

Net Insight - Remuneration Report 2020

Introduction

This report describes how the guidelines for remuneration to senior executives in Net Insight AB, as adopted by the AGM 2020, were applied in 2020. The report also contains information about remuneration to the CEO and a summary of the Company's outstanding share-based and share price-related incentive programs. The report has been prepared in accordance with the Companies Act and the Swedish Corporate Governance Board's Rules for remuneration to senior executives and incentive programs.

For more information about remuneration to senior executives see Note 7 (Employees) on pages 50-54 of the Annual Report for 2020. For more information about the work of the remuneration committee in 2020, see the Corporate Governance Report on pages 75-77 of the Annual Report for 2020.

Board fees have not been included in this report. Such remuneration is decided annually by the AGM and are reported in Note 7 on page 50 of the Annual Report for 2020.

Developments in 2020

The CEO summarizes the Company's overall results of operations in the report on page 5 in the Annual Report for 2020.

The Company's remuneration guidelines: areas of application, purpose and departures

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 is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the group management a competitive total remuneration. According to the remuneration guidelines, remuneration to Group Management shall be on market terms and may consist of the following components: basic salary, variable cash remuneration, pension benefits and other benefits. Variable cash remuneration shall be linked to financial and non-financial criteria. These may comprise individualized quantitative or qualitative targets. The criteria shall be designed to promote the Company's business strategy and long-term interests, including sustainability, for example by having clear links with the business strategy or promoting the employee's long-term development.

The guidelines, which were adopted at the AGM 2020 and which the Company applied during the year, can be found on page 53 of the Annual Report for 2020. During the year, the Company has departed from the guidelines relating to the maximum amount for pension premiums. The reason for the departure was that in 2020 pensions for senior executives were adapted to the ITP1 plan in connection with the Company signing a collective agreement in the year. In connection with the introduction of the new role of "CCO", the Company departed from the guidelines regarding the maximum amount for variable cash remuneration as a proportion of total basic salary. In this case, the reason for the departure related to adaptation to market terms for the new role.

No departures were made from the decision-making process which the guidelines state shall apply when determining remuneration. The Auditor's statement regarding the Company's compliance with the guidelines can be found at investors.netinsight.net/corporate-governance/. There has been no request for remuneration to be returned. In addition to the remuneration encompassed by the remuneration guidelines, the AGM has decided to introduce long-term share-based incentive programs.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to realize the Company's strategy and to encourage actions that are in the Company's long-term interest. When selecting performance criteria, the strategic goals and short- and long-term business priorities for 2020 have been considered. The performance criteria consist of financial criteria linked to income and profit performance, and non-financial criteria. The non-financial performance criteria contribute to strengthening the Company's long-term financial performance and the Company's values. The financial criteria were not met in the year. The non-financial criteria were only partly met.

Totalersättning till verkställande direktören under 2020 (KSEK)								
Befattnings- havarens namn (position)	1 Fast ersättning		2 Rörlig ersättning		3	4	5	6
	Grundlön*	Andra förmåner**	Ettårig	Flerårig	Extraordi- nära poster	Pensions- kostnad	Total- ersättning	Andelen fast resp. rörlig ersättning***
Crister								
Fritzson (VD)	4 255	69	673	-	-	1 163	6 160	89/11

* Inklusive semesterersättning om 43 KSEK.

** Bil- och sjukförsäkringsförmån.

*** Pensionskostnader (kolumn 4), som i sin helhet avser Grundlön och är premiebestämd, har till fullo redovisats som fast ersättning.

Outstanding share-based and share price-related incentive programs

Net Insight has three incentive programs that are linked to the Company's share price; Synthetic share-based program (Share-based remuneration), Warrants and Synthetic options.

Synthetic option programs (share-based benefits)

Certain senior executives (as invited by the Board of Directors) participate in a synthetic share program in which up to half of the outcome of the variable compensation is put in escrow and paid out in the fourth year following the vesting period. At the time of payment, a multiplier will be applied to the amount held in escrow to reflect the share price development during these three years. The Group revalues the synthetic share program at fair value at each reporting date and makes a provision for the share-based remuneration. Both the variable compensation (performance based) and the share-based benefit (based on changes in the share price) are linked to employment with Net Insight.

Programs running in 2020 were from the years 2016–2019. No new programs were started in 2020 and accordingly the current CEO has not participated in any of these programs.

For more information about the programs, see Share-based remuneration on pages 51-52 in the Annual Report for 2020.

Synthetic option programs

Net Insight has, after decisions at the AGM, introduced synthetic option programs for employees in Sweden, where the participants acquire the synthetic options at market price. A synthetic option gives the option holder the right to receive a cash amount from Net Insight calculated on the basis of Net Insight's share price performance. This is subject to the limitation that such amount may not exceed three times the share price applying at the start of the program (CAP). The term of the options is three years and the options are freely transferable, subject to Net Insight's preemptive right to acquire the option.

The value of the options and the underlying share is not included in vesting provisions, the options are freely transferable and not linked to being employed by the Company at the time of the value changes.

To encourage participants in the synthetic options programs participating employees received a premium subsidy in the form of additional salary at an amount which, after tax of 50 percent, corresponds to 50 percent of the option premium paid. The premium subsidy is paid in two identical payments after the second and third year during the term of the programs provided the participant is employed by the Net Insight Group at the time of payment.

Programs running in 2020 were from the years 2016–2019. No new programs were started in 2020 and accordingly the current CEO has not participated in any of these programs.

For more information about the programs, see Synthetic option programs on pages 52-53 in the Annual Report for 2020.

Warrants program

The AGM in 2020 introduced a warrants program (LTI 2020) that included management. The warrants have been acquired by participants at a price corresponding to the market value of warrants at the time of transfer, which is calculated in accordance with the Black & Scholes valuation model. To encourage participation in LTI 2020, participating employees received a premium subsidy in the form of additional salary which, after tax of 50 percent, corresponds to 50 percent of the option premium paid. The premium subsidy is paid in two identical payments after the second and third year during the term of LTI 2020 provided the participant is employed by the Net Insight Group at the time of payment. The Company has also entered into a pre-emptive rights agreement with participants which regulates the transfer of warrants.

The CEO acquired 400,000 warrants. A total of 3,055,000 warrants were acquired by key executives in the Company.

For more information about the program, see Warrants program on pages 52-53 in the Annual Report for 2020.

Översikt över teckningsoptioner (verkställande direktören)														
Befattningshavarens namn (position)	Huvudsakliga villkor för aktieoptionsprogrammen						Information för det rapporterade räkenskapsåret*							
	1		3		5		7		9		11		13	
	Programmets namn	Prestationsperiod	Datum för tilldelning	Datum för intjänande	Utgång av inläsningsperiod	Period för utnyttjande	Lösenpris (SEK)	Aktieoptioner vid årets början	Tilldelade aktieoptioner**	Intjänade aktieoptioner	Aktieoptioner föremål för prestationsvillkor	Tilldelade aktieoptioner som ej intjänats	Aktieoptioner föremål för inläsningsperiod	
						2023-06-19								
Crister Fritzon (VD)	2020:1	2020-2023	2020-06-09	2023-06-19	N/A	2023-09-19	2.80	-	400 000	-	0	-	-	
Totalt								0	400 000	0	0	0	0	

* Det sammanlagda marknadsvärdet för de underliggande aktierna vid tidpunkten för tilldelning är 910 KSEK. Det sammanlagda lösenpriset är 1 120 KSEK.

** Optionerna är förvärvade till marknadspris.

Comparative information relating to changes in remuneration and the Company's profit

Förändringar i ersättning och bolagets resultat under de senaste fem rapporterade räkenskapsåren (RR) (KSEK)						
	RR-4 vs RR-5	RR-3 vs RR-4	RR-2 vs RR-3	RR-1 vs RR-2	RR vs RR-1	RR 2020
Ersättning till verkställande direktören***	+503 (+9,5 %)	-4 123 (-70,9%)	+2 141 (+126,8%)	+1 176 (+30,7%)	+2 034 (+40,6%)	7 040
Koncernens rörelseresultat**	+30 216 (+157,2%)	-56 984 (n/a)	-67 546 (n/a)	+36 452 (n/a)	+34 323 (n/a)	-4 319
Genomsnittlig ersättning baserat på antalet heltidsekvivalenter anställda* i koncernen****	+436 (39,3%)	-3 (-0,2%)	+163 (+10,5%)	-706 (-41,4%)	-28 (-2,8%)	971

* Exklusive medlemmar i koncernledningen.

** Inklusive avyttrad verksamhet.

*** Exklusive avgångsvederlag om 3,3 MSEK 2019. Inklusive fakturerat arvode från tf VD om 0,9 MSEK 2020 och 0,6 MSEK 2019.

**** Exklusive avgångsvederlag om 1,7 MSEK 2020, 4,5 MSEK 2019, 4,4 MSEK 2018 & 0,3 2016.