

MSAB – Remuneration Report 2023

Introduction

This report describes how guidelines for remuneration to senior executives for Micro Systemation AB (publ), as decided at the Annual General Meeting (AGM) 2023, were applied in 2023. The report also contains information on remuneration to the Chief Executive Officer (CEO) and a summary of the Company's outstanding, long-term, share-related incentive programs. The report has been drafted in accordance with the Swedish Companies Act and the Stock Market Self-Regulation Committee's regulations on remuneration to senior executives and on incentive programs.

Additional information on remuneration to senior executives can be found in Note 8, "Salaries, other remuneration and social fees" in the Annual Report 2023. Information on the guidelines for remuneration to senior executives in 2023 can be found in the Corporate Governance Report in the Annual Report 2023.

Board fees are not covered in this report. Such fees are resolved annually at the AGM, and are reported in the Annual Report 2023.

Developments in 2023

The CEO summarizes the Company's overall results in "Comments from the CEO" in the Annual Report 2023.

The Company's remuneration guidelines: scope, purpose and deviation

The Company's business strategy is to deliver products and solutions to extract digital information that creates secure and reliable results for various law enforcement authorities. MSAB's products and solutions are used by the police, military, intelligence and other authorities in more than 100 countries globally, for the purpose of preventing and solving crime, gathering intelligence, investigating fraud, and fighting corruption. This means that through its solutions, the Company strives to create a more legally secure society where a greater number of crimes can be solved and prevented, which means in turn that the Company's entire existence is a major contribution to a more sustainable society. Since the Company essentially develops software, environmental impact is limited, but the Board of Directors strive to ensure that the Company complies with environmental requirements in the different markets in which the Company operates.

One prerequisite for the successful implementation of the Company's business strategy and the safeguarding of its long-term interests, including sustainability, is that the Company is able to recruit and retain qualified employees. This requires that the Company can offer competitive remuneration. The Company's remuneration guidelines ensure that senior executives can be offered a competitive overall remuneration.

According to the remuneration guidelines, remuneration to senior executives shall be in accordance with market conditions and may consist of the following components: fixed salary, variable salary in the form of incentives based on performance targets, pension benefits and other benefits.

The variable cash remuneration covered by the guidelines aims to promote the Company's business strategy and long-term interests. The variable remuneration is linked to predetermined and measurable criteria that may be financial or non-financial. It can also consist of personalized quantitative or qualitative goals. The criteria shall mainly be based on earnings before net financial items (EBIT) and individual targets. Compliance with criteria for the payment of variable cash remuneration shall be measured over a period of one year. The Board of Directors is responsible for the assessment regarding variable remuneration to the CEO. The variable remuneration to the CEO may amount to a maximum of 50 percent of the fixed annual salary.

For the CEO, pension benefits shall be defined contribution in accordance with ITP 1. Variable cash remuneration shall not be pensionable. Other benefits may include, among other things, compensation for dental and medical care (including medicine), health insurance and car benefit. Such benefits may be paid to the CEO to a normally limited extent.

The guidelines are set out in the Annual Report 2023. During 2023, the Company followed the applicable remuneration guidelines adopted by the AGM. No deviations from the guidelines

occurred, and no deviations from the decision-making process to be applied according to the guidelines to determine the remuneration were made. The auditor's opinion on the Company's compliance with the guidelines is available on www.msab.com/investerare/bolagsstyrning/. No remuneration has been recovered.

In addition to the remuneration covered by the remuneration guidelines, the Company's AGM may resolve on long-term, share-based incentive programs (decided by the AGM and therefore not covered by the remuneration guidelines).

Table 1 – Total remuneration to the Chief Executive Officer in 2023 (KSEK)*

Name Senior Executive (role)	Financial Year	Fixed remuneration		Variable remuneration		Extraordinary remuneration	Pension ³	Total remuneration	Percentage of fixed and variable remuneration
		Basic salary ¹	Other benefits ²	One-year variable	Multi-year variable				
Peter Heuman (CEO from 1 October)	2023	825	6	-	-	-	225	1,055	100/0
Mikael Falkovén (acting CEO from 13 March - 30 September)	2023	1,025	32	254	-	-	283	1,594	84/16
Joel Bollö (CEO up to and including 13 March)	2023	676	17	-	-	5,883 ⁴	142	6,718	100/0

* The table recognises remuneration attributable to and expensed during 2023.

1 Reported basic salary is based on fixed monthly salary and vacation pay, excluding any salary change.

2 Other benefits mainly include car benefit, fuel benefit and healthcare benefit.

3 Refers to defined pension contribution.

4 Refers to salary during notice period (March 14-June 30), benefit, severance pay (12 months' salary) and holiday pay liability.

Share-based remuneration

The Company has no outstanding incentive programmes. The AGM on 11 May 2023 resolved to adopt an incentive program (warrants of series 2023/2026:1) for the CEO and executive management consisting of a maximum of 96,000 warrants, of which each warrant entitled the holder to subscribe for one share of series B in the Company. The CEO and executive management were offered to subscribe a maximum of 6,000 warrants each but declined to subscribe for warrants within the said program.

Application of performance criteria

Performance criteria for the CEO's variable remuneration have been chosen to realise the Company's strategy and to encourage actions that are in the Company's long-term interest, including its sustainability. When choosing performance criteria, the strategic objectives as well as short- and long-term business priorities for 2023 have been taken into account. The criteria are mainly based on results and individual goals. Compliance with criteria for the payment of variable remuneration shall be measured over a period of one year. The variable remuneration to the CEO may amount to a maximum of 50 percent of the fixed annual salary.

Comparative information for changes in remuneration and Company's earnings

Table 2 – Changes in remuneration and Company's earnings during the last five reported financial years (KSEK)

Annual change %	2019 compared to 2018	2020 compared to 2019	2021 compared to 2020	2022 compared to 2021	2023 compared to 2022	2023
Peter Heuman (CEO from 1 October)	N/A	N/A	N/A	N/A	N/A	1,055
Remuneration Mikael Falkovén (acting CEO from 13 March - 30 September)	N/A	N/A	N/A	N/A	N/A	1,594
Remuneration Joel Bollö (CEO up to and including 13 March)	16%	-6%	1%	2%	66%	6,718
Consolidated operating profit (EBIT)	-81%	351%	55%	-58%	117%	40,871
Average remuneration for other employees ⁵	-2%	2%	-11%	14%	13%	1,077

⁵ Includes all employees (salaries, remunerations, social fees and pensions), excluding other senior executives.