

# Remuneration Report

## Rusta AB (publ) 2023/24

This report describes how the guidelines for remuneration to senior executives for Rusta AB (publ), adopted by the annual general meeting on 1 September 2023, were applied during the financial year 2023/24, which extends from 1 May 2023 to 30 April 2024. The report also contains information on remuneration to chief executives director Göran Westerberg and a summary of the company's outstanding share and share price-related incentive programs.

The report has been prepared in accordance with the Swedish Companies Act, and the "Rules on compensation for senior executives and on incentive programs" issued by the Swedish Corporate Governance Board.

Additional information on remuneration to senior executives can be found in note 12 on pages 102-104 of the annual report for 2023/24. The Board has not established a remuneration committee. Instead, the entire Board of Directors fulfils the tasks incumbent on a remuneration committee. Information about the board's work during 2023/24 can be found in the corporate governance report on pages 63-79 of the annual report for 2023/24.

Board fees are not covered by this report. Such remuneration is resolved annually by the annual general meeting and is reported in note 12 on page 103 of the annual report for 2023/24.

### Key developments 2023/24

The CEO summarizes the company's overall performance in his statement on page 5 in the annual report for 2023/24.

### Rusta's remuneration guidelines: scope, purpose and deviations

Rusta's long-term vision is to make Rusta the leading and most trusted low-price retailer in Europe. Rusta's long-term vision is centred around what Rusta can offer its customers and Rusta aims to achieve its long-term vision through a combination of, among other things, protecting and strengthening its low-price position by

offering its customers the lowest prices on comparable products while ensuring an attractive and pleasant customer shopping experience, building trust among its customers by focusing on quality and sustainability in the optimisation of its product assortment and expanding its store network in a controlled and profitable manner.

A prerequisite for a successful implementation of the company's long-term vision and strategy is that the company is able to recruit and retain qualified senior executives, which is facilitated by these guidelines. Remuneration subject to these guidelines shall aim to promote the company's business strategy, sustainability and long-term interests. The total remuneration shall be in line with market conditions and may consist of the following components: fixed cash remuneration, variable cash remuneration, pension benefits and other benefits. In addition to what is determined in the guidelines, the general meeting may resolve on, for example, share- or share price-related remuneration.

The guidelines can be found on pages 103-104 of the annual report for 2023/24. The company has followed the applicable remuneration guidelines adopted by the general meeting. According to the guidelines, the board may decide to depart from the guidelines in whole or in part, if there in an individual case are special reasons for a deviation and it is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. During the financial year 2023/24, no deviations from the guidelines have been made, nor have any deviations been made from the decision-making process that, according to the guidelines, must be applied to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at <https://investors.rusta.com/>. No compensation has been claimed back. In addition to the compensation covered by the compensation guidelines, the company's annual general meeting on September 1, 2023 decided to introduce a long-term share-related incentive program, LTIP 2023.

**Table 1 – Total CEO remuneration for financial year 2023/24 (KSEK)**

Name of director (position)	Year	Fixed remuneration		Variable remuneration			Pension costs	Total remuneration	Proportion of fixed and variable remuneration*****
		Base salary*	Other benefits**	One-year***	Multi-year****	Extraordinary items			
Göran Westerberg (CEO)	2023/24	5 566	288	3 951	-	-	1 347	11 041	64%/36%

\* Remuneration for the period as above refers to fixed remuneration including holiday allowance

\*\* Other benefits refer to, among other things benefit car, healthcare insurance and other similar benefits

\*\*\* One-year variable remuneration refers to estimated short-term remuneration including holiday allowance for the current financial year and is paid during the next financial year

\*\*\*\* Description of multi-year variable compensation can be found under the heading Summary of long-term incentive programs (CEO)

\*\*\*\*\* Fixed salary (base salary, other benefits, pension) variable salary (one-year, multi-year remuneration, extraordinary items, pension costs for variable part paid during the current year)

### Share-based remuneration

At the 2023 Annual General Meeting, it was resolved to introduce a long-term incentive plan (LTIP 2023) for senior executives and other key employees within the Group. The aim was to create conditions for retaining and recruiting competent staff to the Group, providing competitive remuneration and uniting the interests of share-holders, senior executives and key employees.

LTIP 2023 encompasses up to 39 employees consisting of members of Group management, regional managers and certain key employees (each such person is referred to below as "Participant" and collectively as the "Participants"). Participation in LTIP 2023 requires that the Participant has their own shareholding in the Company according to the terms of LTIP 2023 and that these shares are allocated to LTIP 2023 ("Saving Shares"). Provided that the Saving Shares are retained during the set vesting period of three years and that the Participant remains employed within the Group for the entire vesting period, the Participant will be entitled to receive 0.5 shares in the Company ("Matching Shares") free of charge for each Saving Share and – provided that the performance requirements further defined

below are met – a maximum of 5 additional shares in the Company ("Performance Shares").

The Participants in LTIP 2023 are divided into four categories. The first category comprises the Company's Group management excluding the CEO (8 persons) ("Category 1"), the second category comprises certain key employees in management functions (5 persons) ("Category 2"), the third category comprises employees deemed to have significant responsibility within the Group (6 persons) ("Category 3") and the fourth category comprises employees with special responsibility within the Group (20 persons) ("Category 4"). The number of Saving Shares shall correspond to shares in an amount of a maximum of SEK 90,000 for Participants in Category 1, SEK 70,000 for Participants in Category 2, SEK 60,000 for Participants in Category 3 and SEK 30,000 for Participants in Category 4.

Any allotment of Performance Shares is dependent on the outcome of three different performance targets during the Performance Period (the "Performance Period" means the period from 1 May 2023 until 30 April 2026). Allotment is subject to the fulfilment of target 1 and thereafter the remaining two targets (target 2 and



3) are weighted at 50 percent each. For allotment under target 1, the Group's EBITA margin is required to amount to at least 6.7 percent for the 2025/26 financial year, i.e. the last financial year in the Performance Period. Target 2 consists of the Group's average annual EBITA growth measured over the Performance Period, where the minimum average annual growth for allotment is 22 percent, with 32 percent required for full allotment. Target 3 consists of the average annual sales growth in existing stores, i.e. excluding newly opened stores, in accordance with Rusta's definition of the key ratio, also referred to as like-for-like growth ("LFL growth"), measured over the Performance Period. At least 3.5 percent LFL growth is required for allotment, with 5.5 percent required for full allotment.

To secure the Company's obligations under LTIP 2023 and thereby secure associated costs, the Annual General Meeting authorised the Board of Directors, during the period until the 2024 Annual General Meeting, on one or more occasions, to decide on the acquisition of a maximum of 269,141 own shares.

#### **LTIP 2023**

The number of outstanding matching and performance-based share rights for LTIP 2023 amounts to 145,750. The cost of the incentive plan is recognised based on the fair value per share right at the time of allotment. The fair value is calculated based on the share price on the allotment date of 45.7 less expected dividends of 10% during the term and the estimated number of shares that will be earned. The fair value is also adjusted for participants who do not retain their holding of saving shares during the term of the incentive plan. For performance-based shares, the company also evaluates the probability that the performance targets will be achieved when the compensation cost is calculated. The shares will be allotted after the end of a vesting period,

which runs until the date of publication of Rusta's interim report for the first quarter of the financial year 2026/27, provided that the participants have been permanently employed within the Group during the entire vesting period. The total cost 2023/24 for the long-term incentive plan (LTIP 2023) excluding social security contributions was MSEK 2.

#### **Summary of long-term incentive programs (CEO)**

The CEO, Göran Westerberg, is not covered by LTIP 2023.

The CEO currently participates in a warrant program. In 2021, the Board of Directors, with the support of an authorisation from an extraordinary general meeting held on 7 January 2021, decided to implement a long-term incentive programme in the form of a warrant programme for the company's CEO. In total, the warrant programme comprises 11,382 warrants of series 2020:1.

The warrants were issued to the CEO at a subscription price of SEK 713 per warrant (equivalent to the market value of the warrants at the time of issue). The premium for all issued warrants equates to market value and has been determined based on discounted cash flow valuation through an independent valuation at the time of issue.

After recalculation as a result of the share split (300:1) carried out by the company in September 2023, each warrant entitles the holder to subscribe for 300 shares in the company at a subscription price of SEK 37.27 per share during the period from 1 December 2024 until 31 December 2024.

The company has reserved the right to repurchase the warrants, e.g. if the CEO's employment in the company is terminated.

### Short Term Incentive, STI

Variable cash compensation shall reward the fulfillment of predetermined and measurable criteria that promote the company's business strategy and long-term interests, including the company's sustainability policy. When choosing the performance criteria, the strategic goals and short- and long-term business priorities for the year 2023/24 have been taken into account.

When the measurement period for fulfillment of criteria for payment of variable cash compensation ends, an outcome assessment takes place. The board, or the compensation committee if the board establishes such a committee, is responsible for this assessment of the CEO's outcome. Variable cash compensation may amount to no more than 100 percent of the fixed cash salary for the CEO.

Table 2 – Performance of the CEO in the reported financial year: Short term incentive (STI)

Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a. Measured performance b. Remuneration outcome
Göran Westerberg (CEO)	Adjusted EBITA vs forecast	100%	a. Index 130 b. 63 %

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

Tabell 3 – Remuneration and company performance in the current reported financial year (KSEK)\*

	2023/24
Remuneration CEO, Göran Westerberg	11,041
Group's operating profit (EBIT)**	752,798
Average remuneration based on the number of full-time equivalent employees in the parent company (excl. members of group management)***	515

\*This is the first year that the group applies the requirements to prepare a remuneration report and the financial year 2023/24 will therefore be the first reference year

\*\*The group's operating profit according to the group's consolidated income statement in the annual report for the relevant year

\*\*\*Nuber of full.time equivalent employees in Rusta AB (publ) totaling 1,835 employees excluding group management