

# Remuneration report 2023

## 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 applied in 2023. The remuneration guidelines shall apply for the period until the annual general meeting 2024 at the latest.

The report also provides information on remuneration to the MD and a summary of the company's outstanding long-term incentive programs in the form of 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 76-79 in the annual report for 2023. Information on the work of the Compensation Committee in 2023 is set out in the corporate governance report available on pages 49-53 in the annual report 2023.

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 76-78 in the annual report 2023.

## Development in 2023

The MD summarizes the company's overall performance in his statement on pages 4-5 in the annual report 2023.

## 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 34 in the annual report 2023 and in the minutes of the annual general meeting 2023 available on [www.bilia.com](http://www.bilia.com).

During 2023, 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 2021 and 2023 have resolved to implement long-term share-related incentive programs. The programs encompasses senior officers and other key persons in the Group. The performance requirements used to assess the outcome of the programs 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, earnings per share, customer satisfaction and the proportion of women in the sales operations. The programs also stipulates requirements on personal investment and several-year share retention. For further information about these programs, 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 Program).

Table 1 – Total MD remuneration in 2023 (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)	6,168	203	1,908	-	2,818	11,097	83% / 17%

- 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 2023 but will be paid in 2024. Multi-year variable remuneration refers to the long-term share savings plan that has been finalised and shares thereby allotted. There are no finalised share saving plans in 2023.
- 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 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 the opportunity to be awarded a maximum of three performance share options. Earning performance shares also presupposes fulfilment 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. The share savings program ends on 31 March 2024.

The company introduced at the annual general meeting in 2023 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 the opportunity to be awarded a maximum of four and a half performance share options. Earning performance shares also presupposes fulfilment of performance conditions, in addition to continued employment, – positive total shareholder return (relative weighting 22 per cent), an increase of profit per share in 2025 compared with 2022 (relative weighting 44 per cent) from 10 to 30 per cent, customer satisfaction 2 percentage points higher than the benchmark (relative weighting 22 per cent) and at least 22 per cent of women in sales operations (relative weighting 12 per cent). Within the framework of the share savings plan the MD has invested in 1,750 savings shares and a maximum allotment of 7,875 performance share options will be awarded free of charge in 2026, provided that the performance conditions are fully met. The share savings program ends on 31 March 2026.

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)	2021 share savings plan	2021-2024	May 2024	2021-05-01 to 2024-03-31	2024-03-31	7,500 shares (kSEK 1,010)	7,500 shares (kSEK 1,010)	7,500 shares (kSEK 1,010)
	2023 share savings plan	2023-2026	May 2026	2023-05-01 to 2026-03-31	2026-03-31	2,625 shares (kSEK 353)	2,625 shares (kSEK 353)	2,625 shares (kSEK 353)

- 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 as of December 31, 2023 valued based on the share price as of December 31, 2023 of SEK 134.60 per share. For the 2021 share savings program, a maximum of three shares can be awarded and the three years have been vested as of December 31, 2023. For the 2023 share savings program, a maximum of four and a half shares can be awarded and one year out of three years has been vested as of December 31, 2023.
- 7) Total number of earned share options, but allocation is still dependent on fulfilment of performance requirements. See table 3.b for expected outcome regarding performance requirements. The share options are valued based on the share price on 31 December 2023 of SEK 134.60 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 2023	85%	a) 50% b) kSEK 1,413
	Customer satisfaction 2023	15%	a) 100% b) kSEK 495
	TOTAL 2023	100%	kSEK 1,908

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

Name of director (position)	Name of program	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) Expected outcome
Per Avander (MD)	2021 Share savings plan	Positive total return on the Bilia share	33%	a) 100% 1) b) kSEK 337 1)
		Profit per share 2023 compared with 2020	67%	a) 0% 2) b) kSEK 0 2)
	2023 Share savings plan	Positive total return on the Bilia share	22%	a) 0% 3) b) kSEK 0 3)
		Profit per share 2025 compared with 2022	44%	a) 0% 4) b) kSEK 0 4)
		Customer satisfaction higher than benchmark	22%	a) 100% 4) b) kSEK 236 4)
		Proportion of women in the sales operations	12%	a) 0% 4) b) kSEK 0 4)

1. The performance period runs until 31 March 2024. Based on share price as at December 31 2023 the allotment would take place. The share options are valued based on the share price as of 31 December 2023 of SEK 134.60 per share.
2. The performance period ran until and including December 31, 2023 and allocation will not take place.
3. The performance period runs until March 31, 2025. Based on the share price on December 31, 2023, the allotment would not take place.
4. The performance period runs until 31 December 2025 and allotment takes place in May 2026. Expected allocation calculated based on the market price of SEK 134.60 per share on December 31, 2023 multiplied by the number of share rights. If the program had ended on 31 December 2023, no allocation would take place regarding positive total return on the Bilia share, profit per share and proportion of women in sales operations. Allocation would have taken place for customer satisfaction higher than the benchmark.

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

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

	Outcome 2023 kSEK	Outcome 2022 kSEK	Change %	Outcome 2021 kSEK	Outcome 2020 kSEK	Outcome 2019 kSEK	Outcome 2018 kSEK	Outcome 2017 kSEK
MD remuneration (kSEK) 1)	<b>11,097</b>	<b>12,363</b>	-10%	13,975	12,317	10,286	10,059	9,912
Group operating profit (mSEK)	<b>1,416</b>	<b>2,102</b>	-33%	1,925	1,364	1,125	943	923
Average remuneration (kSEK) on a full-time equivalent basis of employees at Bilia AB 2)	<b>647</b>	<b>617</b>	5%	607	661	591	578	584

1. Remuneration for 2021 includes 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.