



Remuneration Report MEKO AB 2023

Introduction

This report describes how the guidelines for remuneration of senior executives for MEKO AB, adopted by the 2023 Annual General Meeting, were applied in 2023. The report also contains information on remuneration of the President and CEO, and a summary of MEKO's outstanding share-based incentive programs (LTIP 2021, LTIP 2022 and LTIP 2023). 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 programs.

Further information on remuneration of senior executives is found in Note 5 (Employees and personnel expenses) on page 57-58 of the 2023 Annual Report. Information on the Remuneration Committee's work in 2023 is found in the corporate governance report on pages 36-43 in the 2023 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 23 May 2023 and a summary in the 2023 Annual Report. No remuneration other than ordinary Board fees was paid to Board members.

Significant development in 2023

The CEO summarizes the company's overall performance in his CEO's comments on pages 8-9 in the 2023 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 behaviors and new expectations of us. For more information on MEKO's strategy, visit 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 programs and in a long-term share-related programs. A summary of the guidelines is in the 2023 Annual Report and the complete guidelines are in the minutes of the Annual General Meeting on 23 May 2023. The remuneration guidelines adopted unanimously by the Annual General Meeting 2023 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 2021, 2022 and 2023 Annual General Meetings resolved to introduce three long-term share-based incentive programs (LTIP 2021, LTIP 2022 and LTIP 2023). LTIP 2020 was concluded in 2023; see under the heading LTIP 2020 in this report.

Table 1 Total remuneration to the President and CEO during 2023 and 2022 (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*	One-year variable/ STI 2023**	Multiannual variable (LTIP 2021, LTIP 2022, LTIP 2023)	Extraordinary items	Pension expenses***		
Pehr Oscarson, President and CEO	2023	6 528	5	2 116	0	12	1 884	10 545	20%
	2022	6 052	8	1 783	0	12	1 739	9 594	19%

* refers to health insurance

** Excludes MEKO's costs for LTIP 2021–2023

*** 30% of basic salary



Share-based long-term remuneration

Outstanding share-based and share-price-based incentive program

In addition, the company has introduced three share savings programmes (LTIP 2021, LTIP 2022 and LTIP 2023) to the President and CEO, the Group Management Team and a number of key employees, according to the resolutions of the 2021, 2022 and 2023 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 2021/2023 program (LTIP 2021), the President and CEO invested in 5,000 savings shares, in 5,000 savings shares in the 2022/2024 program (LTIP 2022) and in 5,000 savings shares in 2023/2025 (LTIP 2023). The programs 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 2023, LTIP 2020 was concluded and is no longer in the vesting period. Outcomes, see below.

LTIP 2020

LTIP 2020 was concluded in May 2023. The outcome was that 1.03 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, 2020 – March 31, 2023.

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 2020–2022 financial years.

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 amortization 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 program 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 amortization 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 program has been concluded.

LTIP 2023

Matching share rights (A shares) require a total shareholder return on MEKO's share that exceeds 0 per cent during the period 1 April 2023–31 March 2026.

The vesting of performance share rights (B shares) 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 amortization of goodwill in MEKO AB) for the 2023–2025 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 program has been concluded.

Table 2 Remuneration of the President in shares

Name of executive	Specification of the program	Main conditions for the share option programs				Information regarding financial years					
		Performance period	Date of allocation	Datum of vesting	End of the lock-in period	Opening balance	During the year		Closing balance		
						Shares at the beginning of the year	Allocated shares*	Vested shares	Shares – subject to performance conditions	Allocated shares not vested at the end of the year	Shares – subject to lock-in period
President and CEO Pehr Oscarson	LTIP 2020/2022	01/01/20 –03/31/23	06/30/20	03/31/23	05/31/23	25 000	0	5 136	0	0	0
	LTIP 2021/2023	01/01/21 –03/31/24	06/30/21	03/31/24	05/31/24	25 000	0	—	25 000	25 000	0
	LTIP 2022/2024	01/01/22 –03/31/25	06/30/22	03/31/25	05/31/25	25 000	0	—	25 000	25 000	0
	LTIP 2023/2025	01/01/23 –03/31/26	06/30/23	03/31/26	05/31/26	—	25 000	—	25 000	25 000	0
						75 000	25 000	5 136	75 000	75 000	0

* The value of the shares 31/12/2023 is SEK 2 735 M.

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

The performance criteria for the President and CEO'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 2023, 120% out of 60%), in line with the remuneration guidelines.

Table 3 Variable short-term remuneration 2023 (SEK '000)

Name of executive, position	Description of criteria attributable to the remuneration component	Short-term incentive program 2023 (STI 2023)		
		Relative weighting of performance criteria	a) Measured performance	b) Actual allocation/remuneration outcome (120%)
Pehr Oscarson, President and CEO	Consolidated Net sales	40%	a) 35%	b) 1 348
	Consolidated Adjusted EBIT	40%	a) 0%	b) 0
	Sustainability-related key performance targets	20%	a) 20%	b) 768
	Total	100%		2 116

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)

	2019	2020	2021	2022	2023	Average annual basic salary 2023
Annual change in remuneration of the President and CEO						
President and CEO Pehr Oscarson	0,0%	3,0%	5,0%	5,0%	5,4%	6 290
Company's earnings						
Sales	52%	-3%	7%	14%	19%	16 761 825
EBIT	73%	5%	21%	-15%	15%	871 773
EBIT margin	5,9%	6,3%	7,1%	5,3%	5,0%	
Net Debt / EBITDA (excl. IFRS 16)	3,7	2,5	1,9	3,4	2,6	
Average remuneration based on equivalent full-time						
Employees of Mekonomen Company, Mekonomen Detaljist and Bileko Car Parts*	1,8%	1,8%	0%	2,1%	3,0%	526

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

