



Remuneration report 2022 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 2022. 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 Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Stock Market Self-Regulation Committee, 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 2022. Information on the work of the remuneration committee and its work during 2022 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 2022 and in the corporate governance report.

Developments during 2022

The CEO summarizes the Company’s overall development in his statement on pages 5 and 6 in the annual report 2022.

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/salary, 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 2022. With respect to the information requirements in the Report pursuant to Chapter 8 Section 53 a 2nd 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.
- Deviations from the Guidelines have been made in the following regard and for the reasons stated below:
 - According to the Company's Guidelines, variable salary shall be based on predetermined and measurable criteria, and the extent to which the criteria for awarding variable salary have been satisfied shall be determined when the relevant measurement period of criteria has ended. The Guidelines provide for a maximum variable cash remuneration of 40% of the fixed cash salary. The criteria for the Company's incentive program 2022 were first adopted in February 2022 (with variable salary capped at 30% of the fixed annual salary) and were revised in June 2022 (then ultimately adopted as maximum 2 months gross annual income). The criteria have not been met but, notwithstanding this, variable salary representing 2 months (i.e. 16.7%) of the fixed annual salary has been awarded to the senior executives (including the resigning CEO).
 - The Guidelines further provide that the Board, in accordance with Chapter 8 Section 53 in the Swedish Companies Act, may resolve to temporarily deviate from the Guidelines in whole or in part, if there is an individual case with special grounds for such deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. The reasons for the Board's deviation from the Guidelines in accordance with the above, are the following. There were various extraordinary circumstances in 2022 affecting the Company, including external financial impacts, a successful recapitalization (rights issue), the loss of the Company's CFO and a transition from a longstanding CEO to an Acting CEO. The Company has also faced a highly competitive recruitment market. These factors have led to a heightened risk profile for the Company in retaining and recruiting relevant competence to secure the Company's long-term interests. The senior executives have been deemed to possess strategically important competence, and it has therefore been a strategically motivated decision necessary to serve the Company's long-term interests and to ensure the Company's financial viability; in particular to ensure a maintained management team and continuity during a challenging period for the Company – including transition to a new Acting CEO. In relation to the departing CEO, it was necessary to secure longer-term cooperation and support and to recognise extraordinary efforts in relation to the Company's recapitalization.
- No shareholder comments regarding the 2021 remuneration have been received by the Company. Consequently, no shareholders comments have been taken into account when producing the Report.

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.piercegrup.com no later than 25 April 2023.

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 2 months (i.e. 16.7%) of the annual fixed salary (however, see further sections “The Company’s remuneration guidelines: scope, purpose and deviations” and “Application of performance criteria” below).

Remuneration to the CEO

The table below sets out the total remuneration in KSEK¹ for the Company’s CEO during the financial year 2022. The CEO has not received remuneration from any other company in the Company group.

Henrik Zadig, CEO, 220101-221201	Fixed remuneration		Variable remuneration	Extraordinary items	Pension expense ²	Total remuneration	Proportion of fixed and variable remuneration
	Base salary ³	Other benefits ⁴					
	2,347	8	499	1,508 ⁵	373	4,734	89%/11%
Willem Vos, Acting CEO, 221201-221231	408 ⁶	0	42 ⁷	0	44 ⁸	494	92%/8%

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 one of criteria is a threshold requirement (so-called “qualifier”) and is a prerequisite for payment of variable remuneration.

The table below sets out the application of performance criteria for payment of variable remuneration during the financial year, where payment has been up to 16.7% of fixed annual salary (see further section “The Company’s remuneration guidelines: scope, purpose and deviations”).

¹ In the table, remuneration that is attributable to 2022 is disclosed (regardless of the time of actual payment). Figures exclude employer’s charges / social fees payable by the employer.

² Pension expense even includes salary sacrifice (but excludes special employer’s contribution (Sw. *särskild löneskatt*)).

³ Including vacation pay and sick pay.

⁴ Refers to health insurance (except as otherwise specified).

⁵ Severance pay in accordance with employment agreement. Part of this amount is paid during 2023.

⁶ Refers only to remuneration attributable to interim CEO role, i.e. December 2022.

⁷ Variable remuneration attributable to interim CEO role. Total variable remuneration 2022 amounted to 475 KSEK.

⁸ This is paid as a pension allowance directly to the interim CEO, based on the Company’s general pension policy.



Henrik Zadig, CEO, 220101-221201	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) ⁹	Threshold requirement	a) Not achieved b) -53 MSEK (qualifier -36 MSEK) c) 100%
	Operative cashflow June-October 2022	50%	a) N/A b) -86 MSEK (criteria/goal on linear scale, where -40 MSEK is 0% and -20 MSEK 100% of performance). c) 100%
	Operative cashflow June-December 2022	50%	a) N/A b) -7 MSEK (criteria/goal on linear scale, where 53 MSEK is 0% and 73 MSEK 100% of performance). c) 100%
Willem Vos, Acting CEO, 221201-	Adjusted operating profit (EBIT)	Threshold requirement	a) Not achieved b) Not achieved c) 100%
	Operative cashflow June-October 2022	50%	a) N/A b) -86 MSEK (criteria/goal on linear scale, where -40 MSEK is 0% and -20 MSEK 100% of performance). c) 100%
	Operative cashflow June-December 2022	50%	a) N/A b) -7 MSEK (criteria/goal on linear scale, where 53 MSEK is 0% and 73 MSEK 100% of performance). c) 100%

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 AB¹⁰, was 690 KSEK SEK in 2022. Cash remuneration, health insurance and pension benefits have been included in this calculation.

⁹ Including costs for variable remuneration (so-called “earn-in”).

¹⁰ The average number of full-time equivalents in the Company and Pierce AB was 98 in 2022. 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 330 in 2022.

The Company's complete 2022 results will be presented in the annual report 2022, which will be adopted by the Annual General Meeting on 16 May 2023.

	2021 vs 2022	2022
CEO total remuneration KSEK¹¹	3,090/5,228 (+69%) ¹²	5,228
Adjusted operating profit (EBIT) MSEK	58/-53	-53
Average total remuneration KSEK for employees in Pierce AB, excluding senior executives	675/690 (+2.2%)	690

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. After recalculation due to the new share issue in June 2022, each warrant carries the right to subscribe for 1.03 ordinary shares 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 71.20 SEK per share.

Upon exercise of all warrants, a maximum of 387,736¹³ 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.

Stockholm in March 2023
The Board in Pierce Group AB (publ)

¹¹ Total remuneration stated for Henrik Zadig, former CEO, plus Willem Vos, interim CEO. See breakdown in section "Remuneration to the CEO" This includes severance for Mr Zadig, who is remunerated by the Company until the employment is formally terminated on 23 May 2023.

¹² Includes severance pay for Mr Zadig. Increase excluding severance pay is 20%.

¹³ Recalculation factor 1.03*376,443 shares due to new share issue in June 2022.