

Remuneration report 2022

Acast

Introduction

This remuneration report provides an outline of how Acast's guidelines for executive remuneration, adopted by the annual general meeting 2022, have been implemented in 2022. The report also provides details on the remuneration to Acast's CEO and Deputy CEO. In addition, the report contains a summary description of Acast's outstanding share and share-price related incentive plans.

Remuneration of the board of directors determined by the annual general meeting is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 7 on page 64 in the annual report 2022.

Information required by Chapter 5, Sections 40-44 §§ of the Annual Accounts Act (1995:1554) is set out on note 7 in the annual report 2022.

Information on the work of the remuneration committee in 2022 is set out in the corporate governance report available on pages 45-50 in the annual report 2022.

Key developments 2022

The CEO summarises the company's overall performance in a statement on pages 6-7 in the annual report 2022.

Guidelines for remuneration

In Acast's guidelines for remuneration it is stated that remuneration to the executive management team shall promote results in line with Acast's goals, strategy, and vision. It is designed to promote act in accordance with Acast's ethical code of conduct and basic principles. Remuneration is structured to encourage good performance, responsible actions and risk-taking in line with stakeholder and shareholder expectations. The Company's remuneration levels are determined based on local market practice. However, Acast competes for qualified employees internationally. It is important that the Company can offer a competitive total compensation package, which is made possible by these guidelines.

Remuneration to the CEO consists of fixed base salary, variable cash remuneration, share-based incentive plans, pension benefit and other benefits.

The remuneration guidelines, adopted by the annual general meeting 2022, are set out on pages 47-48 in the annual report 2022. The auditor's report regarding the company's compliance with the guidelines is available on the company's website www.acast.com.

Total remuneration of the CEO and Deputy CEO

Table 1 – Total remuneration to the CEO and Deputy CEO for the financial year 2022

		Base salary	Variable Remuneration		Benefits	Occupational pension	Other remuneration	Total remuneration
			Annual Variable cash rem.	Share based rem.				
Ross Adams CEO	TSEK	5,006 ¹	0	0	3,655	0	0	8,661
	Percentage of total remuneration	57.8%	0%	0%	42.2%	0%	0%	-
Emily Villatte, CFO & Deputy CEO	TSEK	2.070	0	0	4	502	-	2,576
	Percentage of total remuneration	80.3%	0%	0%	0.2%	19.5%	0%	-

Base salary includes holiday pay. Benefits include health insurance and for the CEO benefits related to increased living costs, such as housing and schooling are included. This was decided in connection with the relocation of the CEO from the UK to the US in 2022.

Variable cash compensation refers to compensation earned and actually paid related to the financial year and performance in 2022. Share-based compensation is recognized in the table to the extent that it has been subject to final vesting and allocation during 2022 and generated outcomes. In Acast's annual report 2022 all share-based compensation is recognized in accordance with IFRS. Annual variable cash remuneration amounted to 0 percent of the fixed base salary for the CEO and 0 percent for the Deputy CEO.

Variable cash remuneration

Variable cash remuneration is linked to predetermined and measurable criteria with a clear connection to the company's long-term value creation in line with shareholders' interests. Variable cash remuneration may amount to a maximum of 150 percent of the fixed cash remuneration according to the remuneration guidelines but was capped at 75 percent for 2022 for the CEO and Deputy CEO. The outcome in 2022 is measured based on the achievement of set targets regarding Net Revenue and EBIT-margin. The board of directors is responsible for the evaluation of the CEO's and Deputy CEO's outcome.

Outstanding long-term incentive programs are described in the coming paragraph.

Outstanding stock options plans programmes

¹ The CEO is individually responsible for the allocation of base salary to pension.

In addition to cash-based remuneration, the CEO and Deputy CEO are entitled to participate in the Acast stock option plans. In 2022, Acast had four outstanding stock option plans. Terms and conditions of the plans are described below.

Employee stock option plans

Employee stock option plan 2019/2022: The plan was offered to new recruits and employees who had been promoted, including 5 senior executives. Participants were offered to acquire warrants at market price or receive employee stock options free of charge. Within this program, 97,586 options were purchased by, or granted free of charge to, participants. As a result of this programme, 8,500 employee stock options have been received by the CEO and 5,000 warrants have been acquired by the Deputy CEO. After the share split, each warrant/employee stock option entitles the participant to acquire fifty (50) shares in Acast². Subscription of shares in Acast based on the warrants/employee stock options shall be valid from 1 May 2022 until 30 June 2022 at a price of SEK 22.50 per share, conditional upon that the price of one Acast share is at least SEK 22.50. No issue of shares took place as the share price was below the threshold value at the time of closing of the Employee stock option plan 2019/2022.

Performance-based employee stock option program 2020/2023: The program was offered to key employees, including 6 senior executives. Participants were offered employee stock options free of charge. Within this program, 122,305 were granted free of charge to participants. As a result of this programme, 10,344 employee stock options have been received by the CEO and 2,057 employee stock options have been received by the Deputy CEO. After the share split, each employee stock option entitles the participant to acquire fifty (50) shares in Acast². Subscription of shares in Acast based on the employee stock options shall be valid from 1 May 2023 until 30 June 2023 at a price of SEK 0.0065 per share (corresponding to the shares quota value).

Performance-based employee stock option program 2021/2024: The program was offered to key employees, including 6 senior executives. Participants were offered employee stock options free of charge. Within this program, 5,867,742 were granted free of charge to the participants. As a result of this programme, 1,801,400 employee stock options have been received by the CEO and 684,850 employee stock options have been received by the Deputy CEO. After the share split, each employee stock option entitles the participant to acquire one (1) share in Acast². Subscription of shares in Acast based on the employee stock options shall be valid from 1 August 2024 until 30 September 2024 at a price of SEK 0.0065 per share (corresponding to the shares quota value).

Performance-based employee stock option program 2022/2025: The program was offered to key employees, including 9 senior executives. Participants were offered employee stock options free of charge. Within this program, 3,574,623 employee stock options were granted free of charge to the participants. As a result of this programme, 900,000 employee stock options have been received by the CEO and 378,100 employee stock options have been received by the Deputy CEO. Subscription of shares in Acast based on the employee stock options shall be valid from, at earliest 15 August 2025 or after the publication of the Q2 report, until 1 October 2025 at a price of SEK 0.0065 per share (corresponding to the shares quota value).

² On May 25, 2021, the decision was made to introduce a share split where each existing share was converted into 50 shares.

Comparative information on the change of remuneration and company performance

Table 2 – Change in remuneration and the company's performance during the last reported financial years (TSEK)

Annual change	Reference year 2021	2021 vs 2022
<i>CEO Remuneration³</i>		
Yearly change in total remuneration	8,661	12%
<i>Deputy CEO Remuneration</i>		
Yearly change in total remuneration ⁴	2,576	-34%
<i>Company's performance</i>		
Net Revenue ⁵	1,390,366	36%
<i>Annual change in average remuneration on a full-time equivalent basis of employees⁶</i>		
Acast Group ⁷	1,050	5%

Reclaimed remuneration

The Board of directors has the possibility of reducing or reclaiming variable remuneration paid, which has not been done during the year.

Other remuneration to board members

In addition to the Board of Directors fee decided by the Annual General Meeting, which is reported in note 7 on page 64 of the annual report for 2022, John Harrobin and Samantha Skey are also entitled to remuneration for consulting services. The remuneration amounts to TSEK 1,620 for John Harrobin and TSEK 810 for Samantha Skey in 2022.

Implementation of the guidelines

According to the Guidelines for Remuneration, the Board of Directors have the possibility to deviate from the guidelines in particular instances where reasoning for discrepancies is necessary to accommodate the company's long-term interests. During 2022 the Board of Directors decided to deviate from the guidelines in purpose to enable the CEO's relocation from the UK to USA and therefore decided on additional remuneration to accommodate the increased living costs for the CEO, as for example housing and education. Furthermore, the additional benefits have thoroughly been considered by the Board of Directors, and the Board of Directors have decided that deviation from the guidelines has been necessary to accommodate for the company's long-term interests. Further information about additional benefits that have expired the CEO can be found in the chart in respect to total remuneration under benefits.

³ The change in total remuneration refers to the annual change of the sum of all remuneration components as reported in Table 1. The reference value for total remuneration in 2021 has been adjusted to correspond to the recognition of share-based remuneration applied in this year's report as shown in Table 1. In the Annual Report 2022, share-based remuneration costs are presented in accordance with IFRS.

⁴ Negative annual change in total remuneration compared to 2021 as no annual cash based variable remuneration or other remuneration is received in 2022.

⁵ For more detailed information on the annual changes regarding other relevant key figures, see Acast's Annual Report 2022.

⁶ The change of remuneration to other employees is equivalent to the sum of the remuneration components as they are reported to senior executives.

⁷ Total annual remuneration for all other employees in the Group divided by the number of full-time equivalents during each year.