

Remuneration report 2022

Introduction

This remuneration report provides an overview of how Eltel AB's ("Eltel" or the "Company") guidelines for executive remuneration to senior executives, which were adopted by the Annual General Meeting 2020 (the "Remuneration Guidelines"), has been applied during 2022. The remuneration report also provides specific details on the remuneration of Eltel's CEO. In addition, the remuneration report contains a summary of Eltel's outstanding share-related and share price-related incentive programmes. The remuneration report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and Rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board which now is administered by the Swedish Stock Market Self-Regulation Committee.

Further information regarding remuneration to senior executives, required by Chapter 5, Sections 40-44 of the Swedish Annual Accounts Act (1995:1554), is available in note 30 on pages 80-81 in the Company's annual report for the financial year 2022 (the "Annual Report 2022").

Information on the work of the remuneration committee in 2022 is set out in the corporate governance report, which is available on pages 46-52 in the Annual Report 2022.

The remuneration report does not include remuneration to the board of directors which is decided annually by the Annual General Meeting. Such remuneration is reported in note 30 on pages 80-81 in the Annual Report 2022.

Key Developments 2022

The CEO summarises the Company's overall performance in his statement on pages 6-7 in the Annual Report 2022.

The Remuneration Guidelines

The board of directors considers that a prerequisite of 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 a highly competent management with the capacity of achieving specified goals. To this end, it is necessary that the Company can offer competitive remuneration to motivate senior executives to do their utmost. The Company's Remuneration Guidelines enable the Company to offer senior executives a competitive total remuneration.

Pursuant to the Remuneration Guidelines, the remuneration to senior executives shall be based on market terms and may consist of the following remuneration components: fixed base salary, variable remuneration, pension and certain other benefits. Variable remuneration covered by the Remuneration Guidelines shall be based on criteria that aim at promoting the Company's business strategy and long-term interests, including its sustainability. In addition, the general meeting may – regardless of the Remuneration Guidelines – resolve upon share-related or share price-related remuneration.

The board of directors may temporarily deviate, in whole or in part, from the Remuneration Guidelines if special reasons justify doing so in an individual case and such deviation is necessary in order to meet the Company's long-term interests and sustainability or to ensure the Company's financial viability. During the financial year 2022, the Company has deviated from the Remuneration Guidelines in one respect regarding the Company's managing director's term of notice in the event of notice of termination from the managing director's side, which according to the Remuneration Guidelines shall be twelve months. The deviation consists of that the term of notice, in the event of notice of termination from the managing director's side, is six months according to the employment agreement entered into between the Company and its managing director during 2022. The deviation was resolved by the board of directors as part of the Company's strategy to offer attractive conditions of employment which enables the Company to attract and keep a management with high competence and capacity to reach the targets set up by the Company, including regarding sustainability.

No additional deviations from the Remuneration Guidelines have been decided and no deviations from its decision-making process have been made during the financial year 2022. No remuneration to senior executives covered by the

remuneration report has been paid from another undertaking within the same corporate group and no remuneration has been recouped during the financial year 2022. In addition to remuneration covered by the Remunerations Guidelines, the general meeting has resolved on remuneration to the board of directors and on the implementation of long-term share-related incentive programmes.

The Remuneration Guidelines, adopted by the Annual General Meeting 2020, are summarized on pages 44-45 in the Annual Report 2022. The auditor's report regarding the Company's compliance with the guidelines is available on the Company's website at www.eltelgroup.com.

Table 1 – Total remuneration of the CEO during the financial year 2022 (kEUR)

Table 1 below sets out total remuneration to Eltel's CEO during 2022.

Name of Director, position (start/end)	Financia l year	1 Fixed remuneration		2 Variable remuneration ¹		Extraordinary items	Pension expense	5 Total remuneratio n	6 Proportion of fixed and variable remuneration ²
		Base salary	Other benefits	One-year variable	Share-related remuneratio n				
Casimir Lindholm, CEO (until 31 July 2022)	2022	642	-	-	17	-	156	815	97/3
Håkan Dahlström, CEO (from 1 August 2022)	2022	272	7	-	7	-	41	328	98/2

Base salary includes vacation pay. Other benefits include car benefit and other benefits such as wellness allowance, other health-related benefits, lunch, health and medical care insurance etcetera.

Variable cash remuneration

Pursuant to the Remuneration Guidelines, variable cash remuneration shall be based on criteria that aim at promoting the Company's business strategy and long-term interests, including its sustainability. The key performance criteria for senior executives are primarily financial, i.e. EBITA, Net Working Capital (NWC) or Net Debt in relevant currencies and safety measured as the Lost-Time Injury Frequency rate (LTIFR). A minor part of certain senior executives' key performance criteria can be discretionary under special circumstances. The minimum financial performance of the Company for any variable cash remuneration pay-out is defined by the board of directors as a level of result in EBITA. The criteria are recommended by the remuneration committee and ultimately determined by the board of directors. The short-term variable cash remuneration can amount to a maximum of 80 percent of the fixed base salary for the CEO. At full outcome, the short-term variable cash remuneration can amount to a maximum of 45 percent of total remuneration to the CEO. The company is not able to recover variable cash remuneration paid out.

The Retention Bonus Scheme

Due to their critical contributions in connection with the implementation of Eltel's operational strategy program, certain senior executives and key individuals (including the CEO) were offered a retention component in 2020 that was linked to the existing short-term variable cash remuneration. The retention bonus scheme contained a guaranteed amount, subject to the conditions set out below, of 50% of the maximum short-term variable cash remuneration potential for the relevant employee for the years 2020 and 2021. The guarantee amount was calculated as the difference between 50% of the maximal short-term variable remuneration potential for 2020 and 2021 and the accumulated actual bonus

¹ Refers to earned and actually paid out variable remuneration attributable to the financial year and performance in 2022.

² Base salary has been fully reported as fixed remuneration. Since a part of the variable remuneration is pensionable, pension expenses are not included in the calculation.

pay-outs for 2020 and 2021. Hence, if and to the extent the accumulated actual short-term variable cash remuneration pay-outs for 2020 and 2021 were equal to (or exceeded) the sum of 50 % of the maximal potential for 2020 and 2021, no amount would be paid out under this retention bonus scheme. The retention bonus scheme required that the employee did not resign and that the employee was still employed on 31 December 2021. It is noted that after the results for the financial year 2021 was established, one senior executive in the Company has been awarded compensation with the guaranteed amount.

Table 2 – Performance during the financial year: short-term variable remuneration (kEUR)

Name (Position)	Program	Description of criteria	Relative weighting of the performance criteria	a) Measured performance ³ b) Outcome of remuneration ⁴
Casimir Lindholm, CEO (until 31 July 2022)	Short Term Incentive 2022	1) Group EBITA, EUR 2) Net Debt, EUR 3) Group EBITA H1, EUR 4) Group LTIFR 5) Group EBITA cut-off rule, EUR	1) 50% 2) 30% 3) 10% 4) 10% 5) Cuf-off rule	a) 0% b) 0.0
Håkan Dahlström, CEO (from 1 August 2022)	Short Term Incentive 2022	1) Group EBITA, EUR 2) Net Debt, EUR 3) Group EBITA H1, EUR 4) Group LTIFR 5) Group EBITA cut-off rule, EUR	1) 50% 2) 30% 3) 10% 4) 10% 5) Cuf-off rule	a) 0% b) 0.0

Long-Term Variable Remuneration

Long-Term Incentive Programmes

Pursuant to the Remuneration Guidelines, senior executives can be offered share-related or share price-related remuneration. Long-term incentive programmes shall be intended to improve the senior executives' commitment to the Company's development and they shall be implemented on market-based terms. Share-related or share price-related incentive programmes shall be resolved upon by the general meeting and are therefore not covered by the Remuneration Guidelines.

Long-Term Incentive Program 2018 ("LTIP 2018")

LTIP 2018 ended during the second quarter 2022. The purpose of introducing LTIP 2018 to senior executives and key individuals was to create an individual long-term ownership of Eltel shares among the participants and to increase and strengthen the potential for recruiting, retaining and rewarding senior executives and key individuals.

Participation in LTIP 2018 assumed that the participant acquired and locked Eltel ordinary shares into LTIP 2018 ("Savings Shares"). For each acquired Savings Share, the participant was entitled, after the end of the qualification period (defined below) and provided continued employment during the entire period, to receive an allotment of one Eltel matching/retention share ("Matching Share"). Depending on the fulfilment of certain performance targets linked to Eltel's EBITDA for the financial year 2021, the participant could also be entitled to receive allotment of additional Eltel shares ("Performance Shares"). The term of LTIP 2018 was more than three years.

LTIP 2018 was directed towards three categories of participants:

Category	Savings Shares maximum (% of base salary)	Maximum number of Performance Shares per Savings share	Maximum number of Performance Options per Savings share
A) CEO	25%	1.0x	4.0x
B) CFO	20%	1.0x	3.0x
C) Group Management Team, maximum 6 persons	15%	1.0x	3.0x

The board of directors resolved, in accordance with the terms of LTIP 2018, on allotment in May 2022. The period until that day constituted the qualification period (vesting period). The performance target that was linked to Eltel's EBITDA

³ Measured performance constitutes the total performance of the different performance criteria in relation to the maximum agreed outcome.

⁴ Outcome of remuneration refers to remuneration earned in 2022.

for the financial year 2021 was 0 percent fulfilled. In accordance with the terms of LTIP 2018, the board of directors decided on allotment of 87 700 Matching Shares and 0 Performance Shares to the participants in LTIP 2018. The allotment of Matching Shares to the participants was made without consideration and the Matching Shares were delivered to the participants in June 2022.

Long-Term Incentive Program 2021 ("LTIP 2021")

The purpose of introducing LTIP 2021 for senior executives and other key individuals was to encourage a personal long-term ownership in the Company, and in order to increase and strengthen the potential for recruiting, retaining and motivating such senior executives and key individuals.

Participation in the LTIP 2021 assumed that the participant acquired and locked Eltel Shares into LTIP 2021 ("Savings Shares"). For each acquired Savings Share, the participant shall be entitled to, after a certain qualification period (defined below), provided continued employment and depending on the fulfilment of certain performance requirements for the financial years 2021-2023, receive allotment of Eltel Shares ("Performance Shares") and call options issued by the company ("Performance Options"). The term for LTIP 2021 is more than three years.

The performance requirements are linked to the Company's Compound Annual Growth Rate of Revenue ("CAGR of Revenue"), Average Earnings Margin Before Interest, Taxes and Amortization ("Average EBITA Margin") and Total Shareholder Return ("TSR").

The participant shall have the right to exercise the Performance Options commencing on the day of allotment and during two weeks thereafter ("Exercise Period"). The exercise price when the participant exercises the Performance Option shall correspond to 120 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for the Eltel Share during the first ten trading days that directly follows the Annual General Meeting 2021 (the "Purchase Price").

LTIP 2021 cover three categories of participants:

Category	Maximum number of Savings Shares per person	Maximum number of Performance Shares per Savings share	Maximum number of Performance Options per Savings share
A) CEO, maximum 1 person	11 500	8.0x	8.0x
B) Group Management Team, maximum 7 persons	3 700	8.0x	8.0x
C) Other key individuals, maximum 4 persons	2 800	8.0x	8.0x

Allotment of Performance Shares and Performance Options within LTIP 2021 will be made during a limited period of time following the latter of the date of (i) the presentation of the first quarterly report for the first quarter of 2024, and (ii) the first record date for dividends decided by the Annual General Meeting 2024. The period up to this date is referred to as the qualification period (vesting period). The participant shall not pay any consideration for the allotted Performance Shares and Performance Options.

Long-Term Incentive Program 2022 ("LTIP 2022")

The purpose of introducing LTIP 2022 for senior executives and other key individuals was to encourage a personal long-term ownership in the Company, and in order to increase and strengthen the potential for recruiting, retaining and motivating such senior executives and key individuals.

Participation in the LTIP 2022 assumed that the participant acquired and locked Eltel Shares into LTIP 2022 ("Savings Shares"). For each acquired Savings Share, the participant shall be entitled to, after a certain vesting period (defined below), provided continued employment and depending on the fulfilment of certain performance requirements during the financial years 2022-2025, receive allotment of Eltel Shares ("Performance Shares") and exercise options issued by the company ("Performance Options"). The term of LTIP 2022 is approximately three years.

The performance requirements are linked to the Company's Compound Annual Growth Rate of Revenue ("CAGR of Revenue"), Average Earnings Margin Before Interest, Taxes and Amortization ("Average EBITA Margin") and Total Shareholder Return ("TSR").

The participant shall have the right to exercise the Performance Options commencing on the day after the end of the vesting period and during two weeks thereafter ("Exercise Period"). The exercise price when the participant exercises the Performance Option shall correspond to 120 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for the Eltel Share during the first ten trading days that directly follows the Annual General Meeting 2022 (the "Purchase Price").

LTIP 2022 cover three categories of participants:

Category	Maximum number of Savings Shares per person	Maximum number of Performance Shares per Savings share	Maximum number of Performance Options per Savings share
A) CEO, maximum 1 person	22 000	8.0x	8.0x
B) Group Management Team, maximum 7 persons	7 000	8.0x	8.0x
C) Other key individuals, maximum 4 persons	5 500	8.0x	8.0x

Allotment of Performance Shares and Performance Options within LTIP 2022 will be made during a limited period of time following the latter of the date of (i) the presentation of the first quarterly report for the first quarter of 2025, and (ii) the first record date for dividends decided by the Annual General Meeting 2025. The period up to this date is referred to as the qualification period (vesting period). The participant shall not pay any consideration for the allotted Performance Shares and Performance Options.

Table 3 – Remuneration of the CEO in shares/options

Name (Position)	Specification of plan	Number of shares/options invested	Number of shares/options available within the program			Number of shares/options unvested 2022			Number of shares/options vested 2022			Value of shares/options vested (kEUR) 2022		
			Matching shares	Performance shares	Performance options	Matching shares	Performance shares	Performance options	Matching shares	Performance shares	Performance options	Matching shares	Performance shares	Performance options
Casimir Lindholm, CEO (until 31 July 2022)	LTIP 2018	67,500	67,500	270,000	-	-	270,000	-	67,500	-	-	54	-	-
Casimir Lindholm, CEO (until 31 July 2022)	LTIP 2021	11,500	-	92,000	92,000	-	-	-	-	-	-	-	-	-
Håkan Dahlström, CEO (from 1 August 2022)	LTIP 2022	22,000	-	176,000	176,000	-	-	-	-	-	-	-	-	-
	TOTAL	101,000	873,500			270,000			67,500			54		

Application of the Remuneration Guidelines and the performance criteria

After evaluating the Remuneration Guidelines and the performance criteria, as well as their application, it can be concluded that the Remuneration Guidelines have been applied correctly and without deviations and have fulfilled their purpose. The current remuneration structure and remuneration levels for the CEO and executive management are reasonable.

Information on shareholders' voting

At the Annual General Meeting 2022, the remuneration report regarding the financial year 2021 was submitted for approval. The meeting resolved to approve the remuneration report regarding the financial year 2021. No opinions from the shareholders were expressed when the general meeting addressed the remuneration report regarding the financial year 2021. Thus, no review of the Remuneration Guidelines has been called for.

Table 4 – Change of remuneration and Company performance over the last five reported financial years (kEUR)

Annual change	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	RFY 2022
<i>Directors' remuneration⁵</i>						
CEO	+265 (19.8%) ⁶	-577 (-36.0%)	+281 (27.3%)	-201 (-15.4%)	+38 (3.4%) ⁷	1,146
<i>Company's performance</i>						
Operative EBITA, mEUR	+23.2 (91.2%)	-9.0 (-402.9%)	+22.7 (201.3%)	+3.4 (29.7%)	-16.7 (-112.7%)	-1.9
<i>Average remuneration on a full-time equivalent basis of employees</i>						
Eltel group employees in Sweden ⁸	+0.2 (0.4%)	+0.9 (1.7%)	+2.6 (5.1%)	+0.3 (0.6%)	-0.9 (-1.7%)	54.9

⁵ The change in total remuneration refers to the annual change in the sum of all remuneration components as they are reported in Table 1.

⁶ Håkan Kirstein left the position on August 31, 2018. Casimir Lindholm took up the position as CEO on September 1, 2018.

⁷ Casimir Lindholm left the position on July 31, 2022. Håkan Dahlström took up the position as CEO on August 1, 2022.

⁸ Total remuneration for all other employees in Eltel AB and Eltel Networks Infranet AB, located in Sweden, except for the CEO and for employees in Eltel Networks TE AB (since the latter Company is fully dedicated to operations outside Sweden), divided by the number of full-time equivalents each year. The selection for other employees has been broadened, due to the fact that the majority of the employees in the parent Company (Eltel AB) are senior executives. Remuneration to employees in Sweden is paid out in local currency (SEK). The 2022 year-end SEK/EUR rate has been used as constant exchange rate; 1 EUR equals 10.6317 SEK.