

# REMUNERATION REPORT 2020

## Introduction

This report describes how the guidelines for remuneration to senior executives of Starbreeze AB, adopted by the Annual General Meeting 2020, were applied during 2020. The report also contains information about remuneration to the CEO and a summary of the company's outstanding share and share price related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board Rules on remuneration to senior executives and on incentive programs.

Further information on remuneration to senior executives can be found in Note 13 (Remuneration to the Board of Directors and senior executives) on pages 67-68 of the Annual Report for 2020. Information on remuneration the committee's work in 2020 can be found in the corporate governance report on pages 28-38 of the Annual Report for 2020.

Remuneration to the Board is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and is reported in Note 13 on pages 67-68 in the Annual Report for 2020.

## Development in 2020

The CEO summarizes the company's overall results in his statement on the page of the Annual Report for 2020.

## The Company's remuneration guidelines: scope, purpose and deviations

A prerequisite for a successful implementation of the company's business strategy and the safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified employees. This requires that the company can offer competitive remuneration. The company's remuneration guidelines enable senior executives to be offered a competitive total remuneration. According to the remuneration guidelines, remuneration to senior executives shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may consist of personalised quantitative or qualitative objectives. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability, by, for example, having a clear link to the business strategy or promoting the executive's long-term development.

The guidelines can be found on pages 31-32 of the Annual Report for 2020. During 2020, the Company has followed the applicable remuneration guidelines adopted by the General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process to be applied in order to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available on [www.starbreeze.com](http://www.starbreeze.com). No compensation has been claimed back.

**Table 1 – Total remuneration to the CEO in 2020 (KSEK)\***

CEO Name, (Start/End)	Year	Fixed remuneration		Extraordinary- compensation	Pension	Total Compensation	Comments
		Base salary KSEK	Other benefits (Car benefit, Healthcare)				
Mikael Nermark CEO  Until 2020-10-26	2020	4,156 KSEK	157 KSEK	3,712 KSEK*	250 KSEK	8 117 KSEK	
Tobias Sjögren CEO  From 2020-10-26	2020	483 KSEK				483 KSEK	

\* Extraordinary remuneration consists of paid earned holiday pay and termination pay

## Share-based remuneration

### Outstanding share-based and share price-related incentive programs

Starbreeze implemented a warrant program in 2018, series 2018/2021. The total number of outstanding warrants as of December 31, 2020 is 625,275. For each Warrant, the warrant holder shall have the right to subscribe for one 1 Share in the Company at a Subscription Price corresponding to a price corresponding to two hundred percent (200%) per share of the average share price of the Company's Class B share during the last ten trading days prior to the Annual General Meeting 2018, the subscription price has been restated during the maturity due to completed rights issues. No recalculation has been made regarding the number of shares to which an option entitles. The subscription price as of December 31, 2020 is SEK 16.43.

### Remuneration to the CEO in shares and share options

During 2020, no remuneration to the CEO has been made in shares or stock options. Former CEO Mikael Nermark holds 100,000 warrants in series 2018/2021. The application for subscription of shares can be submitted from 3 May 2021 until 30 June 2021.

**Table 2 – Share-based remuneration to the CEO in 2020**

Name of Director, position	The main conditions of share option plans						
	1 Specification of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Exercise period	7 Exercise price of the share and date
Mikael Nermark, CEO Until 2020-10-26	Series 2018/2021	2018-2021	2018-08-31	2018-08-31	2021-06-30	2021-05-03 - 2021-06-30	16.43 SEK
Information regarding the reported financial year							
Opening balance		During the year			Closing balance		
8	9	10	11	12	13		
Share options held at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested	Share options subject to a retention period		
100 000	0	0	0	0	100 000		

## Comparative information regarding changes in remuneration and the company's results

**Table 3 – Changes in remuneration and the company's results in the last five reported financial years (KSEK)**

KSEK	2020	2019
Remuneration to the CEO	8 600	8 364
Group operating profit	10 875	-504
Compensation per employee*	652	436

\* Average remuneration based on average employee (excluding CEO).