

# Profoto Holding AB (publ)

## The Board of Directors' proposal on guidelines for executive remuneration

The Board of Directors of Profoto Holding AB (publ) ("**Profoto**") proposes that the Annual General Meeting 2023 resolves to adopt the following guidelines for executive remuneration. In relation to current guidelines, resolved by the 2022 Annual General Meeting, the proposal for the 2023 Annual General Meeting means that the Company has added a long-term variable remuneration for executives, which can be implemented if the general meeting does not resolve to implement a share-related or share price-related incentive scheme. The Board of Directors has not received any comments from shareholders on the guidelines for executive remuneration.

The CEO and other members of the executive management of Profoto Holding AB (publ) fall within the provisions of these guidelines. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting on May 5, 2023. These guidelines do not apply to any remuneration decided or approved by the general meeting.

To the extent that a board member performs work for Profoto in addition to his or her duties as a member of the board, these guidelines shall also apply to any remuneration (for example consultancy fees) for such work.

### **The guidelines' promotion of Profoto Holding's business strategy, long-term interests and sustainability**

The Company'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. For more information regarding the Company's business strategy, refer to the Company's annual and sustainability report. 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 is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration, in order to attract, motivate and keep competent and skilled personnel.

### **Types of remuneration, etc.**

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. The board should annually evaluate the extent to which share-related or share price-related remuneration should be proposed to the general meeting.

#### *Fixed cash remuneration*

The fixed cash salary shall be individual and based on the executive's responsibility and position as well as competence and experience regarding the relevant position.

#### *Variable cash remuneration*

Variable cash remuneration, which may comprise of annual variable cash remuneration and long-term variable cash remuneration, shall be awarded upon satisfaction of certain criteria (for further information see *Criteria for variable cash remuneration*).

Variable cash remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability.

### *Pension benefits*

For the CEO, pension benefits shall be premium defined and shall not amount to more than 35 percent of the remuneration which entitles pension (fixed and variable cash remuneration). For other executives which fall within the ITP-plan, pension benefits shall correspond to what applies according to the ITP-plan. For other executives, pension benefits shall not amount to more than 25 percent of the remuneration which entitles pension (fixed and variable cash remuneration).

### *Other benefits*

Other benefits may include, for example, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits shall have a limited value in relation to other remuneration and correspond to market terms on each geographical market. Such benefits may not amount to more than 10 percent of the fixed annual cash salary.

### *Extraordinary remuneration*

Further cash remuneration may be awarded as one-off arrangements in extraordinary circumstances, for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount corresponding to one year's fixed cash remuneration. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the remuneration committee.

### *Foreign employment conditions*

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

### *Remuneration to members of the Board of Directors*

If a board member (including a board member acting through a wholly owned company) performs services for Profoto in addition to the work as board member, certain cash remuneration may be paid for such work (consulting fee). The fee shall be in line with market terms and be related to the benefits for Profoto. Remuneration to board member, as well as other terms and conditions, shall be determined by the Board of Directors.

### **Time of employment and termination of employment**

The notice period for the CEO may not exceed 24 months if notice of termination of employment is made by the Company and must be at least six months if the termination is made by the CEO. The notice period for other executives may not exceed 12 months if notice of termination of employment is made by the Company and must be at least three months if the termination is made by the executive. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other executives.

Executives may be compensated for non-compete undertakings after the termination of the employment, however, only to the extent severance pay is not paid during the same period of time. The purpose of such remuneration shall be to compensate the executive for the difference between the monthly fixed cash salary at the time of termination of the employment, and the (lower) monthly income which is obtained, or could be obtained, by a new employment contract, assignment or own business. The remuneration may be paid during the period the non-compete undertaking is applicable, however no longer than a period of six months after the termination of the employment.

### **Criteria for variable cash remuneration**

Annual variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial and connected to, for example, sales growth and profit generation, or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the Company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long term development. Annual variable cash remuneration may amount to no more than the aggregate of twelve fixed monthly salaries.

To which extent the criteria for awarding annual variable cash remuneration has been satisfied shall be evaluated during a period of one calendar year. When the measurement period for satisfying the criteria for being awarded annual variable cash remuneration has ended, it shall be determined to what extent the criteria has been satisfied. The remuneration committee is responsible for the evaluation so far as it concerns annual variable cash remuneration to the CEO. For annual variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

If and to the extent the general meeting does not resolve to implement a long-term share-related or share price-related incentive scheme, variable remuneration may also consist of a long-term variable cash remuneration that is implemented annually. To participate in the scheme for long-term variable remuneration, an own investment is required by the participant. Long-term variable remuneration must be measured over a period of at least three calendar years and be conditional upon the fulfilment of predefined and measurable objectives during the measurement period. The long-term variable remuneration must, with regard to each measurement period, amount to a maximum of 220 percent of the fixed salary.

### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

### **The decision-making process to determine, review and implement the guidelines**

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its executive management. Board members, the CEO, or other members of the executive management do not participate in the Board of Directors' and remuneration committee's processing of and resolutions regarding remuneration related matters in so far as they are affected by such matters.

### **Deviation from the guidelines**

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration related matters. This includes any resolutions to derogate from the guidelines.

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Sundbyberg in March 2023  
**Profoto Holding AB (publ)**  
*The Board of Directors*