



# Remuneration Report

## Introduction

This remuneration report<sup>1)</sup> provides an outline of how NENT's Remuneration Guidelines for executive remuneration (the "guidelines"), adopted by the 2020 Annual General Meeting (the "AGM"), have been implemented in 2020. The report also provides details of the President & CEO's remuneration in the year and a summary of NENT's outstanding share program.

## Key developments 2020

2020 can be summarized as a year of challenges and uncertainty. There were no deviations to the Guidelines nor any use of the right to reclaim remuneration.

The strong momentum built up since listing in 2019 remained into the start of 2020 with continued sales growth and shareholder value creation.

**Impact on remuneration:** The annual salary review was completed in February and the President & CEO was awarded a base salary increase of 8% in January 2020 in recognition of his strong performance during the 18 months from appointment in July 2018.

However, the effects of the Coronavirus pandemic were soon found to have a material impact on our operations and putting at risk NENT's previously stated ambition to deliver profitable growth for the full year 2020. Consequently, we implemented a range of measures to

reduce ongoing costs by SEK 700 million and the Board of Directors (the "Board") did not propose the previously indicated cash dividend of SEK 7.0 per share for 2019.

**Impact on remuneration:** The Remuneration Committee and Board decided to cancel the launch of NENT's short-term incentive program for 2020 and to not propose any long-term incentive plan to the 2020 AGM.

NENT managed its way through the pandemic and completed several strategically important steps in its business transformation.

Actions were taken following financial recovery in Q3 and Q4 and NENT Group performance.

**Impact on remuneration:** The Remuneration Committee and Board decided to reinstate the 2020 short-term incentive program in December to maintain momentum in challenging times. The plan was approved with the following modifications: The President & CEO and other STI participants to be measured on 100% corporate performance measures to ensure full alignment with corporate performance and creation of shareholder value. Thus, there will be no individual strategic, financial or operational measures for the 2020 STI award. The corporate performance targets approved by the Remuneration Committee in March, prior to plan cancellation, were adopted by the Board for the 2020 STI plan.

## Total remuneration of directors

NENT's remuneration policy is designed to i) drive and reward sustainable company and individual performance, ii) be market competitive to attract and retain best-in-class talent, and iii) to incentivise the creation of long-term shareholder value in a rapidly changing industry. Total remuneration shall be on market terms and may include base salary, pension, benefits and performance-linked elements in the form of short-term ('STI') and long-term incentive ('LTI') plans.

The guidelines, adopted by the 2020 AGM, can be found in note 7 of the 2020 annual report. The auditor's report stating whether the guidelines have been complied with is available on the company's website <https://www.nentgroup.com/about/corporate-governance/general-meetings>. In addition to the remuneration elements covered by the guidelines, the NENT AGMs resolved to implement a long-term share-based incentive plan ("LTIP 2019") and on remuneration to the board of directors is not covered by this report. Such remuneration is resolved annually by the AGM and disclosed in note 7 of the annual report 2020.

<sup>1)</sup> The report has been prepared in compliance with Chapter 8, Sections 53 a and 53 b of the Swedish Companies Act (2005:551) and the Remuneration Rules (dated December 1 2020) issued by the Swedish Corporate Governance Board. Information required by Chapter 5, Sections 40–44 of the Annual Accounts Act (1995:1554) is available in note 7 on pages 89–94 in the company's annual report for 2020 (the "annual report 2020"). Information on the work of the remuneration committee in 2020 is set out in the corporate governance report, which is available on pages 45–60 in the annual report 2020. 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 7 on page 92 in the annual report 2020.



## Total remuneration of the CEO [SEK]

Table below sets out total remuneration earned by NENT'S President & CEO in 2020. Disbursement of any payments may or may not have been made the same year.

Name of director, position	Financial year	Fixed remuneration		Variable remuneration		Extra-ordinary items	Pension expense <sup>3)</sup>	Total remuneration	Proportion of fixed and variable <sup>4)</sup>
		Base salary	Other benefits <sup>1)</sup>	One-year variable <sup>2)</sup>	Multi-year variable				
Anders Jensen. President & CEO	2020	8,000,000	55,318	3,520,000	N/A	0	486,949	12,062,267	71/29

1) Other benefits include car allowance, travel pass.

2) One-year variable remuneration for 2020 refers to the payout under the 2020 NENT STI plan due to be paid in Q1 2021.

3) Pension expense is in the form of a defined contribution plan based on a percentage of base salary.

4) Base salary, benefits and pension expense is considered fixed remuneration for the purpose of this calculation.

## Share-based remuneration

### Outstanding share-based programs

NENT has one outstanding long-term incentive plan "LTIP 2019" for the President & CEO, other members of Group Executive Management (GEM), senior executives and key employees within NENT. The plan was approved by shareholders at the 2019 Annual General Meeting. Within the scope of the plan, participants were granted performance share awards free of charge, which after a three-year vesting period entitle them to NENT shares. Vesting of performance share awards is conditional upon the

achievement of two equally weighted NENT performance targets; (i) organic sales growth, and (ii) operating income for the 2019 financial year, and subject to continued employment throughout the vesting period, with certain customary exceptions. The 2019 performance targets have been achieved and the performance share awards are due to vest in full in 2022. The CEO has been granted 42,700 performance share awards. In total, a maximum 300,000 shares are outstanding, which corresponds to 0.45% of the shares in the company on a diluted basis.

To further incentivise the creation of long-term shareholder value, the CEO and members of GEM are required to build and maintain a significant shareholding in NENT. The CEO is required to hold 150% of net salary, and current ownership is well above that threshold.

### Remuneration of the CEO in shares

The table outlines the details of the LTIP 2019 performance share awards granted to the President & CEO in May 2019.

Name of director, position	Plan	The main conditions					Information regarding the reported year				
		Performance period <sup>1)</sup>	Award date	Vesting date <sup>2)</sup>	End of retention period <sup>3)</sup>	Opening balance	During the year		Closing balance		
						Shares held at the beginning of the year <sup>3)</sup>	Shares awarded	Shares vested	Shares subject to a performance condition <sup>4)</sup>	Shares awarded and unvested at year end	Shares subject to a retention period
Anders Jensen. President & CEO	LTIP 2019	2019	2019-05-19	Q2 2022	-	42,700	-	-	42,700	42,700	-

1) The performance targets were measured over a one-year performance period.

2) The performance share awards vest post publication of NENT's interim report for the first quarter of 2022.

3) The shares are not delivered to the President & CEO until vesting in 2022 and there is no requirement to retain the shares post vesting.

4) The applicable performance conditions were confirmed fulfilled in Q1 2020.



## Application of performance criteria

### NENT Short-term incentive ("STI")

The performance measures for the annual NENT STI plan are reviewed and selected annually to incentivise and reward the achievement of annual financial and, when appropriate, non-financial performance measures clearly linked to the strategic priorities and sustainable

development of the Group. On reinstating the 2020 STI plan in December, the Board resolved that the President & CEO and other STI participants should be measured on 100% corporate performance measures to ensure full alignment with corporate performance and creation of shareholder value.

## Performance of the CEO in the reported financial year: Variable cash remuneration

Set out in the table below is a description of how the criteria for payment of short-term compensation "STI" have been applied during the financial year.

Name of director, position	Description of the criteria related to the performance component	Relative weighting of the performance criteria	Performance Targets <sup>1)</sup>		Measured performance and outcome <sup>1)</sup>
			Threshold	Maximum	One-year variable
Anders Jensen, President & CEO	Net Group Sales	20%	12,209	13,566	12,453 MSEK 320 KSEK
	Operating Income before IAC	40%	957	1,063	904 MSEK 0 KSEK
	Viaplay paying subscribers	40%	2,379	2,643	3.02 Million 3,200 KSEK

1) The performance targets and the outcome for Sales & Income were adjusted by the Board in accordance with the pre-approved adjustment framework. Adjustments were done following the deconsolidation of Viasat Consumer Business and for significant exchange rate fluctuations outside budgeted levels. Performance targets and outcome include discontinued operations.

## NENT Long-term incentive ("LTI")

There was no long-term incentive award granted or earned during the year.

## Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines

The Remuneration Committee and Board have concluded that there were no derogations or deviations from the 2020 guidelines. However, as a result of the Coronavirus pandemic, the procedure for the implementation of 2020 STI plan was modified in response to the related cost reduction measures and financial uncertainty at the time of launch in Q1. The Remuneration Committee and Board monitored the feasibility and necessity of launching an STI for 2020 during the year and did not make a decision until November 2020 following the results of the Q3 report and a careful review of the economic conditions.

## Comparative information on the change of remuneration and company performance

	2020 (vs. 2019)
President & CEO remuneration	12 MSEK (-36%)
Group Operating Income <sup>1)</sup>	1,077 MSEK (-25%)
Average remuneration employees of parent company	1.5 MSEK (+9%)

1) Unadjusted outcome. Results not directly comparable year-over-year given the deconsolidation of Viasat Consumer Business.