

Profoto Holding AB - Remuneration report 2021

Introduction

This remuneration report describes how the guidelines for executive remuneration of Profoto Holding AB (publ), adopted by the extraordinary general meeting 2021, were implemented in 2021. The report also provides information on the remuneration to Profoto's CEO. The report has been prepared in compliance with the Swedish Companies Act (2005:551) 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 10 "Number of employees, staff costs and senior executives" on p. 62-63 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report, which is available on p. 41-48 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 10 "Number of employees, staff costs and senior executives" on p. 62-63 in the annual report 2021.

Key Developments 2021

The CEO summarizes the company's overall performance in his statement on p. 9-10 in the annual report 2021.

Overview of the application of the remuneration guidelines in 2021

Profoto's business strategy, in short, is to design and sell products within light sources and light shaping to predominantly the professional photography market and, recently, also to the market for ambitious non-professional photography. A prerequisite for the successful implementation of Profoto'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 may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. Variable cash remuneration shall amount to no more than the aggregate of twelve fixed monthly cash salaries. The criteria may be individualized, quantitative or qualitative.

The guidelines are found in the Corporate Governance Report on p. 43 in the annual report 2021. During 2021, the company has complied with the applicable remuneration guidelines adopted by the extraordinary general meeting 2021. 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 the company's website <https://investors.profoto.com/en/>. No remuneration has been reclaimed.

Incentive programmes

Profoto has no long-term share-related incentive programmes. The main shareholders Burken Invest AB and Nedergransta Förvaltning AB has offered members of Profoto's Board of Directors to acquire at market price call options in Profoto issued by Burken Invest AB and Nedergransta Förvaltning AB. The call options were acquired in January 2022 and may be exercised 15 August 2024 – 15 February 2025, each at an exercise price of SEK 111. Profoto has not participated in the offer, which was submitted by Burken Invest AB and Nedergransta Förvaltning AB on their own initiative.

Remuneration to directors of the board in 2021

In 2021, Aligro Advisory AB, a wholly owned company of Hans Eckerström, received a consulting fee of SEK 300,000 (excl. VAT), for services provided in connection with Profoto's IPO in 2021.

Total remuneration to the CEO in 2021 (kSEK)*

Name of Director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense***	5 Total remuneration	6 Proportion of fixed and variable remuneration
	Base salary**	Other benefits***	One-year variable	Multi-year variable				
Anders Hedebarck (CEO)	3,803	348	1,055	N/A	N/A	1,281	6,487	84%/16%

* The table reports remuneration earned in 2021.

** Including holiday pay of kSEK 203.

*** Other benefits include healthcare insurance and car.

**** Pension expense, which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account. The purpose of the variable cash remuneration is to award continuous, profitable growth which means that some variable cash remuneration may be awarded regardless of growth rate, if the generation of profit is strong. However, to maximise the variable cash remuneration, a high percentage of profit must be combined with strong growth.

Performance of the CEO in the reported financial year: variable cash remuneration

Name of Director, Position	1 Description of the performance criteria	2 Relative weighting of the performance criteria	3
			a) Measured performance and b) actual award/ remuneration outcome
Anders Hedebarck, CEO	EBIT (%)	40%	a) 108% b) SEK 219,487
	Sales growth (%)	40%	a) 258% b) SEK 686,142
	ROCE (%)	20%	a) 147% b) SEK 149,728

Comparative information on the change of remuneration and company performance

*Change of remuneration and company performance over the last three reported financial years (RFY) (kSEK)**

	2019 vs 2018	2020 vs 2019	2021 vs 2020	2021
CEO remuneration	3,943 vs 3,859 (+2%)	3,905 vs 3,943 (-1%)	5,206 vs 3,905 (+33%)	5,206
Group EBIT	222,117 vs 182,850 (+21%)	-11,854 vs 222,117	211,889 vs -11,854	211,889
Average remuneration on a full-time equivalent basis of employees** of the Group	722 vs 690 (+5%)	680 vs 722 (-6%)	740 vs 680 (+9%)	740

* Profoto was listed on Nasdaq Stockholm in 2021. Comparable figures only available from and including 2018.

** Excluding members of the group executive management.