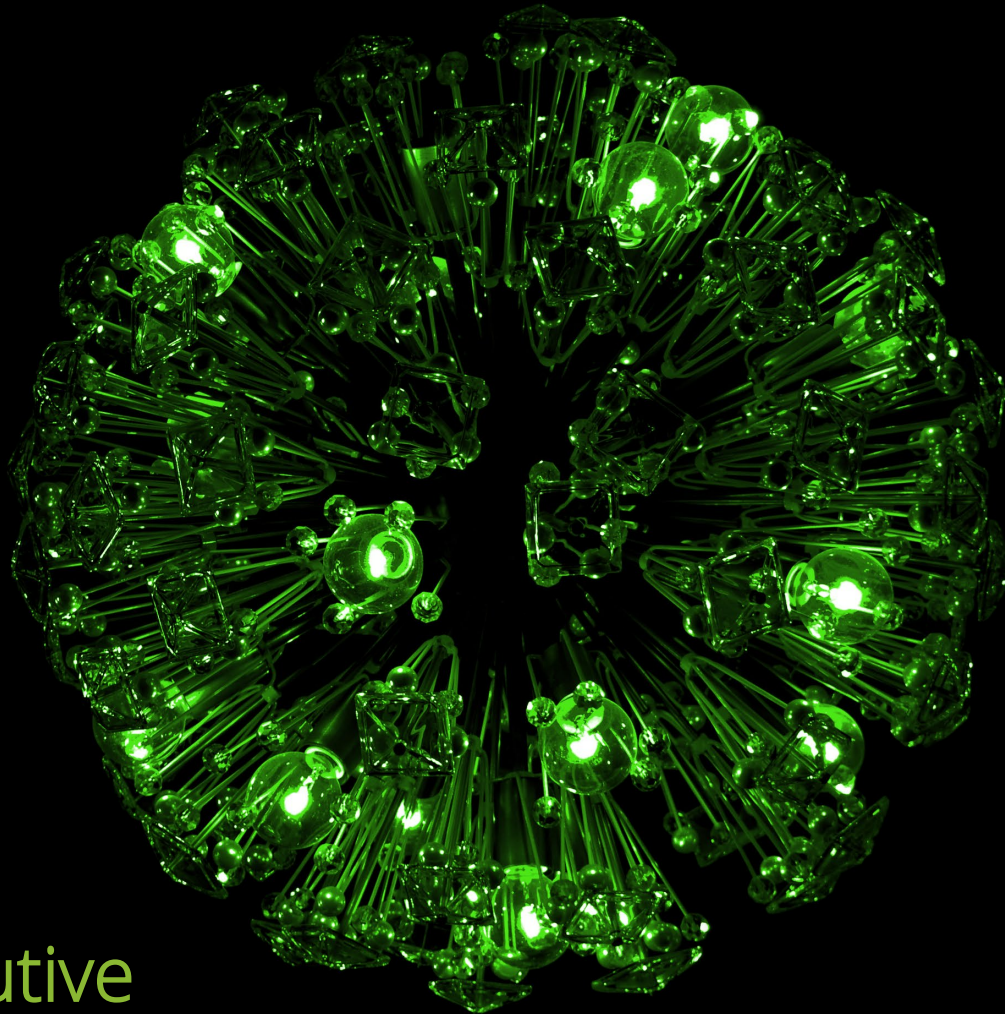


Deloitte.



Executive remuneration

The impact of an IPO on executive remuneration
and how Deloitte can support you

The impact of an IPO on Executive Remuneration

Preparing for an IPO

Preparing for an IPO provides an opportunity to review remuneration arrangements to ensure they are fulfilling the company's key objectives around recruitment and retention, as well as ensuring alignment to the company's strategy and reinforcing key messages to new investors.

As companies transition from private to public ownership, or from being part of a corporate organisation to stand-alone, it is important to consider how senior executives are paid both in the lead up to and post-IPO. There is a stark contrast in how pay is structured in private and public markets.

- Most notably, companies need to be prepared for the transition to a world of greater transparency and external scrutiny from investors and wider stakeholders.
- While the implementation of the Shareholder Rights Directive has seen greater consistency in disclosure and voting rules on pay across the EU and Sweden, there are nuances to how rules have been applied locally. As a result of the Shareholder Rights Directive, market practice in Sweden has changed and will continue to evolve over the next couple of years.
- As companies address the new rules, the commercial challenges of ensuring that pay arrangements attract the right talent and support the execution of the corporate strategy remains unchanged.

Spending time considering key remuneration issues *before* the IPO can save companies time and money in the long-run and ensure that the remuneration structures in place effectively support the company's strategy at this critical stage.

The governance framework for pay in listed companies is made up of a combination of legal, regulatory and best practice rules. Navigating this complexity can often be daunting for companies looking to go public. Deloitte can help you to navigate this complexity.



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The impact of an IPO on Executive Remuneration

Why it is important to get it right from the start?

Recruitment and retention

The ability to recruit and retain high calibre employees to take the business forward in the listed environment is key to securing future growth.

Alignment with strategy

Remuneration arrangements should align executives with the long-term strategy of the business and growth ambitions. IPO provides the opportunity for companies to consider long-term strategy and how best to incentivise management to deliver this.

Motivation for management

Remuneration will likely be a subject close to management's hearts. Post IPO remuneration provides an opportunity to reward and motivate management for the journey ahead.

Alignment with shareholder interests

Potential investors expect arrangements to be in place that align executives' interests with those of shareholders.

Good corporate governance

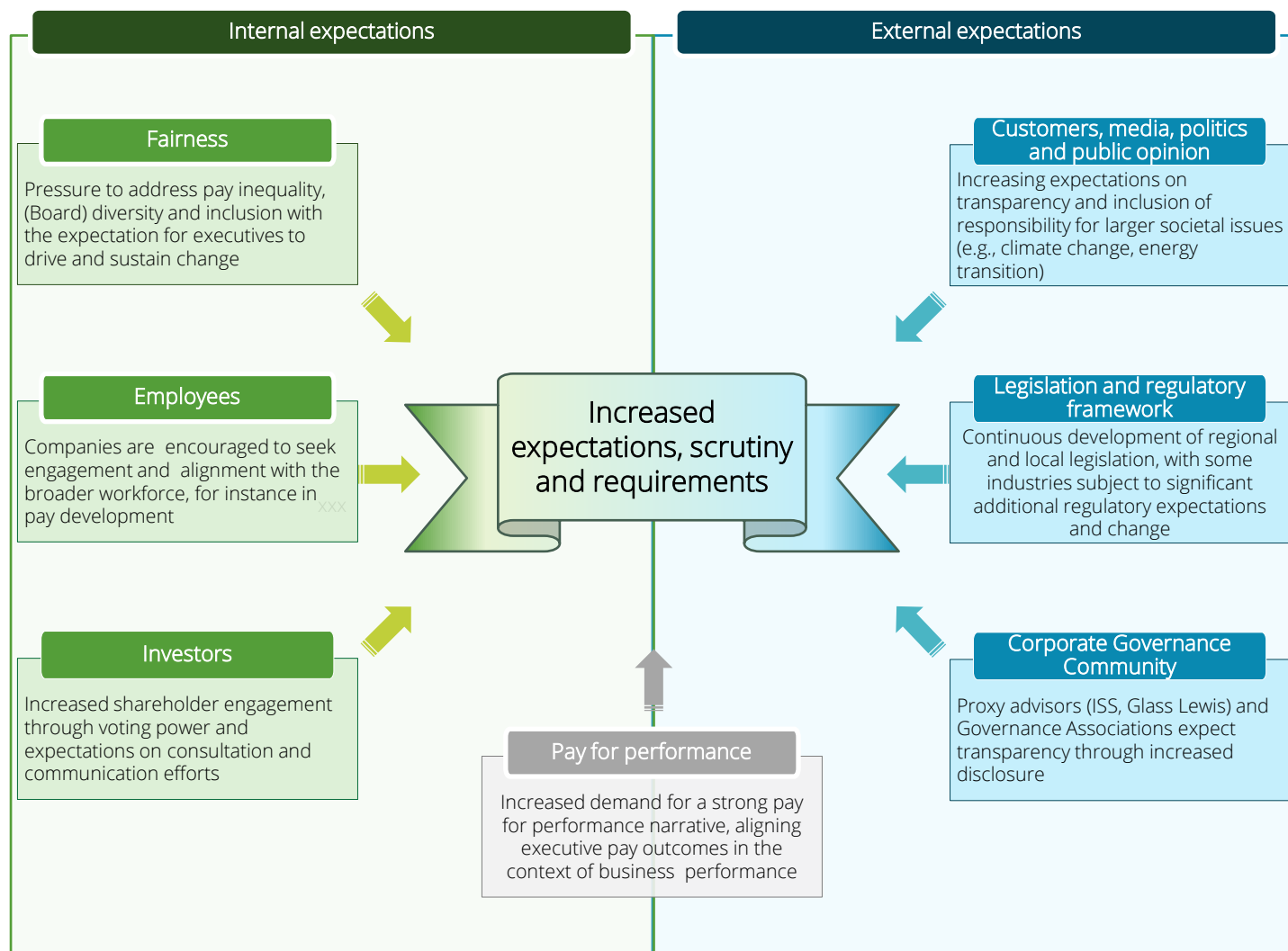
Investors often see a company's approach to remuneration as a barometer for their approach to corporate governance more generally. Well structured remuneration will send a positive message to shareholders about the company's attitude to risk and governance.

Saves time and money

Once listed, remuneration arrangements will be subject to public and shareholder scrutiny. Changes may require shareholder approval. Addressing issues before IPO enables companies to do this in private.

The impact of an IPO on Executive Remuneration

The executive remuneration landscape continues to evolve



The impact of an IPO on Executive Remuneration

Swedish Companies Act and the Swedish Corporate Governance Code (comply-or-explain) will apply

1

Create a remuneration policy

This will be your license to operate for remunerating your executives aligned with your philosophy and strategy. It should include the required elements of Swedish law and Corporate Governance Code

2

Get shareholder approval on remuneration policy (binding vote)

Your remuneration policy should be approved by your shareholders. The policy is subject to vote at least every four years after the AGM that adopts it with a majority vote required for approval, unless otherwise captured by your articles of association

3

Get shareholder approval on remuneration report

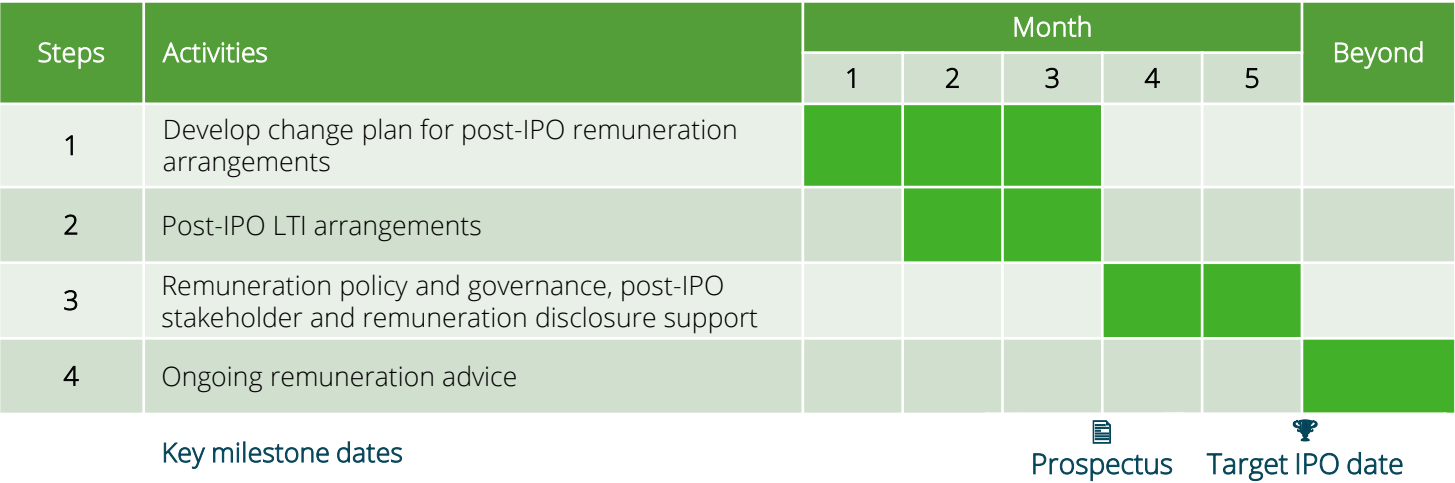
After IPO, you are required to publish a remuneration report every year in which you explain the implementation of your policy (including individual disclosure of compensation levels as regards the CEO and deputy CEO if applicable)

An aerial night view of a city skyline, featuring numerous skyscrapers and a complex highway interchange. Overlaid on the image is a network of glowing yellow lines that connect various points across the city, symbolizing global connectivity and digital infrastructure. The text "How Deloitte can support you" is centered in white, bold font.

How Deloitte can support you

How Deloitte can support you

IPO remuneration preparation roadmap and illustrative timeline



1. Develop change plan for post-IPO remuneration arrangements

Stakeholder Interviews	Post-IPO Executive Remuneration Strategy
Governance Context	Post-IPO STI Design
Post-IPO Executive Remuneration Peer Group Development	Post-IPO Non-Executive Director Remuneration Benchmarking
Post-IPO Executive Remuneration Benchmarking	Retention Arrangements

2. Post-IPO LTI arrangements

LTI Design and Grant Strategy	LTI Communication support
Scenario Analysis, Cost- and Dilution Modeling	LTI Implementation support

3. Remuneration policy and governance, post-IPO stakeholder and remuneration disclosure support

Post-IPO Remuneration Policy Writing	Post-IPO Remuneration Disclosure
Review of Post-IPO Executive CIC/Severance Plan Provisions	

4. Ongoing remuneration support

STI and LTI Target Setting	Performance Measure Selection and Monitoring
AGM Preparation and Debrief	

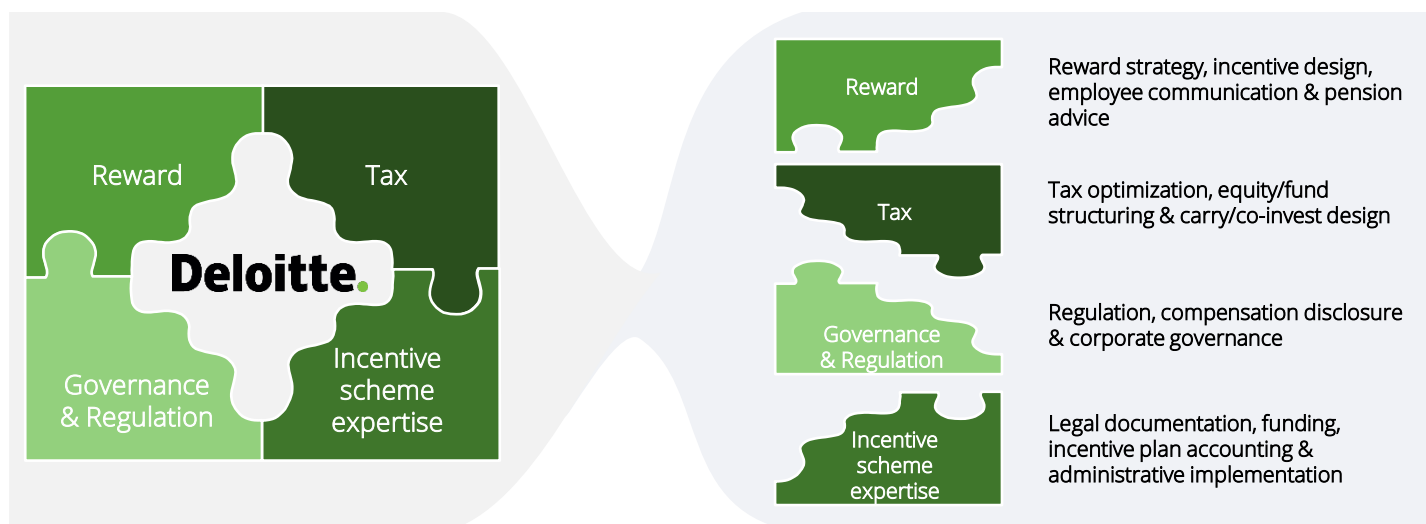
How Deloitte can support you

An introduction to our practice, specialisms and core offerings

Core Executive Compensation offerings

RemCo advisory	Communication	Governance
<ul style="list-style-type: none">• Remuneration philosophy & strategy design• Remuneration policy design• Peer group selection & benchmarking• Incentive design (incl. metric selection, target setting, outcome calculations and pay-for-performance)• Market trends, investor views & emerging issues• Onboarding training	<ul style="list-style-type: none">• Remuneration report writing• Stakeholder engagement / AGM support• Long-term incentive plan communication	<ul style="list-style-type: none">• Regulatory & corporate governance compliance• Financial services remuneration regulatory compliance
	Valuation & financial modelling	M&A / Transactions
	<ul style="list-style-type: none">• Total Shareholder Return monitoring• IFRS2 calculations• Buy-out calculations• Tax valuations	<ul style="list-style-type: none">• Deal-linked rewards• Change-of-control analysis/audits• IPO readiness / post-IPO remuneration

Our broader service offerings





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