB (publ), adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and the Deputy 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 issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in the corporate governance report available on pages 73 - 79 in the annual report 2020 and in note 29 (Employees, Board and Management) on pages 117-118 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available in the annual report 2020.

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 the corporate governance report and in note 29 on page 117-118 in the annual report 2020.

Key developments 2020

The CEO summarises the company's overall performance in his statement on page 4 in the annual report 2020.

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, share- or warrant based long-term incentive programs (LTI-Program), pension benefits and other benefits. Variable salaries are paid upon fulfilment of pre-determined and measurable performance criteria, primarily based on the development of the Group as a whole, and/or the part of the group's business that the executive is responsible for. Variable salary for the CEO, as well as other executives, shall not exceed 100% of the fixed salary.

The extraordinary general meeting of the company held 5 November 2020 resolved to implement a long-term warrant-based incentive plan further described below.

The guidelines are found on page 78 in the annual report 2020. During 2020, 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.ferronordic.com].

No remuneration has been reclaimed.

Total CEO and Deputy CEO remuneration in 2020 (kSEK)

	2020
VD Lars Corneliusson	
Fixed remuneration	5,767
Variable remuneration	5,324
Other benefits	740
Vice VD Henrik Carlborg	
Fixed remuneration	2,507
Variable remuneration	2,400
Other benefits	-

Warrant-based remuneration***Outstanding warrant-based and share price-related incentive plans***

The company has implemented one warrant-based plan (2020/2023) for the executive management. Warrants have been issued to the participants in the program at market price as per a valuation at the time of issue done by the company's financial advisor using Black – Scholes option pricing model. Each participant has received compensation from the group-entity by which each participant is employed corresponding to 80%, net of tax, of the value of the warrants. The warrants are subject to a three-year vesting period and are exercisable at the end of the third year after the grant. Vesting of the warrants is subject to the satisfaction of certain performance conditions.

Each warrant entitles the holder to subscribe for one share in Ferronordic AB at a price of SEK 206 during the period commencing on 4 December 2023 and up to and including 15 December 2023.

The CEO has acquired 34,000 and the deputy CEO 17,000 warrants valued at SEK 9.04 each. In total, 332,000 warrants have been granted, which corresponds to 2.2% of the shares in the company on a diluted basis.

About Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is the dealer of Volvo Construction Equipment and certain other brands in all of Russia and Kazakhstan, aftermarket partner of Volvo Trucks and Renault Trucks in part of Russia, and dealer of Volvo Trucks and Renault Trucks in part of Germany. The company also offers contracting services where it owns and operates equipment to carry out works for customers. Ferronordic began its operations in 2010 and now has approx. 100 outlets and about 1,500 employees. Ferronordic's vision is to be regarded as the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm. www.ferronordic.com