

Remuneration report 2024

Introduction

This report describes how Hexatronic Group AB's guidelines for remuneration to the group management team (the "Remuneration Guidelines"), adopted by the Annual General Meeting 2024, were applied during 2024.

The report also contains information on remuneration to Hexatronic Group AB's CEO and Deputy CEO and a summary of the company's outstanding share and share price-related incentive programs. The report has been prepared in accordance with Chapter 8. 53a and 53b §§ of the Swedish Companies Act and the Stock Market Self-Regulation Committee's Remuneration Rules.

Further information on remuneration to senior executives in accordance with Chapter 5, Sections 40-44 of the Annual Accounts Act. 40-44 §§ (1995:1554) can be found in note 10 in the company's annual report for 2024 ("Annual & Sustainability Report 2024"). Information on the work of the Remuneration Committee during 2024 can be found in the corporate governance report in the Annual Report 2024.

This report does not cover the Board of Directors' fees. Such fees are decided annually by the Annual General Meeting and are recognized in Note 10 of the Annual Report 2024.

Development in 2024

The CEO summarizes the company's overall performance in his report (Comments from the CEO) in the 2024 annual report.

Overview of the application of the Remuneration Guidelines in 2024

Hexatronic shall offer total compensation at market rates to facilitate the recruitment and retention of qualified senior executives. Remuneration from Hexatronic should be based on the principles of performance, competitiveness and fairness. Remuneration to senior executives shall comprise fixed remuneration, variable remuneration, share and share price-based incentive programs, pension, and other benefits. Variations in the remuneration principles are permitted where they are justified by local conditions.

Fixed remuneration shall take into account the individual's experience and areas of responsibility. Fixed salaries shall be reviewed annually. Variable remuneration shall, as a general rule, amount to a maximum of 50% of the annual fixed salary for members of the Executive Management. Executive Management refers to the Chief Executive Officer ("CEO"), Deputy CEO, Chief Financial Officer ("CFO"), and other members of the group management team. Variable cash payments covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability, by having a clear link to the business strategy or promoting the senior executive's long-term development. The Remuneration Guidelines can be found in the Board of Director's Report in the Annual Report 2024. During 2024, the company followed the Remuneration Guidelines adopted by the Annual General Meeting 2024.

No deviations have been made, and no deviations have been made from the decision-making process that, according to the guidelines should be applied to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at <https://group.hexatronic.com>. No remuneration has been claimed back.

In addition to the remuneration covered by the Remuneration Guidelines, the company's annual general meetings have decided to introduce Hexatronic's long-term performance-based share savings program ("LTIP") and long-term warrant programs for senior executives and key employees.

Total remuneration to the CEO and Deputy CEO in 2024 (MSEK)

The table below presents the total remuneration earned by Hexatronic Group AB's CEO and Deputy CEO during 2024¹.

Total remuneration to the CEO and Deputy CEO in 2024 (MSEK)

Name and position	Fixed remuneration		Variable remuneration					Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Benefits ²	One-year Variable	Multi-year Variable	Share-based remuneration	Extraordinary item	Pension expenses		
Henrik Larsson Lyon, CEO	5.8	0.1	0.7	-	1.1	-	1.7	9.3	76 %/ 24 %
Martin Åberg, Deputy CEO	3.8	0.1	0.4	-	0.7	-	1.1	6.2	78 %/ 22 %
Total	9.6	0.2	1.1	0.0	1.8	0.0	2.8	15.5	

¹Refers to expensed reimbursements recognized during the financial year where payment may or may not have been made during the financial year.

²Other benefits consist of holiday pay, car and travel-related benefits, and insurance.

Share-based compensation

Outstanding share-based and share price-related incentive programs

The company has three ongoing long-term performance-based share savings programs (LTIP 2022, 2023 and 2024) for Hexatronic Group's CEO and the management team, other senior executives and other key employees. Provided that the employee has made a personal investment in shares in the company (savings shares), the employee has been allocated 2-6 performance share rights per savings share. Under these programs (LTIP 2022, 2023 and 2024), the CEO has invested in 26,974 savings shares, and consequently, a maximum of 161,844 performance share rights can be obtained. The Deputy CEO has invested in 12,693 savings shares and consequently a maximum of 76,158 performance share rights can be obtained. The performance share rights have been granted free of charge and are subject to a three-year vesting period and require continued employment. Vesting of performance shares also requires fulfilment of performance conditions - earnings per share after dilution per financial year 2022-2026 for the group (the "Share Target"), net sales growth per financial year 2022-2026 for the group (the "Growth Target") and EBITA margin per financial year 2022-2026 for the group (the "EBITA target"). For the LTIP programs that started in 2022 and 2023, the relative weighting is 1/3 between the performance conditions. For the LTIP program that started in 2024, the share target is weighted at forty (40) percent, and the growth target and EBITA target are weighted at twenty-five (25) percent each. In addition to these, certain sustainability targets (the 'Sustainability Target') are weighted at ten (10) percent.

The company has three ongoing warrant programs (2022/2025, 2023/2026, 2024/2027) for employees abroad.

Employees abroad have received the warrant free of charge. Vesting of the warrants requires continued employment during the current three-year period.

For more information on the above share-based and share price-related incentive programs, see note 28 in the 2024 annual report.

Share savings program (CEO)

Share savings programme (CEO)						Information regarding the reported financial year					
Programmes name	Performance period	Main conditions			Expiry of retention period	Opening balance			In the year		
		Date for allotment	Date for vesting			Share rights at the beginning	Allocated	Expired	Earned ¹	Closing balance	Granted but not vested by the end of the year
Henrik Larsson Lyon, CEO	LTIP 2021	2021-2023	2021-08-17	2024-06-30	2024-06-30	142,912	0	0	-142,912	0	0
	LTIP 2022	2022-2024	2022-06-30	2025-06-30	2025-06-30	35,689	0	-11,079	0	24,620	0
	LTIP 2023	2023-2025	2023-06-30	2026-06-30	2026-06-30	34,925	0	-15,638	0	19,287	15,638
	LTIP 2024	2024-2026	2024-05-31	2027-05-31	2027-05-31	0	78,000	-22,750	0	55,250	52,000
											3,250

¹ The long-term share savings program (LTIP 2021) that expired in 2024 resulted in 142,912 common shares being awarded to the CEO as performance shares, corresponding to a value of SEK 9.5 million.

Share savings program (Deputy CEO)

Share savings programme (Deputy CEO)						Information regarding the reported financial year					
Programmes name	Performance period	Main conditions			Expiry of retention period	Opening balance			In the year		
		Date for allotment	Date for vesting			Share rights at the beginning	Allocated	Expired	Earned ¹	Closing balance	Granted but not vested by the end of the year
Martin Åberg, Deputy CEO	LTIP 2021	2021-2023	2021-08-17	2024-06-30	2024-06-30	78,590	0	0	-78,590	0	0
	LTIP 2022	2022-2024	2022-06-30	2025-06-30	2025-06-30	24,070	0	-7,470	0	16,600	0
	LTIP 2023	2023-2025	2023-06-30	2026-06-30	2026-06-30	23,115	0	-10,350	0	12,765	10,350
	LTIP 2024	2024-2026	2024-05-31	2027-05-31	2027-05-31	0	53,946	-15,734	0	38,212	35,964
											2,415

¹ The long-term share savings program (LTIP 2021) that expired in 2024 resulted in 78,590 common shares being awarded to the Deputy CEO as performance shares, corresponding to a value of SEK 4.9 million.

Application of performance criteria

The performance criteria for the CEO's and Deputy CEO's variable remuneration have been chosen to realize the company's strategy and to encourage behavior that is in the long-term interest of the company. When selecting the performance criteria, the strategic objectives and short and long-term business priorities for the year 2024 have been taken into account. The non-financial performance criteria contribute to the qualitative development of the company's operations.

CEO's performance during the reported financial year: variable cash remuneration

CEO's performance during the reported financial year: variable cash remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria	(a) measured performance; and b) actual allocation/compensation outcome
Henrik Larsson Lyon, CEO	Group Net sales 2024	20%	a) 0% b) -
	Group EBITA 2024	50%	a) 0% b) -
	Group operating cash flow 2024	20%	a) 100% b) 0.6 MSEK
	Group sustainability targets 2024	10%	a) 50% b) 0.1 MSEK

Deputy CEO's performance during the reported financial year: variable cash remuneration

Deputy CEO's performance during the reported financial year: variable cash remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria	(a) measured performance; and b) actual allocation/compensation outcome
Martin Åberg, Deputy CEO	Group Net sales 2024	20%	a) 0% b) -
	Group EBITA 2024	50%	a) 0% b) -
	Group operating cash flow 2024	20%	a) 100% b) 0.3 MSEK
	Group sustainability targets 2024	10%	a) 50% b) 0.1 MSEK

CEO's performance during the reported financial year: share-based remuneration

CEO's performance during the reported financial year: share based remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria		(a) measured performance; and b) actual allocation/compensation outcome
		LTIP '21-23	LTIP '24	
Henrik Larsson Lyon, CEO	Earnings per share after dilution	33%	40%	a) 42% b) 0.3 MSEK
	Growth Net Sales	34%	25%	a) 48% b) 0.3 MSEK
	Group EBITA margin	33%	25%	a) 51% b) 0.4 MSEK
	Sustainability target		10%	a) 100% b) 0.1 MSEK

Deputy CEO's performance during the reported financial year: share-based remuneration

Deputy CEO's performance during the reported financial year: share based remuneration

	Description of the criteria related to the remuneration component	Relative weighting of performance criteria		(a) measured performance; and b) actual allocation/compensation outcome
		LTIP '21-23	LTIP '24	
Martin Åberg, Deputy CEO	Earnings per share after dilution	33%	40%	a) 42% b) 0.2 MSEK
	Growth Net Sales	34%	25%	a) 48% b) 0.2 MSEK
	Group EBITA margin	33%	25%	a) 51% b) 0.3 MSEK
	Sustainability target		10%	a) 100% b) 0.1 MSEK

Comparative information on changes in remuneration and company performance (MSEK)

	2024		2023		2022		2021		2020	
	MSEK	% 24/23	MSEK	% 23/22	MSEK	% 22/21	MSEK	% 21/20	MSEK	
Total remuneration to CEO and Deputy CEO	15.5	-4%	16.1	-3%	16.6	28%	12.9	42%	9.1	n/a
Net Sales	7,581	-7%	8,150	24%	6,574	88%	3,492	68%	2,081	n/a
EBITA result	803	-35%	1,234	13%	1,090	177%	394	92%	205	n/a
Average compensation based on full-time equivalents in Hexatronic Group AB	0.5	5%	0.5	-3%	0.5	5%	0.5	2%	0.5	n/a