



# Remuneration Report MEKO AB 2022

## Introduction

This report describes how the guidelines for remuneration of senior executives for MEKO AB, adopted by the 2022 Annual General Meeting, were applied in 2022. The report also contains information on remuneration of the President and a summary of MEKO's outstanding share-based incentive programmes (LTIP 2020, LTIP 2021 and LTIP 2022). The report was prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on remuneration of senior executives and incentive programmes.

Further information on remuneration of senior executives is found in Note 5 (Employees and personnel expenses) on page 47–51 of the 2022 Annual Report. Information on the Remuneration Committee's work in 2022 is found in the corporate governance report on pages 50–51 in the 2022 Annual Report.

Board fees are not covered by this report. Such fees are approved annually by the Annual General Meeting; see the minutes of the Annual General Meeting on 20 May 2022 and a summary in the 2022 Annual Report. No remuneration other than ordinary Board fees was paid to Board members.

## Significant development in 2022

The CEO summarises the company's overall performance in his CEO's comments on pages 2–5 in the 2022 Annual Report.

## MEKO's remuneration guidelines: area of application, purpose and deviations

MEKO's overall strategy is to grow with good profitability. MEKO's vision: to enable mobility – today, tomorrow and in the future. The strategy builds on the four focus areas of better core business, better workshops, better mobility and sustainable growth.

Sustainability is an important part of the Group's strategy. The goal is to take the lead in our industry by being able to handle new technology, new competition, new behaviours and new expectations of us.

For more information on MEKO's strategy, visit [www.meko.com](http://www.meko.com). A successful implementation of the strategy and the safeguarding of the company's long-term interests presupposes that the Group can recruit and retain qualified employees with the right expertise. Remuneration must therefore be competitive and market based. The purpose of the remuneration guidelines is to enable such

remuneration, but also to link total remuneration to the company's strategy and long-term interests, including its sustainability. This is done by setting targets in short-term variable salary programmes and in a long-term share-related programme.

A summary of the guidelines is in the 2022 Annual Report and the complete guidelines are in the minutes of the Annual General Meeting on 20 May 2022. The remuneration guidelines adopted unanimously by the Annual General Meeting on 7 May 2021 were fully implemented. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that according to the guidelines is to be applied to determine the remuneration. The Auditor's opinion on the company's compliance with the guidelines is available at: <https://meko.com/corporate-governance/>. No remuneration was demanded back.

In addition to the remuneration covered by the remuneration guidelines, the company's 2020, 2021 and 2022 Annual General Meetings resolved to introduce three long-term share-based incentive programmes (LTIP 2020, LTIP 2021 and LTIP 2022). LTIP 2019 was concluded in 2022; see under the heading LTIP 2019 in this report.

**Table 1** Total remuneration to the President and CEO in 2022 and 2021 (SEK '000s)

Name of executive, position	Financial year	Fixed remuneration		Variable remuneration				Total remuneration	Proportion of variable remuneration in relation to total remuneration
		Basic salary incl. 0.8% holiday pay	Other-benefits <sup>1)</sup>	One-year variable/STI 2021 <sup>2)</sup>	Multiannual variable (LTIP 2019, LTIP 2020, LTIP 2021)	Extraordinary items	Pension expenses <sup>3)</sup>		
Pehr Oscarson, President and CEO	2022	6,052	8	1,783	0	12	1,739	9,594	19%
	2021	5,758	77	3,481	0	12	1,694	11,022	32%

1) Refers to health insurance.

2) Excludes MEKO's costs for LTIP 2020–2022

3) 30% of basic salary.



## Share-based long-term remuneration

### Outstanding share-based and share-price-based incentive programmes

In addition, the company has introduced three share savings programmes (LTIP 2020, LTIP 2021 and LTIP 2022) to the President and CEO, the Group Management Team and a number of key employees, according to the resolutions of the 2020, 2021 and 2022 Annual General Meetings. Provided that the employee has made his/her own investment in shares in MEKO AB (saving shares), the employee can be allocated the equivalent of one matching share right and four performance share rights per savings share (a total of 5 shares).

In the 2020/2022 programme (LTIP 2020), the President and CEO invested in 5,000 savings shares, in 5,000 savings shares in the 2021/2023 programme (LTIP 2021) and in 5,000 savings shares in 2022/2024 (LTIP 2022).

The programmes are still in the vesting period.

Matching share rights and performance share rights can be allocated free of charge and are conditional on employees still owning the savings shares, three-year vesting periods and continued employment.

In 2022, LTIP 2019 was concluded and is no longer in the vesting period. Outcomes, see below.

#### LTIP 2019

LTIP 2019 was concluded in May 2022. The outcome was that one (1) matching share (A shares) was allocated per savings share. Conditions for the allocations were that the total shareholder return on MEKO's stock exceeded 0 per cent during the period April 1, 2019 – March 31, 2022 and that MEKO's equity ratio exceeded 40 per cent (excluding IFRS 16) at the end of the financial year 2022. This condition was met. No performance shares (B shares) were allocated as the performance conditions were not met. Allocation required that certain target levels were achieved regarding growth in earnings per share in the company during the 2019–2022 financial years.

#### LTIP 2020

Matching share rights (A shares) require a total shareholder return on MEKO's share that exceeds 0 per cent during the period 1 April 2020 – 31 March 2023.

The vesting of performance share rights (B shares) requires that the performance conditions have been met and that the level of A shares has been achieved. In addition, allocation requires that certain target levels have been achieved regarding reduced net debt/

EBITDA (excluding IFRS 16) and growth in adjusted EBIT (reported EBIT adjusted for non-recurring items and amortisation of goodwill in MEKO AB) for the 2020–2022 financial years. The Board has set a minimum level and a maximum level for the respective performance targets. If the degree of fulfilment is between the minimum and maximum levels, the outcome will be measured on a straight-line basis. MEKO intends to present the target levels and the extent to which they have been met after the programme has been concluded.

#### LTIP 2021

Matching share rights (A shares) require a total shareholder return on MEKO's share that exceeds 0 per cent during the period 1 April 2021–31 March 2024.

The vesting of performance share rights (B shares) requires that the performance conditions have been met and that the level of A shares has been achieved. In addition, allocation requires that certain target levels have been achieved regarding reduced net debt/EBITDA (excluding IFRS 16) and growth in adjusted EBIT (reported EBIT adjusted for non-recurring items and amortisation of goodwill in MEKO AB) for the 2021–2023 financial years. The Board has set a minimum level and a maximum level for the respective performance targets. If the degree of fulfilment is between the minimum and maximum levels, the outcome will be measured on a straight-line basis. MEKO intends to present the target levels and the extent to which they have been met after the programme has been concluded.

#### LTIP 2022

Matching share rights (A shares) require a total shareholder return on MEKO's share that exceeds 0 per cent during the period 1 April 2022–31 March 2025.

The vesting of performance share rights (B shares) requires that the performance conditions have been met and that the level of A shares has been achieved. In addition, allocation requires that certain target levels have been achieved regarding reduced net debt/EBITDA (excluding IFRS 16) and growth in adjusted EBIT (reported EBIT adjusted for non-recurring items and amortisation of goodwill in MEKO AB) for the 2022–2024 financial years. The Board has set a minimum level and a maximum level for the respective performance targets. If the degree of fulfilment is between the minimum and maximum levels, the outcome will be measured on a straight-line basis. MEKO intends to present the target levels and the extent to which they have been met after the programme has been concluded.

**Table 2** Remuneration of the President in shares

Name of executive	Main conditions for the share option programmes					Information regarding financial years					
						Opening balance	During the year		Closing balance		
	Specification of the programme	Performance period	Date of allocation	Date of vesting	End of the lock-in period	Shares at the beginning of the year	Allocated shares <sup>1)</sup>	Vested shares	Shares – subject to performance conditions	Allocated shares that were not vested at the end of the year	Shares – subject to lock-in period
Pehr Oscarson, President and CEO	LTIP 2019/2021	01/01/19 – 31/03/22	30 June 2019	31 March 2022	31 May 2022	11,250	0	11,250	0	0	0
	LTIP 2020/2022	01/01/20 – 31/03/23	30 June 2020	31 March 2023	31 May 2023	25,000	0	–	25,000	25,000	0
	LTIP 2021/2023	01/01/21 – 31/03/24	30 June 2021	31 March 2024	31 May 2024	25,000	0	–	25,000	25,000	0
	LTIP 2022/2024	01/01/22 – 31/03/25	30 June 2022	31 March 2025	31 May 2025		25,000	–	25,000	25,000	0
						<b>61,250</b>	<b>25,000</b>	<b>11,250</b>	<b>75,000</b>	<b>75,000</b>	<b>0</b>

1) The value of the shares at 31/12/2022 is SEK 2,815,000

### Short-term incentive programme (STI) – Application of performance criteria

The performance criteria for the President's short-term variable remuneration (STI) were chosen to encourage action that is in the company's long-term interest. STI is linked to measurable criteria that are in line with MEKO's business and sustainability strategy. The criteria are determined annually by the Remuneration Committee and approved by the whole Board; the measurement period

amounts to one year. The extent to which the criteria have been met is evaluated and determined by the Remuneration Committee, and approved by the whole Board at the end of the measurement period.

There is a ceiling for the short-term variable remuneration of 60% of the fixed annual basic salary (72% for 2022, 120% out of 60%), in line with the remuneration guidelines.

**Table 3** Variable short-term remuneration 2022 (SEK '000s)

Short-term incentive programme 2022 (STI 2022)				
Name of executive, position	Description of criteria attributable to the remuneration component	Relative weighting of performance criteria	a) Measured performance b) actual allocation/remuneration outcome (120%)	
Pehr Oscarson, President and CEO	Consolidated net sales	30%	a) 36%	b) 1,310
	Consolidated adjusted EBIT	30%	a) 3%	b) 109
	Consolidated EBIT margin	10%	a) 0%	b) 0
	Consolidated cash flow	20%	a) 0%	b) 0
	Sustainability-related key performance targets	10%	a) 10%	b) 364
	<b>Total</b>	<b>100%</b>		<b>1,783</b>

### Comparative information regarding changes in remuneration and MEKO's earnings

**Table 4** Changes in remuneration and the company's earnings during the last reported financial years (%) (SEK '000s)

Annual change in remuneration of the President and CEO	2018	2019	2020	2021	2022	Average annual basic salary, 2021
Pehr Oscarson, President and CEO	3.6%	0.0%	3.0%	5.0%	5%	5,905
<b>Company's earnings</b>						
Sales	33 %	52%	-3 %	14%		14,067,100
EBIT	-22%	73%	6%	-15%		758,700
EBIT margin	5%	6%	6%	6%		5.3%
Net debt/EBITDA	6.44	3.68	2.42	2.42		3.36
<b>Average remuneration based on equivalent full-time</b>						
Employees of Mekonomen Company, Mekonomen Detaljist and Bileko Car Parts <sup>1)</sup>	1.9 %	1.8%	1.8%	0%	2.1%	469

1) As a reference, relevant Swedish companies in MEKO were selected.

