

Remuneration report 2023

Introduction

This report describes how the guidelines for remuneration to senior executives of Vivesto AB (“Vivesto” or the “company”), adopted by the Annual General Meeting 2020, and which have remained unchanged since then, were implemented during the financial year 2023. 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 programs. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Stock Market Self-Regulation Committee.

Further information on remuneration to senior executives is available in note 8 on pages 40 to 41 in the Annual Report 2023. Information on the work of the Remuneration Committee in 2023 is set out in the corporate governance report available on pages 26 to 32 in the Annual Report 2023. 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 8 on page 41 in the Annual Report 2023. The company has not paid any remuneration to the Board of Directors in addition to what was resolved by the Annual General Meeting.

Development in 2023

The Chief Executive Officer summarizes the company’s overall performance in his statement on pages 4 to 5 in the Annual Report 2023.

The company’s remuneration guidelines

A successful implementation of Vivesto’s business strategy and safeguarding of the company’s long-term interests, including its sustainability, require that the company can recruit and retain highly qualified employees. In order to do so, the company must offer competitive remuneration, which the remuneration guidelines enable.

Under the remuneration guidelines, the remuneration shall be in line with market conditions and competitive and may consist of fixed salary, variable remuneration, other customary benefits and pension. The variable remuneration shall be linked to predetermined and measurable criteria, which can be financial or non-financial and shall be designed in such a way that they promote the company’s business strategy, long-term interests and sustainability. In addition, the general meeting may, irrespective of the remuneration guidelines, resolve on, among other things, share-related and share price-related remuneration.

The remuneration guidelines, adopted by the Annual General Meeting 2020, are found on pages 23 to 24 in the Annual Report 2023.

During the financial year 2023, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been made and no derogations from the procedure for implementation of the guidelines have been made. No remuneration has been reclaimed.

The auditor’s report regarding the company’s compliance with the guidelines is available on the company’s website, www.vivesto.com.

In addition to remuneration covered by the remuneration guidelines, the general meeting of the company has resolved to implement a long-term share-related incentive program.

Outstanding share-related and share price-related incentive programs

Option Program 2023

The Annual General Meeting held on 25 May 2023 resolved to adopt an incentive program based on employee stock options for certain employees in the company ("**Option Program 2023**").

The program means that the members of the executive management and certain other employees of Vivesto could be allotted a certain number of performance-based employee stock options (the "**Performance Options**") free of charge during June 2023. In addition, the Chief Executive Officer of the company could be allotted non-performance-based employee stock options ("**Employee Stock Options**") free of charge during June 2023. The Performance Options are subject to certain performance targets for the financial year 2023, which determine to what extent the employees are entitled to keep and exercise the Performance Options. 7,349,662 Performance Options and 1,000,000 Employee Stock Options have been allotted to the participants in the Option Program 2023.

The Performance Options were introduced to reduce the cash payments under the company's existing cash-based incentive program for the financial year 2023. Instead of in cash, the participants in the cash-based incentive program receive 50 percent of any vested cash bonus in the form of Performance Options. The degree of fulfillment of the performance targets for the cash-based incentive programme during 2023 determine the extent to which (if any) the allotted Performance Options may be kept and exercised by the employees to acquire shares in the Company at the expiry of a three-year vesting period. The performance targets include financial and non-financial criteria such as operating profit/loss, share price development, operational efficiency, and quality-related key metrics.

Based on the degree of fulfillment of the performance targets for 2023, the participants in the program will be entitled to keep approximately 77.6 percent of the allotted Performance Options (equivalent to a total of 5,700,691 for all participants, of 2,148,462 Performance Options for the Chief Executive Officer of the company).

The Performance Options and the Employee Stock Options are subject to a vesting period running from and including 1 July 2023 up to and including 30 June 2026. The options entitle, after vesting in accordance with the terms and conditions, the holder to acquire shares in the company during a period of one year following the expiry of the vesting period. Each option entitles the holder to acquire one (1) share in the company at a strike price of SEK 0.39 per share, corresponding to 130 percent of the average volume-weighted share price for the company's share on Nasdaq Stockholm during the period from and including 17 May 2023 up to and including 24 May 2023. The strike price and the number of shares that each Performance Option and Employee Stock Option entitles to subscription for shall be recalculated in the event of share split, reverse share split, new share issue and/or similar measures, in accordance with market practice.

The company has issued warrants of series 2023/2026 to secure share delivery to the participants in the Option Program 2023 in accordance with the terms and conditions of the program, corresponding to a dilution of approximately 1.2 percent upon full exercise of all outstanding Performance Options and Employee Stock Options.

Share-related and share price-related incentive programs ended during the year

Option program 2022

The Annual General Meeting held on 25 May 2022 resolved to adopt a long-term incentive program based on employee stock options for senior executives in the company ("**Option Program 2022**"). The employee stock options entitlled, after vesting in accordance with the terms and conditions, the

participant to subscribe for shares during the period from and including 1 July 2025 until and including 30 September 2025. Each employee stock option entitled the participant to acquire one (1) share in the company at an exercise price of SEK 1.45 per share, corresponding to 140 percent of the volume-weighted average share price for the company's share on Nasdaq Stockholm during the ten (10) trading days immediately preceding 31 May 2022. Under the Option Program 2022, 450,000 employee stock options were acquired by the company's former CMO Daniel Tesfa. The options were allotted free of charge.

All options were forfeited in accordance with the terms and conditions of the program in connection with the termination of Daniel Tesfa's employment in 2023.

Option program (Chief Executive Officer)

The keys term for the option program								Information regarding the reported financial year					
								Opening balance	During the year		Closing balance		
Name and position	Program	Performance period ¹	Award date	Vesting date	End of retention period	Exercise period	Strike price	Options held at beginning of year	Options awarded	Options vested	Options subject to performance condition ²	Options awarded and unvested	Options subject to retention period
Erik Kinnman, CEO ³	Option Program 2023 ⁴	1 January 2023 - 31 December 2023	30 June 2023	30 June 2026	30 June 2026	1 July 2026 - 30 June 2027	SEK 0.3	-	3,685,578 ⁵	-	-	3,148,462 ⁶	3,148,462 ⁷

¹ For the performance-based employee stock options ("Performance Options"). The remaining allotted employee stock option ("Employee Stock Options") have not been subject to performance conditions.

² The degree of fulfilment of the performance targets were determined for the financial year 2023.

³ Erik Kinnman assumed the position as CEO of the company on 23 January 2023.

⁴ Employee Stock Options and Performance Options. For more information about the program, please see "Outstanding share-related and share price-related incentive programs" above.

⁵ 2,685,578 Performance Options and 1,000,000 Employee Stock Options. The CEO was entitled to keep 2,148,462 of the allotted Performance Options in accordance with the description under "Outstanding share-related and share price-related incentive programs" above.

⁶ 2,148,462 Performance Options and 1 000 000 Employee Stock Options.

⁷ 2,148,462 Performance Options and 1 000 000 Employee Stock Options.

Total remuneration to the Chief Executive Officer in 2023¹

The table below shows the total remuneration to the Chief Executive Officer in the financial year 2023 (KSEK).

Name and position	Financial year	Fixed remuneration		Variable remuneration		Pension	Total remuneration	Proportion of fixed and variable remuneration, %
		Base salary	Other benefits	One-year	Multi-year			
Erik Kinnman, CEO ²	2023	2,611	0	420	0	699	3,730	89%/11%
Christer	2023	465 ⁴	0	0	0	0	465	100%/0%

Nordstedt,
acting
CEO³

¹ The table presents remuneration earned in 2023.

² Erik Kinnman assumed the position as CEO of the company on 23 January 2023.

³ Christer Nordstedt left his position as acting CEO of the company on 22 January 2023.

⁴ Remuneration refers to invoiced fees, not salary.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behavior which is in the company's long term interest. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2023 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Performance of the CEO in the reported financial year: variable cash remuneration

Name and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance (%), and b) actual award/remuneration outcome (TSEK)
Erik Kinnman, CEO	Fulfillment of financial criteria is determined based on targets for share price development and operational efficiency, Fulfillment of non-financial criteria is determined based on targets for progress of the development of the product portfolio.	100 %, 30 % for the financial targets and 70 % for the non-financial targets.	a) 80 %
			b) 310

Performance of the CEO in the reported financial year: share-based incentives

Name and position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	c) Measured performance (%), and a) actual award/remuneration outcome (TSEK)
Erik Kinnman, CEO	Fulfillment of financial criteria is determined based on targets for share price development and operational efficiency, Fulfillment of non-financial criteria is determined based on targets for progress of the development of the product portfolio.	100 %, 30 % for the financial targets and 70 % for the non-financial targets.	a) 80 %
			b) 110 ¹

¹ The amount corresponds to the book value as of 31 December 2023 for all 2,685,578 Performance Options allotted to the Chief Executive Officer. Based on the number of allotted Performance Options that the CEO is entitled to keep in accordance with the description above under "Outstanding share-related and share price-related incentive programs" above (i.e. 2,148,462), the remuneration outcome amounts to TSEK 331, where 2,148,462 has been multiplied by approximately SEK 0.15416, which corresponds to the market value of a Performance Option according to Black & Scholes valuation model, where the share price applied has been determined based on the company's share price in connection with the Annual General Meeting 2023. The vesting period is still running.

Changes in remuneration and the company's earnings during the last five reported financial years (KSEK)

In view of the fact that this document constitutes the fourth remuneration report prepared by Vivesto, the table below only provides information regarding the financial years 2020, 2021, 2022 and 2023.

	2020	2021	2022	2023	2021 vs 2020	2022 vs 2021	2023 vs 2022
Remuneration to the Chief Executive Officer	4,145	5,355	6,950 ¹	4,195 ²	+1,210 (29 %)	+1,595 (30 %)	-2,755 (-40 %)
Group operating profits	-131,482	-133,396	-355,397	-132,171	-1,914 (1 %)	-222,001 (166 %)	+223,226 (62 %)
Average remuneration per full time equivalent in the parent company³	452	599	716	1,301	147 (33 %)	117 (20 %)	585 (82 %)

¹ Refers to remuneration in total to the company's CEOs during the financial year 2022.

² Refers to remuneration in total to the company's CEOs during the financial year 2023. Christer Nordstedt left his position as acting CEO of the company on 22 January 2023. Erik Kinnman assumed the position as CEO of the company on 23 January 2023.

³ Excluding members of the group executive management. The remuneration consists of base salary, other benefits, variable remuneration and pension expenses, which is the same as included in remuneration to the Chief Executive Officer. Total remuneration has been divided by the number of full-time employees in the parent company, excluding members of the group executive management, in order to receive an average remuneration.

Information on comments from shareholders

No opinions or comments were expressed by the shareholders when the Annual General Meeting addressed the remuneration report for 2022.

Stockholm in April 2024

Vivesto AB

The Board of Directors