



# REMUNERATION REPORT MEKONOMEN 2021

## Introduction

This report describes how the guidelines for executive remuneration of Mekonomen AB, adopted by the Annual General Meeting 2021, were implemented in 2021. The report also provides information on remuneration to the President and CEO and a summary of Mekonomen's outstanding share-related incentive plans (LTIP 2019, LTIP 2020 and LTIP 2021). The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 5 (employees and personnel costs) on page 68–69 in the Annual Report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on page 43–52 in the Annual Report 2021.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting, see minutes from AGM May 7, 2021 and a summary in the Annual Report 2021. No remuneration in addition to ordinary Board remuneration has been paid to Board members.

**Key developments 2021**

The President and CEO summarizes the company's overall performance in his statement on page 2–5 in the Annual Report 2021.

**Mekonomen's remuneration guidelines: scope, purpose and deviations**

Mekonomen Group's overall strategy is to grow with good profitability. Mekonomen vision: to be an enabler for mobility – today, tomorrow and in the future. The strategy is based on the four focus areas; Operational excellence; Concept development, Create customer solutions and New revenue streams.

Sustainability is an important part of the Group's strategy and with the goal to be in the forefront in our industry by meeting new technology, new competition, new behaviors and new expectations on us. To be relevant in the future Mekonomen Group is focusing on People, Planet and Profit.

For more information regarding Mekonomen Group's strategy, please see [www.mekonomen.com](http://www.mekonomen.com).

A prerequisite for the successful implementation of the strategy and safeguarding of its long-term interests, including its sustainability, is that the Group can attract, retain and engage recruit and retain

qualified employees with the right skills. The remuneration must therefore be in line with market terms and be competitive. The objective of the guidelines is to enable such remuneration, but also to link the total remuneration to the company's strategy and long-term interests, including its sustainability. This is done by the target setting in short-term variable programs, as well as in any long-term share-based program.

A summary of the guidelines is found in the Annual Report 2021 and the full guidelines is included in the Minutes from AGM 7 May 2021. The remuneration guidelines, adopted unanimously by the Annual General Meeting 7 May 2021 have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on [www.mekonomen.com/corporategovernance](http://www.mekonomen.com/corporategovernance). No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the Annual General Meetings 2019, 2020 and 2021 of the company have resolved to implement three long-term share-related incentive plans (LTIP 2019, LTIP 2020 and LTIP 2021).

**Table 1. Total remuneration to the President and CEO during 2021 and 2020 (KSEK)**

Name of Director, position	Financial year	Fixed remuneration		Variable remuneration				Total remuneration	Variable remuneration in proportion to total remuneration
		Base salary incl 0,8% holiday payments	Other benefits*	One-year variable/ STI 2020**	Multi-year variable (LTIP2019, LTIP2020, LTIP2021)	Extra-ordinary items	Pension expense***		
President and CEO	2021	5,758	77	3,481	0	12	1,694	11,022	32%
Pehr Oscarson	2020	5,420	77	3,126	0	12	1,613	10,248	31%

\* Relates to Car Benefit

\*\* Booked STI 2021 is 2,800, Approved 3,481, which will be paid 2022. Does not include Mekonomen Group's cost for LTIP 2019–2021

\*\*\* 30% of Base salary. Booked pension expense is 1,888, for the year 2021 is 1,694



### Share-based Long-term remuneration

#### Outstanding share-related and share price-related incentive plans

The company has further implemented three share award plans (LTIP 2019, LTIP 2020 and LTIP 2021) for the President and CEO, Company Group Management and a number of Key Employees, decided by the AGM 2019, AGM 2020 and AGM 2021. Subject to the Employee having made an own investment in shares in Mekonomen AB (savings shares), the Employee can be awarded the one matching share and four performances shares per saving shares (in total 5 shares).

In plan 2019/2021 (LTIP 2019), the President and CEO has invested in 2,250 savings shares, in plan 2020/2022 (LTIP 2020) 5,000 savings shares and in 2021/2023 (LTIP 2021) 5,000 savings shares. The programs are still in vesting period.

Matching shares and performance shares can be awarded free of charge and are subject to the employees still owning the saving shares, three-year vesting periods and continued employment.

#### LTIP 2019

Matching shares (Serie A) are subject to total shareholder return (TSR) on Mekonomens share exceeding 0% during the period 1 April 2019–31 March 2022 and that the Mekonomen Group's equity/assets ratio exceeds 40 percent (excluding IFRS16) at the end of the financial year 2021.

Vesting of performance shares (Serie B) requires that the level in Series A is achieved and the satisfaction of performance conditions. Allocation requires certain target levels are achieved relating to growth in earnings per share (EPS) in the Company during the financial years 2020–2021 compared to earnings per share for the financial year 2019 (BU SEK 11,59). The maximum level which gives entitlement to full allocation is that the average annual growth in earnings per share amounts to at least 11 per cent during the financial years 2020–2021, corresponding to earnings per share of SEK 14.28 at the end of the financial year 2021. The minimum level for allocation is that the average annual growth in earnings per share amounts to 3 percent during the financial years 2020–2021, corresponding to earnings per share of SEK 12.30 at the end of the financial year 2021. If the degree of achievement is between the

minimum and the maximum levels, the outcome will be measured on a linear basis. The Board will adjust the outcome for items affecting comparability and for any effects relating to repurchase of shares in the Company.

#### LTIP 2020

Matching shares (Serie A) are subject to total shareholder return (TSR) on Mekonomens share exceeding 0% during the period 1 April 2020–31 March 2023.

Vesting of performance shares (Serie B) is a subject to the satisfaction of performance conditions and also requires that the level in Series A is achieved. In addition, allocation requires that certain target levels are achieved relating to decrease of Net Debt/EBITDA (excluding IFRS16) and growth in adjusted EBIT (reported EBIT adjusted for non-off items and goodwill amortization in Mekonomen AB) for the financial years 2020–2022. The Board has determined a minimum level and a maximum level for each performance target. If the degree of achievement is between the minimum and the maximum levels, the outcome will be measured on a linear basis. Mekonomen intends to present the target levels and to what extent these have been achieved after the end of the program.

#### LTIP 2021

Matching shares (Serie A) are subject to total shareholder return (TSR) on Mekonomens share exceeding 0 % during the period 1 April 2021–31 March 2024.

Vesting of performance shares (Serie B) is a subject to the satisfaction of performance conditions and also requires that the level in Series A is achieved. In addition, allocation requires that certain target levels are achieved relating to decrease of Net Debt/EBITDA (excluding IFRS16) and growth in adjusted EBIT (reported EBIT adjusted for non-off items and goodwill amortization in Mekonomen AB) for the financial years 2021–2023. The Board has determined a minimum level and a maximum level for each performance target. If the degree of achievement is between the minimum and the maximum levels, the outcome will be measured on a linear basis. Mekonomen intends to present the target levels and to what extent these have been achieved after the end of the program.

Table 2. Remuneration of the President and CEO in shares

Name of Director	The main conditions of share award plans					Information regarding the reported financial year					
						Opening balance	During the year		Closing balance		
	Specification of plan	Performance period	Award date	Vesting Date	End of retention period	Shares held at the beginning of the year	Shares awarded*	Shares vested	Shares subject to a performance condition	Shares awarded and unvested at year end	Shares subject to a retention period
President and CEO Pehr Oscarson	LTIP 2019/2021	19-01-01 –22-03-31	19-06-30	22-03-31	22-05-31	11,250	0	–	11,250	11,250	0
	LTIP 2020/2022	20-01-01 –23-03-31	20-09-30	23-03-31	23-05-31	25,000	0	–	25,000	25,000	0
	LTIP 2021/2023	21-01-01 –24-03-31	21-06-30	24-03-31	24-05-31	–	25,000	–	25,000	25,000	0
						<b>36,250</b>	<b>25,000</b>	<b>–</b>	<b>61,250</b>	<b>61,250</b>	<b>0</b>

\* Value of the shares 2021-12-31 is 3,238 KSEK

### Short-Term Incentive Program (STI) – Application of performance criteria

The performance criteria for the President and CEO's Short-Term variable remuneration (STI) have been selected to encourage behavior which is in the long-term interest of the company. The STI is linked to measurable criteria in line with the Group's strategy, including sustainability. The criteria are determined

annually by the Remuneration Committee. The measurement period is one year. To what extent the criteria are met is evaluated and determined, by the Remuneration Committee, when the measurement period has ended.

The short-term variable compensation is capped to 60% of the fixed base annual salary (72% for 2021, 120% of 60%), in line with the remuneration guide lines.

**Table 3. Variable short-term compensation 2021 (KSEK)**

Short-Term incentive Program 2021 (STI 2021)				
Name of Director, position	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) actual award/remuneration outcome (120%)	
President and CEO Pehr Oscarson	Group Net sales	30%	a) 20.77%	b) 704
	Group Adjusted EBIT	30%	a) 36.00%	b) 1,219
	Group EBIT % Margin	10%	a) 12.00%	b) 406
	Group Cash Flow	20%	a) 36.00%	b) 1,227
	ESG KPI Target	10%	a) 10.00%	b) 339
	<b>Total</b>	<b>100%</b>		<b>3,481</b>

### Comparative information on the change of remuneration and Mekonomen Group's performance

**Table 4. Change of remuneration and company performance over the last five reported financial years (RFY) (KSEK)**

Annual change President and CEO Remuneration	2017	2018	2019	2020	2021	Average yearly base salary 2020
President and CEO Pehr Oscarson*	n/a	3.6%	0.0%	3.0%	5.0%	5,691
<b>Company's performance</b>						
Sales	1%	33%	52%	-3%		12,308,600
EBIT	9%	-22%	73%	5%		893,500
EBIT Margin	9%	5%	6%	6%		7.1%
Net Debt/EBITDA	2,03	6,44	3,68	2,42		1,9
<b>Average remuneration on a full-time equivalent basis of employees</b>						
Employees of the companies Mekonomen Company, Mekonomen Detaljist and Bileko Car Parts**	2.0%	1.9%	1.8%	2.6%	0.0%	445

\* Pehr Oscarson assumed as President and CEO in Q1 2017

\*\* As reference, relevant Swedish Companies within Mekonomen Group have been selected. Collective wage adjustments in late 2020, no collective wage adjustments in 2021

