



## Remuneration report 2021 for Pierce Group AB (publ)

### Introduction

This report (the “**Report**”) describes how the guidelines for senior executive remuneration of Pierce Group AB (publ) (the “**Company**”), adopted by the annual general meeting on 23 February 2021 (the “**Guidelines**”), were applied during 2021. The Report also provides information on remuneration to the CEO and a summary of the Company’s outstanding share-based incentive programs. The Report has been prepared in accordance with the Swedish Companies Act (2005:551), the Remuneration Rules issued by the Swedish Corporate Governance Board and the Swedish Annual Accounts Act (1995:1554).

### Information pursuant to Chapter 5 Section 40-44 in the Swedish Annual Accounts Act

Further information on senior executive remuneration is disclosed in Note 8 in the annual report 2021. Information on the work of the remuneration committee and its work during 2021 is set out in the corporate governance report.

Remuneration of the Board is not covered by this Report. Such remuneration is resolved annually by the annual general meeting and disclosed in Note 8 on in the annual report 2021 and in the corporate governance report.

### Developments during 2021

The CEO summarizes the Company’s overall development in his statement on page 5 in the annual report 2021.

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

The Guidelines have been designed to ensure responsible and sustainable remuneration decisions that support the Company’s business strategy, long-term interests and sustainable business practices. The total remuneration shall be competitive and in line with market terms, reflect the individual senior executive’s performance and responsibilities and enable the Company to attract and retain qualified senior executives.

The remuneration to the senior executives may consist of a fixed salary, variable cash remuneration, pension benefits and non-financial benefits. In addition, the general meeting can resolve on share-based long-term incentive programs that the senior executives can participate in.

The complete Guidelines are disclosed in Note 8 in the annual report 2021. With respect to the information requirements in the Report pursuant to Chapter 8 Section 53 a 2<sup>nd</sup> par 5-8 pp in the Swedish Companies Act, the following is disclosed:

- No remuneration has been reclaimed.
- No derogations from the procedure for implementation of the Guidelines have been made.
- No deviations from the Guidelines have been made.
- This is the Company’s first remuneration report. Consequently, there are no comments regarding a previous report made in connection to a general meeting to be considered.

The auditor’s report regarding the Company’s compliance with the Guidelines pursuant to Chapter 8 Section 54 in the Swedish Annual Accounts Act is available on the Company’s website [www.piercergroup.com](http://www.piercergroup.com) no later than 13 May 2022.

### Variable cash remuneration

The variable cash remuneration to the CEO is based on financial targets on group level and other group targets with associated KPIs. It is vested during a one-year period and can amount to a maximum of 30% of the annual fixed salary (see further in section “Application of performance criteria” below).

### Remuneration to the CEO

The table below sets out the total remuneration in KSEK<sup>1</sup> for the Company’s CEO during the financial year 2021. The CEO has not received remuneration from any other company in the Company group.

Henrik Zadig, CEO	Fixed remuneration		Variable remuneration	Extraordinary items	Pension expense <sup>2</sup>	Total remuneration	Proportion of fixed and variable remuneration
	Base salary <sup>3</sup>	Other benefits <sup>4</sup>					
	2 612	5	0	0	473	3 090	100%/0%

<sup>1</sup> In the table, remuneration that is attributable to 2021 is disclosed (regardless of the time of actual payment).

<sup>2</sup> Pension expense refers to salary exchange and special employer’s contribution.

<sup>3</sup> Including vacation pay and sick pay.

<sup>4</sup> Refers to health insurance.

## Application of performance criteria

The CEO's variable remuneration is based on a number of pre-determined and measurable criteria and goals on an annual basis, aimed at driving long-term value creation in the Company. Fulfilment of two of the criteria are threshold requirements (so-called "qualifiers") and is a prerequisite for payment of any variable remuneration.

The table below sets out the application of performance criteria for payment of variable remuneration during the financial year.<sup>5</sup>

Henrik Zadig, CEO	Description of performance criteria related to the remuneration component	Relative weighting of the performance criteria	a) Threshold requirement achieved or not b) Measured performance c) Actual award/remuneration outcome
	Adjusted operating profit (EBIT) <sup>6</sup>	Threshold requirement	a) Not achieved b) Not achieved c) N/A
	Positive operative cashflow	Threshold requirement	a) Not achieved b) Not achieved c) N/A
	Adjusted operating profit (EBIT)	50%	a) N/A b) N/A c) 0 SEK
	Net Revenue	30%	a) N/A b) N/A c) 0 SEK
	Outcome scorecard <sup>7</sup>	20%	a) N/A b) N/A c) 0 SEK

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

The average remuneration per employee (excluding senior executives), based on the number of full-time equivalents in the Company and its Swedish subsidiary Pierce AB<sup>8</sup>, was 674 628 SEK in 2021. Cash remuneration, health insurance and pension benefits have been included in this calculation.

The Company's complete 2021 results will be presented in the annual report 2021, which will be adopted by the annual general meeting on 3 June 2022.

<sup>5</sup> As the threshold requirements have not been met, a closer assessment of other performance criteria has not been necessary from remuneration perspective.

<sup>6</sup> Including costs for variable remuneration (so-called "earn-in").

<sup>7</sup> Refers to scorecard comprised of group level targets with associated KPIs.

<sup>8</sup> The average number of full-time equivalents in the Company and Pierce AB was 103 in 2021. In addition, the average number of full-time equivalents in the other Group companies PDC Logistics Sp. Z.o.o. and Pierce ECOM SSC, S.L. UNIPERSONAL was 348 in 2021.



The Company was listed on NASDAQ Stockholm on 26 March 2021. Consequently, comparative figures for the previous financial year are not presented. As from 2022, the Company will present comparative information with the financial year 2021 as reference, including annual change in remuneration to the CEO and a full-time equivalent employee as well as the Company's financial results.

## **Long-term share-related incentive programs**

### Outstanding share-related incentive programs

#### *LTIP 2021/2024*

An extraordinary general meeting held on 26 March 2021 approved the Board's proposal regarding warrant program and the issue of warrants to certain senior executives and key employees (a total of eight persons). A total of 376 443 warrants were issued and subscribed; of which 128 205 to the CEO, 132 854 to other senior executives and 115 384 to certain key employees. Each warrant carries the right to subscribe for one ordinary share in the Company. The warrants were subscribed for at a market value of 11.70 SEK per warrant, calculated using the Black & Scholes model.

The warrants can be exercised as from the date of publication of the interim report for the period 1 January - 31 March 2024, however no earlier than 1 April 2024, up to and including 31 August 2024, at an exercise price of 73.60 SEK per share.

Upon exercise of all warrants, a maximum of 376 443 shares will be issued in the Company, corresponding to a dilution of approximately 1.1 percent. The dilution has been based on the maximum number of shares and votes that may be issued upon exercise of the warrants, divided by the total number of shares and votes in the Company after such issues (based on the total number of outstanding shares and votes in the Company at the date of this Report).

The Company has reserved the right to repurchase warrants under certain conditions; e.g., if the participant's employment is terminated.

#### Other (LTIP 2020/2025)

An extraordinary general meeting held on 13 February 2020 approved the Board's proposal regarding warrant program and the issue of 1 782 warrants to the CEO. All warrants were subscribed, and each warrant carried a right to subscribe for one ordinary share in the Company. The warrants were subscribed for at a market value of 841.80 SEK per warrant, calculated using the Black & Scholes model.

The warrants were exercisable as from 30 January 2025 up to and including 13 February 2025, or in connection with an ownership change (including e.g., a listing of the Company) at an exercise price of 6 700 SEK per share, calculated with an annual interest rate of 10% from issue date to date of subscription.

All warrants were exercised in connection with the Company's listing on 26 March 2021,

whereby 534 600 shares were subscribed for at an exercise price of 24,84 SEK per share.<sup>9</sup>

A detailed account of the dilution effects of LTIP 2020/2025 can be found in the Company's listing prospectus.

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Stockholm in April 2022  
The Board in Pierce Group AB (publ)

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<sup>9</sup> Number of warrants and exercise price adjusted for share split 300:1, resolved by an extraordinary general meeting on 20 February 2021 as part of the Company's listing, and in accordance with the terms and conditions of the warrants.