

# Remuneration report 2021

## Introduction

This report describes how the guidelines for executive remuneration of Bilia AB (The company), adopted by the annual general meeting on 22 June 2020 (remuneration guidelines), were implemented in 2021. The remuneration guidelines shall apply as at the latest until the annual general meeting 2024.

The report also provides information on remuneration to the MD and a summary of the company's outstanding long-term incentive programme in the form of a share savings plan. The report has been prepared in accordance with 8 chap. 53 a and 53 b §§ of the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 8 (Employees, personnel costs and remunerations for senior officers) on pages 65-68 in the annual report for 2021. Information on the work of the Compensation Committee in 2021 is set out in the corporate governance report available on pages 39-43 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 and disclosed in note 8 on page 67 in the annual report 2021.

## Development in 2021

The MD summarizes the company's overall performance in his statement on pages 6-7 in the annual report 2021.

## The company's remuneration guidelines: scope, purpose and deviations

The remuneration guidelines govern the decisions on remuneration made by the Board's Compensation Committee as regards to senior officers who reports directly to the MD and by the Board of Directors as a whole as regards to the MD.

A prerequisite for a successful implementation of the company's business strategy and safeguarding of its long-term interests and sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. The variable cash remuneration covered by these guidelines shall contribute to the company's business strategy, long-term interests and sustainability. For information about the company's business strategy, see Bilia's website [www.bilia.com](http://www.bilia.com).

The remuneration shall be at market terms and may be comprised of the following components: basic salary, variable salary, pension benefits and other benefits. Basic salary shall be set considering level of expertise, area of responsibility, experience and performance. In addition to basic salary, senior officers may receive variable salary.

Variable salary shall be linked to pre-determined measurable criteria which may be financial – such as profit before tax, turnover rate on capital employed and/or working capital, and the rate of used-car turnover, or non-financial, such as customer satisfaction or goals and targets related to the Company's sustainability strategy. The criteria shall be established on an annual basis by the Board of Directors. Because the goals link variable salary to the Company's results and sustainability, they promote the Company's business strategy, long-term interests and sustainability. Variable salary shall primarily be based on accomplishment of the Group's, and where applicable subsidiaries', results-based targets, and to a limited extent on individual financial goals. The measurement period is one year, and variable salary may amount to a maximum of 60 per cent of basic salary for the MD and a maximum of 50 per cent for other senior officers.

The remuneration guidelines are also described on page 27 in the annual report 2021 and in the minutes of the annual general meeting 2021 available on [www.bilia.com](http://www.bilia.com).

During 2021, the company has complied with the applicable remuneration guidelines adopted by the general meeting. 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 Bilia's website [www.bilia.com](http://www.bilia.com) among the AGM documents. No remuneration has been reclaimed during the year.

In addition to remuneration covered by the remuneration guidelines, the annual general meeting of Bilia in 2018 have resolved to implement a long-term share-related incentive programme. At the annual general meeting in 2021 a decision was made to introduce a new long-term share-based incentive programme, as the one from 2018 expired. The programme encompasses senior officers and other key persons in the Group. The performance requirements used to assess the outcome of the programme have a clear link to the business strategy, and thus to the Company's long-term sustainable value creation. These performance requirements include total shareholder return and earnings per share. The programme also stipulates requirements on personal investment and several-year share retention. For further information about this programme, including the criteria upon which the outcome is dependent, go to [www.bilia.com](http://www.bilia.com) (under The Company, menu header Corporate Governance, Incentive Programme).

Table 1 – Total MD remuneration in 2021 (kSEK)

Name of director (position)	1) Fixed remuneration		2) Variable remuneration		3)	Total remuneration	Prop. of fixed and variable remuneration
	Basic salary	Other benefits	One- year	Multi- year	Pension expense		
Per Avander (MD)	5,548	132	2,926	1,413	3,956	13,975	69% / 31%

- 1) Reported basic salary includes usual holiday pay. Other benefits refer to mainly company car, but also health insurance.
- 2) One-year variable remuneration has been earned in 2021 but will be paid in 2022. Multi-year variable remuneration refers to the long-term share savings plan that was paid in 2021.
- 3) Pension costs are defined contribution and based on fixed and variable remuneration but has in this compilation been classified as fixed remuneration.

### Share-based remuneration in the form of outstanding long-term share savings plans

The company introduced at the annual general meeting in 2018 a three-year share savings plan for about 40 senior officers and key persons. Subject to the employee having made an own investment in shares in the company (savings shares), the employee has been awarded a maximum of three performance share options. Earning performance shares also presupposes fulfillment of performance conditions, in addition to continued employment, – positive total shareholder return (relative weighting 33 per cent) and an increase of profit per share in 2020 compared with 2017 (relative weighting 67 per cent) from 10 to 30 per cent. Within the framework of the share savings plan the MD has invested in 3,200 savings shares and a maximum allotment of 9,600 performance share options was awarded free of charge in May 2021, as the performance conditions were fully met at the end of the share savings plan.

The company introduced at the annual general meeting in 2021 a three-year share savings plan for about 60 senior officers and key persons. Subject to the employee having made an own investment in shares in the company (savings shares), the employee has been awarded a maximum of three performance share options. Earning performance shares also presupposes fulfillment of performance conditions, in addition to continued employment, – positive total shareholder return (relative weighting 33 per cent) and an increase of profit per share in 2023 compared with 2020 (relative weighting 67 per cent) from 10 to 30 per cent. Within the framework of the share savings plan the MD has invested in 2,500 savings shares and a maximum allotment of 7,500 performance share options will be awarded free of charge in 2024, provided that the performance conditions are fully met.

Table 2 – Share savings plan for the MD

### Main conditions for the share savings plans

Name of director (position)	1) Name of programme	2) Performance period	3) Award date	4) Vesting date	5) End of retention period	6) Earned number of share options totally	7) Share options subject to perform. conditions	8) Share options subject to retention period
Per Avander (MD)	2018 share savings plan	2018-2021	2021-05-04	2018-05-01 to 2021-03-31	2021-03-31	6,400 shares (kSEK 942)	3,200 shares (kSEK 471)	9,600 shares (kSEK 1,413)
	2021 share savings plan	2021-2024		2021-05-01 to 2024-03-31	2024-03-31	1,667 shares (kSEK 267)	833 shares (kSEK 133)	2,500 shares (kSEK 400)

- 1) Share savings plan approved by Bilias annual general meeting.
- 2) Time period during which performance is measured for the plan.
- 3) Date of award of shares in the share savings plan.
- 4) Vesting period for performance shares in the plan.
- 5) Date until when the participant needs to be employed by Bilias to receive award of shares in the share savings plan.
- 6) Total number of earned share options calculated based on share price at the time of allotment in May 2021 of SEK 147.20 per share and as of 31 December 2021 of SEK 160.20 per share.
- 7) Total number of earned share options continued depending on performance requirements calculated based on share price at the time of allotment in May 2021 of SEK 147.20 per share and as of 31 December 2021 of SEK 160.20 per share.
- 8) Total number of earned share options continued depending on employment until the end of the lock-in period.

### Application of performance criteria

The performance measures for the MD's variable remuneration has been selected to deliver the company's long-term strategy and to encourage behaviour which is in the interest of the company both long-term and short-term.

Table 3.a – Performance of the MD in the reported financial year: variable cash remuneration

Name of director (position)	Description of criteria related to the remuneration component	Relative weighting of performance criteria	a) Measured performance in per cent b) Actual award in kSEK
Per Avander (MD)	Profit before tax 2021	85 %	a) 100% b) kSEK 2,553
	Customer satisfaction 2021	15 %	a) 83 % b) kSEK 373
	TOTAL 2021	100%	kSEK 2,926

Table 3.b – Performance of the MD in the reported financial year: share savings plan

Name of director (position)	Name of programme	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) Expected/actual outcome
Per Avander (MD)	2018 Share savings plan	Positive total return on the Bilia share	33 %	a) 100 % 1) b) kSEK 471 1)
		Profit per share 2020 compared with 2017	67 %	a) 100 % 2) b) kSEK 942 2)
	2021 Share savings plan	Positive total return on the Bilia share	33 %	a) 0 % 3) b) kSEK 0 3)
		Profit per share 2023 compared with 2020	67 %	a) 100 % 4) b) kSEK 801 4)

1. The performance period ran until 31 March 2021 and allotment was received in May 2021. Actual allotment of 3,200 shares valued based on the market price of SEK 147.20 per share at the time of allotment.
2. The performance period ran until 31 December 2020 and allotment was received in May 2021. Actual allotment of 6,400 shares valued based on the market price of SEK 147.20 per share at the time of allotment.
3. The performance period runs until 31 March 2024. Based on current share price the allotment would not take place.
4. The performance period runs until 31 December 2023 and allotment takes place in May 2024. Expected allotment calculated based on market price SEK 160.20 per share as of 31 December 2021 multiplied by the number of share options of 5,000.

### Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last two reported financial years

	Outcome 2021 kSEK	Outcome 2020 kSEK	Change %	Outcome 2019 kSEK	Outcome 2018 kSEK	Outcome 2017 kSEK
MD remuneration (kSEK) 1)	<b>13,975</b>	12,317	+13.5 %	10,286	10,059	9,912
Group operating profit (mSEK)	<b>1,925</b>	1,364	+41.1 %	1,125	943	923
Average remuneration (kSEK) on a full-time equivalent basis of employees at Bilia AB 2)	<b>607</b>	661	-8.1 %	591	578	584

1. Including earned remuneration concerning 2018 share savings plan, where allotment of shares is made in May 2021. Refers to the years 2018 to 2020.
2. Excluding MD and other members of the group management.