

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of Anoto Group AB, adopted by the annual general meeting 2021, were implemented in 2022. The report also provides information on remuneration to the 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 note 8 (Employee Salaries and Remuneration) and note 9 (Remuneration of the Board of Directors, CEO, and Management) on pages 34-35 in the annual report 2022. Information on the work of the remuneration committee in 2022 is set out in the corporate governance report, available on pages 60-66 in the annual report 2022.

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 note 9 on page 35 in the annual report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on page 3 in the annual report 2022.

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 salary, variable salary, and other benefits.

The guidelines are found on page 35 in the annual report 2022. During 2022, 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 annual report, which includes guidelines on remuneration in Notes 8 and 9 is available on <https://www.anoto.com/investors/reports/>. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, stock related incentive plans are to be determined by the annual general meetings of the company.

Table 1 – Total CEO remuneration in 2022 (KSEK)*

Management	(KSEK)	Fixed Remuneration		Variable Remuneration		Total	Proportion of fixed and variable remuneration
		Salary/Remuneration	Other Remuneration	1 Year	More than 1 year		
Joonhee Won	CEO	5,250	0	0	395	5,645	93/7

Table 2 – Change of remuneration and company performance over the last five reported financial years (RFY)

Annual Change	RFY 2018 vs RFY 2017	RFY 2019 vs RFY 2018	RFY 2020 vs RFY 2019	RFY 2021 vs RFY 2020	RFY 2022 vs RFY 2021	RFY 2022
CEO Remuneration	548 (19%)	1,571 (46%)	-209 (-4%)	4,326 (91%)	-3,427 (-38%)	5,645
Group operating profit	-95,582 (-261%)	81,506 (62%)	-52,777 (-104%)	46,288 (45%)	9,925 (17%)	-47,219
Average remuneration on a full-time equivalent basis of employees	98 (18%)	-45 (-7%)	166 (28%)	-149 (-20%)	113 (19%)	720

*excluding members of the group executive management

Share-based remuneration

Outstanding share-related and share price-related incentive plans

The company has implemented three share options plans (15 May 2018, 30 June 2021, 17 July 2022) for the executive management. Options under the mentioned plans have been granted free of charge and are subject to three-year vesting periods. CEO, Joonhee Won, has been granted a total of 22,411,303 options, 2,000,000 of these options have expired in 2021 and 13,411,303 expired in 2022, options outstanding amount to 7,000,000 at year end 2022, of which, 972,222 are vested and 6,027,778 are unvested. Former CEO, Perry Ha, has been granted a total of 6,469,745 options – all except 2,156,581 of these options are considered lapsed at year end 2022, following his resignation in December 2021. All options are fully vested as at year end 2022 and expire three years from the date of vesting in March 2025.

Table 3 – Share options plan (CEO)

Name of director (position)	The main conditions of share option plan						Information regarding the reported financial year				
	1	2	3	4	5	6	Opening balance	During the year		Closing balance	
	Name of plan	Performance period	Award date	Vesting date	Exercise period	Exercise price (SEK)	7	8	9	10	11
							Share options held at beginning of year	Share options awarded	Share options vested	Share options subject to performance conditions	Share options awarded and unvested
Joonhee Won (CEO)	15 May 2018	2018-05-15 to 2021-05-15	2018-05-15	3 years with 1 year cliff, then monthly vesting thereafter	2019-05-15 to 2022-08-31	4.08	13,411,303	0	0	0	0
	17 July 2022	2022-07-17 to 2025-07-17	2022-07-17	3 years, monthly vesting	2022-08-17 to 2027-07-17	0.81	0	7,000,000	972,222	972,222	6,027,778
Total							13,411,303	7,000,000	972,222	972,222	6,027,778
Perry Ha (Ex-CEO)	30 June 2021	2021-06-30 to 2024-06-30	2021-08-19	2022-03-05	2022-03-05 to 2025-03-05	1.06	2,156,581	0	0	0	0
Total							2,156,581	0	0	0	0

* In Q2, 2018, an incentive scheme for senior executives was adopted that comprises a maximum of 21,458,085 stock options at a subscription price of SEK 4.08. The maximum number of stock options to be allocated to the CEO is 13,411,303

** in Q2 2021, an incentive scheme for employees was adopted that comprises a maximum of 17,789,489 stock options at a subscription price of SEK 1.06. The maximum number of stock options to be allocated to the CEO is 6,469,745.

*** in Q2 2022, an incentive scheme for senior executives was adopted that comprises a maximum of 14,000,000 stock options at a subscription price of SEK 0.81. The maximum number of stock options to be allocated to the CEO is 7,000,000.