

Remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of Duni AB, adopted by the annual general meeting 2020, were applied in 2022. The report also provides information on remuneration to the CEO and the deputy CEO. The report has been prepared in accordance with the Swedish Companies Act and the rules on *Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 16 (Salaries and other remuneration) on pages 98-100 in the annual report 2022. Information on the work of the remuneration committee in 2022 is set out in the Corporate Governance Report available on pages 64-65 in the annual report 2022.

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 16 on page 99 in the annual report 2022.

Key developments 2022

The CEO summarizes the company's overall performance in his statement on pages 8-9 in the annual report 2022.

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

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its 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. Under the remuneration guidelines, executive remuneration shall be on market terms and shall be related to the senior executive's responsibility and authority. The total remuneration consists of fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be limited in advance to a maximum amount and be based on the outcome of predetermined and measurable criteria of result, designed with the purpose to promote the business strategy and long-term interests of the company, including its sustainability. The annual variable cash remuneration (annual bonus) shall amount to a maximum of 75% of the fixed cash salary. The variable cash remuneration may for example be based upon annual criteria in relation to financial profitability and capital tied up, as determined by the board of directors, and inter alia, be linked to the group's adjusted operating profit and adjusted return on capital employed.

The complete guidelines can be found in the Corporate Governance Report on the pages 66-67 in the annual report 2022. During 2022, Duni AB 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 www.dunigroup.com. No remuneration has been reclaimed. Duni AB has no long-term share-related incentive programmes.

Total remuneration to the CEO and the deputy CEO 2022

2022, TSEK	Base salary ¹	Variable remuneration ²	Other Benefits ³	Pension expense	Severance pay	Total remuneration	Proportion of fixed and variable remuneration ⁴
Robert Dackeskog CEO	4,189	2,914	5	1,701	-	8,810	67/33
Magnus Carlsson deputy CEO	2,147	1,035	112	682	-	3,976	74/26

- 1) Fixed remuneration including holiday compensation of TSEK 273 to Robert Dackeskog and TSEK 203 to Magnus Carlsson
- 2) Variable remuneration refers to accounting year 2022 but is paid in 2023.
- 3) Other benefits include company car, fuel and health insurance.
- 4) Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

Application of performance criteria for variable remuneration

The performance criteria for the variable remuneration shall contribute to the company's strategy and encourage behaviour which is in the long-term interest of the company. The strategic objectives as well as short-term and long-term business priorities for the financial year shall also be taken into account.

The performance criteria for variable remuneration for the financial year 2022 consist of a financial performance measure for both the CEO and the deputy CEO. The performance measure is called Residual Income and consists of operating income minus 8% interest (WACC) of managed capital. Operating income means EBIT before restructuring costs and amortization of intangible assets identified in connection with business acquisitions. Managed capital refers to fixed assets and working capital. By including both the operating income for the year and the efficiency of the net assets, a healthy balance between long-term and short-term is promoted in the decisions.

To achieve a bonus outcome, the starting point is that the previous year's Residual Income is exceeded. At the beginning of each year, the range for bonus outcome is revalued based on the conditions prevailing in the rest of the world for the forthcoming financial year. The starting point is often slightly lower than the outcome, this to take into account negative factors that can be difficult to counteract within a year. The maximum outcome shall correspond to a significant improvement and for 2022 it was decided to be an underlying profit improvement of at least SEK 175 m compared to the previous year, which corresponds to an index of 165.

The CEO may receive a maximum of 75 % of the base salary and the deputy CEO may receive a maximum of 50 % of the base salary in variable remuneration.

The outcome for the financial year 2022 amounts to 92% of the maximum outcome for the entire management team including the CEO. As 2021 was a year strongly affected by the pandemic, 100% of the performance criteria for 2022 consisted of the group's financial performance measures.

Comparative information on the change of remuneration and company performance

Multi-Year Comparison	2018	2019	2020	2021	2022
Total remuneration to the CEO, TSEK ¹⁾²⁾	5,598	8,809	12,755	5,701	8,810
Total remuneration to the deputy CEO, TSEK ¹⁾	2,522	3,642	1,634	2,836	3,976
Average remuneration of employees in the group, TSEK ³⁾	391	408	368	359	428
Average remuneration change compared to prev year, %	7.6%	4.3%	-9.8%	-2.3%	19.1%
The Group's reported operating income, EBIT, MSEK	351	408	70	173	326

¹⁾ 2019 and 2022 includes variable remuneration.

²⁾ 2020 includes severance payment of MSEK 7.9.

³⁾ Average remuneration on a full time equivalent basis of employees of the group excluding members of the group executive management.

Malmö in March 2023

DUNI AB (publ)

The Board of Directors