

Profoto Holding AB (publ) - Remuneration report 2023

Introduction

This remuneration report describes how the guidelines for executive remuneration of Profoto Holding AB (publ) ("**Profoto**"), adopted by the annual general meeting 2023, were implemented in 2023. The report also provides information on the remuneration to Profoto's CEO. The report also provides a summary of Profoto's outstanding share and share price related incentive programs. 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 11 "Number of employees, staff costs and senior executives" on pp. 58-59 in the annual report 2023. Information on the work of the remuneration committee in 2023 is set out in the corporate governance report, which is available on pp. 39-42 in the annual report 2023.

Remuneration of Board of Directors and consulting fee

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 11 "Number of employees, staff costs and senior executives" on pp. 58-59 in the annual report 2023.

During 2023 Aligro Advisory AB, a company owned by the Chairman of the Board Hans Eckerström, has conducted consultancy services for Profoto, and received consulting fees of in total KSEK 1,000. The consultancy assignment has consisted of strategic advice on mergers and acquisitions. It has been assessed important and beneficial for the company to procure such services and the services have been procured to a fee on market terms.

Key Developments 2023

The CEO summarizes the company's overall performance in his statement on pp. 8-9 in the annual report 2023.

Overview of the application of the remuneration guidelines in 2023

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 objectives.

The guidelines are found in the Corporate Governance Report on p. 41 in the annual report 2023. During 2023, the company has complied with the applicable remuneration guidelines adopted by the annual general meeting 2023. 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.

Total remuneration to the CEO in 2023 (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 Hedebark (CEO)	4,480	112	382	N/A	N/A	1,877	6,851	94%/6%

* Table shows remunerations related to the calendar year 2022

** Including holiday pay of KSEK 662

*** 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

Incentive programmes

The annual general meeting 2023 resolved to implement a new warrant program for senior executives and key personnel in the Profoto Group. The Program comprises a maximum of 1,080,000 warrants equally distributed on three series, TO 2023/2026, TO 2024/2027 and TO 2025/2028, that have been issued to Profoto Aktiebolag, a wholly owned subsidiary of Profoto Holding AB (publ), for further transfer to the participants annually in 2023, 2024 and 2025, respectively. During the third quarter of 2023, 360,000 warrants in series 2023/2026 were acquired by seven participants. The warrants were transferred at a price of SEK 8.50 per warrant, which corresponds to the fair market value at the time of transfer. The warrants can be exercised for shares between June 15 and December 15, 2026 and the exercise price per share has been set at SEK 110.77, which corresponds to 140 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list during the five trading days immediately preceding the transfer. Information on the incentive program is available in note 11 "Number of employees, staff costs and senior executives" on pp. 58-59 in the annual report 2023.

At the end of each series of the program, the participants will be entitled to receive a retention bonus from the company in the form of a gross salary addition that as a maximum can correspond to the amount paid by each participant for the warrants. Payment of the retention bonus is conditional upon continued employment within the Profoto group at the time of payment and that the participant has not terminated his/her employment.

Further, the main shareholders Burken Invest AB and Nedergransta Förvaltning AB has offered members of Profoto's Board of Directors to acquire call options in Profoto at market price 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.

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 2023 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 maximize 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 Hedebark , CEO	EBIT (%)	40%	a) 84% b) 290,321 SEK
	Sales growth (%)	40%	a) -65% b) 0 SEK
	Return on capital employed (%)	20%	a) 46% b) 0 SEK

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)**

	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2023
CEO remuneration	3,905 vs 3,943 (-1%)	5,206 vs 3,905 (+33%)	4,289 vs 5,206 (-18%)	4,974 vs 4,289 (+16%)	4,974
Group EBIT	-11,854 vs 222,117	211,889 vs -11,854	248,815 vs 211,889	204,391 vs 248,815	204,391
Average remuneration on a full-time equivalent basis of employees** of the Group	680 vs 722 (-6%)	740 vs 680 (+9%)	693 vs 740 (-6%)	710 vs 693 (+2%)	710

* Profoto was listed on Nasdaq Stockholm in 2021.

** Excluding members of the group executive management