

## Report of the result of the evaluation

The Remuneration Committee, which is composed of Chairman of the Board Anders Börjesson and Board member Roger Bergqvist with Board member and President & CEO Jörgen Wigh as a reporting member, met on one occasion during the 2018/19 financial year.

The Remuneration Committee, among other things, handled ongoing and completed programmes for variable remuneration to the company management and also handled the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting 2018. The Remuneration Committee's reports the result of this evaluation below in accordance with item 10.3 of the Swedish Corporate Governance Code:

The Company currently has three outstanding option programmes, each one with a term of three years, in which managers and senior executives in the Lagercrantz Group acquired call options on repurchased Class B shares in the Company during 2016, 2017 and 2018. The programmes are secured by some of the Company's holdings of already repurchased shares. The redemption price is fixed at SEK 100.70, SEK 95.90 and SEK 105.20 respectively.

The outstanding number of call options, after completed repurchases, amounts to 1,201,625 options in total and is equivalent to approximately 1.7% of the total number of shares and approximately 1.2% of the total number of votes in the Company.

Ten previous programmes (from 2006 - 2015) have been completed. In the programmes issued during the years 2007 - 2015, the share price exceeded the redemption price on these occasions and therefore all options were exercised or repurchased. Many of the participants retained some or all of the acquired shares in connection with the redemption of options.

The programmes are considered to have helped to boost commitment and interest in the development of the Lagercrantz Group among managers and senior executives. As part of the programme, participants received extra compensation equivalent to the premium paid (however, maximised at the equivalent of the allocated number of options) after two years, provided that the participant was still in a position of employment.

As the programmes were well-received and are considered to fulfil the aim of increasing motivation and creating participation on the part of managers and senior executives as regards opportunities and risks in the development of the Company, a proposal has been made to the Board of Directors to present a new programme to the Annual General Meeting 2019. The purpose of the programme is to also allow management staff in the Lagercrantz Group, through their own investment, to benefit from and strive for an increase in the value of the Company's shares, thereby more closely aligning the interests of managers and shareholders in the Company.

With regard to variable salary that the President & CEO and other members of the management team are entitled to, which is based on the Group's results, approximately MSEK 5.9 was set aside in 2018/19 compared to MSEK 2.6 in 2017/18, excluding social security contributions. Otherwise, refer to Note 6 in the Annual Report for 2018/19.

With regard to the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting 2018, the Remuneration Committee stated that the guidelines were appropriate and that they were followed.

The Remuneration Committee considers that the remuneration structures and levels of compensation in the company provide the basis for total remuneration that is reasonable and competitive and that is thereby capable of attracting and retaining qualified employees.

Stockholm, July 2019

The Remuneration Committee in Lagercrantz Group AB