

# REMUNERATION REPORT 2023

This Remuneration Report explains how the guidelines for remuneration of senior executives adopted by the 2023 Annual General Meeting have been applied during the 2023 financial year. The report also contains details concerning remuneration of the Company's CEO and fees to board members over and above the board fees adopted by the shareholders' meeting. The report has been prepared in accordance with the Swedish Companies Act (2005:551) and the Swedish Corporate Governance Code.

Additional information on remuneration of senior executives required pursuant to Chapter 5, Sections 40–44 of the Swedish Annual Accounts Act (1995:1554) can be found in Note 10 to the consolidated financial statements. For more information on the work of the Remuneration Committee in 2023, see "Corporate Governance Report".

## MilDef's development

The Company's development and significant events during the year are reported inter alia in the CEO's presentation, see "CEO's comments".

## Board fees and consulting fees

This report does not cover board fees. A resolution on these fees is passed by the Annual General Meeting each year. The current fees are reported in Note 10 to the consolidated financial statements. In 2023 Top Level AB, in which board member Berndt Grundevik is the majority shareholder, carried out consulting assignments for MilDef for a total of SEK 220,000 (SEK 226,000). The services provided consisted of leading the work of the Company's Advisory Board and consultancy not considered to be covered by his role on the Board. It was considered important and beneficial for MilDef to procure the services in question, which were compensated at market rates. The decision to procure these services was made without the involvement of Berndt Grundevik.

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

Successful implementation of the Company's business strategy and protection of the Company's long-term interests, including its sustainability, require the Company to be able to recruit and retain qualified employees. The objective of MilDef's guidelines for remuneration of senior executives is therefore to offer a competitive, market-based remuneration package, so as to be able to attract, motivate and retain skilled and qualified employees. These guidelines make it possible to offer competitive, market-based remuneration packages to senior executives.

The remuneration package consists of the following components:

- Fixed cash salary
- Short-term variable cash remuneration
- Pensions and other benefits

Short-term variable cash remuneration is to be linked to predetermined, well-defined and measurable financial criteria. The targets aim to promote MilDef's development in both the short and long term. The measurement period for variable remuneration is generally based on performance over a 12-month period. The variable remuneration must not exceed 35% of the fixed salary and, where applicable legislation permits, is not to be qualifying income for pension or holiday pay purposes.

The criteria for short-term variable remuneration are divided into three different programs based on MilDef's net sales, gross profit and operating profit (EBITDA). Variable remuneration may also be linked to individual criteria. The criteria are to be designed so as to promote the Company's business strategy and long-term interests, including its sustainability. The guidelines can be found in "Guidelines for remuneration of senior executives".

Other non-monetary benefits may include life assurance and health insurance. In total, premiums and other costs associated with such benefits may not exceed 5% of the fixed annual cash salary.

In 2023 the Company followed the applicable remuneration criteria adopted by the 2022 Annual General Meeting. There were no departures from the guidelines or deviations from the decision-making process prescribed by the guidelines for setting the remuneration. No remuneration has been reclaimed. The auditor's statement on the Company's compliance with the guidelines is available at <https://investors.mildef.com/corporate-governance/?lang=en>.

### Total remuneration of CEO in 2023 (SEK 000)

Refers to remuneration expensed during the year

President & CEO	Basic salary*	Variable remuneration	Other taxable benefits	Pension cost	Total remuneration	Share of fixed remuneration
Björn Karlsson, January–May	700	0	1	51	752	100%
Daniel Ljunggren, June–December	1,260	0	212*	182	1,654	100%



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### Share-based incentive program

At an extraordinary shareholders' meeting on April 29, 2021, a resolution was passed to adopt an incentive program ("Incentive program 2021/2025) for the Group's employees by issuing warrants with the subsequent right to subscribe for new shares in MilDef. The fact that the resolution was passed at a shareholders' meeting means it is not covered by these guidelines but should still be seen as being in the same spirit. The warrants have been transferred on market terms at a price (premium) that was established based on an estimated market value using the recognized Black–Scholes model. The calculation was carried out by an independent appraisal institution. For more information, visit [www.mildef.com](http://www.mildef.com).

### Application of performance criteria

The CEO's performance criteria for 2023 are divided into three different parameters based on MilDef's net sales, gross profit and operating profit (EBITDA). Although they are expressed in financial terms, the performance criteria further contribute to alignment with sustainability and the Company's values. The targets for results on each parameter are linked to ambitious internal targets and the award is paid out the following year. Partly because of delayed deliveries due to problems in the supply chain in 2022, only a small amount of variable remuneration was paid to the CEO in the 2023 financial year.

Helsingborg, April 25, 2024  
*Board of Directors of MilDef Group AB (publ)*

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