

Electrolux Professional Group remuneration report 2022

Introduction

This report describes how the guidelines for executive remuneration of Electrolux Professional AB, adopted by the Annual General Meeting 2020, have been implemented in 2022. The report also provides information on remuneration for the President and CEO. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Group Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 26 (Employees and personnel costs) on pages 134-137 of the 2022 Annual Report. Information on the work of the Remuneration Committee in 2022 is set out in the corporate governance report available on page 72 of the 2022 Annual Report.

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 26 on page 135 of the 2022 Annual Report.

Key business developments in 2022

The President and CEO summarizes the company's overall performance in his statement on pages 4-5 of the 2022 Annual Report.

Group remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the Group's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Group can recruit and retain qualified personnel. To this end, the Group must

offer competitive remuneration in relation to the country or region of employment of each Group Management member. The Group'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 compensation, variable compensation, pension benefits, and other benefits.

Variable compensation consists of both short-term cash compensation and long-term share related or cash-based compensation.

The guidelines are found in the administration report on pages 94-95 of the 2022 Annual Report. During 2022, the Group has complied with the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been decided and no derogations from

Table 1 – Total remuneration of the President and CEO in 2022 (kSEK)¹

kSEK	Fixed compensation		Variable compensation		Extraordinary items	Pension expense ⁶	Total remuneration	Proportion of fixed and variable remuneration
	Fixed cash compensation ³	Other benefits ⁴	One-year variable	Multi-year variable ⁵				
Alberto Zanata (President and CEO) ²	6,227	406	4,188	-	-	510	11,331	63%/37%

- 1) Except for Multi-year variable compensation, the table reports remuneration earned in 2022 (irrespective of whether payments have been made the same year). Multi-year variable compensation is reported if vested in 2022. In 2022 no multi-year variable compensation has vested.
- 2) As the compensation for the President and CEO is set in Euro, any fluctuations in the currency exchange rate will affect the reported compensation in SEK.
- 3) The annual fixed salary includes annual base salary, vacation salary, paid vacation days and fixed non-compete components.
- 4) Company car and medical insurance.
- 5) Vested long-term incentive awards. The 2021 and 2022 long-term incentive programs currently running vest in 2024 and 2025, respectively.
- 6) Pension expense, consisting of defined contributions according to collective bargaining agreement entitlements, has been counted entirely as fixed remuneration.

Table 2 – Share based remuneration (for the President and CEO)

The main conditions of share award plans				Information regarding the reported financial year						
				Opening Balance (Jan 1, 2022)		During the year				Closing balance (Dec 31, 2022)
Specification of plan ¹	Performance period	Award date ²	Vesting date and end of retention period	Share awards held at the beginning of the year ³	No. of shares	Value (kSEK) ⁵	No. of shares	Value (kSEK) ⁷	Awards subject to vesting ⁸	Awards forfeited ⁹
LTI 2021 ¹⁰	Jan 1 - Dec 31, 2021	May 5, 2021	Dec 31, 2023	102,457	0	0	0	0	102,457	0
LTI 2022 ¹¹	Jan 1 - Dec 31, 2022	May 5, 2022	Dec 31, 2024	0	105,176	5,811	0	0	49,181	55,995

- 1) All plans have a three-year vesting period, including a one-year performance period.
- 2) Refers to the date when the share awards were awarded to the participant.
- 3) Refers to the number of share awards under vesting period at the beginning of the year. See column 'Vesting date and end of retention period' for vesting date.
- 4) Assuming a maximum performance outcome.
- 5) Value at award date calculated as the market price per share multiplied by the number of awarded shares.
- 6) Actual number of shares based on performance outcome and their value at vesting date.
- 7) The share value based on closing price on vesting date.
- 8) Refers to number of shares awarded based on actual performance outcome, but for which the vesting date is after the end of the reported financial year.
- 9) Refers to number of shares forfeited based on actual performance outcome.
- 10) The maximum number of shares that could be awarded under LTI 2021 for the CEO was 102,457 shares. Outcome was 100% and resulted in the maximum numbers of shares for the CEO.
- 11) The maximum number of shares that could be awarded under LTI 2022 for the CEO was 105,176 shares. The outcome was 47% and resulted in 49,181 shares for the CEO.

the procedure for implementation of the guidelines have been made.

The auditor's report regarding the Group's compliance with the guidelines is available on the corporate website.

No remuneration has been reclaimed.

Share-based remuneration

The intention with Electrolux Professional's long-term incentive plans (LTI) is to be able to attract and retain competent senior employees, and to increase the commitment and the motivation of the program participants. The plans have been designed to align management incentives with shareholder interests.

The company had during 2022 two ongoing performance share programs (LTI 2021 and LTI 2022) for senior managers and key employees, including the President and CEO. Both programs run over a three-year vesting period including a one-year performance period. The allocation of shares in the 2021 and 2022 program is determined by the participant's position level and the outcome of two objectives: (i) earnings per share and (ii) operating cash flow after investments.

Performance outcome of the two financial objectives in the two plans has been determined by the Board after the expiry of the respective one-year performance period for each program.

Allocation of shares is based on performance, and performance objectives are linear from minimum to maximum. If the maximum is reached or exceeded, 100% of the maximum granted shares to each participant will be allocated. If the performance is below the maximum level but exceeds the minimum level, a proportionate allocation of

Table 3(a) – Performance of the President and CEO in the reported financial year: variable short-term cash compensation

kSEK	Description of the performance criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) Actual award/remuneration outcome
Alberto Zanata (President and CEO)	Group EBITA Growth (%) ¹	55%	a) 38.6% b) 2,904 kSEK
	Group Net Sales Growth (%) ²	15%	a) 16.9% b) 765 kSEK
	Group Operating Working Capital (%) ³	10%	a) 16.7% b) - kSEK
	Group Customer Care Net Sales Growth (%) ⁴	20%	a) 13.6% b) 519 kSEK

1) Year on year EBITA value growth %, adjusted to average rate 2022 in SEKm. EBITA = EBIT (absolute) plus amortization. Effects of acquisitions and divestments excluded.

2) Year on year External Net Sales growth (%), adjusted to average rate 2022 in SEKm. Effects of acquisitions and divestments excluded.

3) Operating Working Capital (OWC) % = OWC (excluding factoring contribution) divided by External Net Sales. OWC: 12 months average OWC (Acc. Receivables excluding factoring contribution + Inventory + Acc. Payable) adjusted to average rate 2022. External Net Sales: 12 months External Net sales adjusted to average rate 2022. Effects of acquisitions and divestments excluded.

4) Year over year External Net Sales growth (%), adjusted to average-rate 2022 in SEKm. Effects of acquisitions and divestments excluded.

shares will be made. No allocation will be made if performance does not reach the minimum level. The shares will be allocated after the vesting period free of charge except for tax liabilities.

If a participant's employment is terminated during the respective three-year vesting period of each program, the participant will be excluded from the program and will not receive any shares or other benefits under the program. However, in certain instances, including for example a participant's death, disability, retirement or the divestiture of the participant's employing company, a participant could be entitled to reduced benefits under the program.

All programs comprise Class B shares. Additional information about the outstanding LTI programs can be found in Note 26 in the Annual Report 2022.

Application of performance criteria

The performance measures for the President and CEO's variable compensation have been defined to

Table 3(b) – Performance of the President and CEO in the reported financial year: variable long-term share-based compensation

kSEK	Name of plan	Description of the performance criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) Actual award/remuneration outcome
Alberto Zanata (President and CEO)	LTI 2022	Earnings per share ¹	60%	a) 2.39 SEK b) 49,181 shares ³
		Operating cash flow after investments ²	40%	a) 636 mSEK b) -

1) Income for the period (attributable to equity holders of Electrolux Professional) shall be divided by the weighted average number of basic shares outstanding during the period.

2) Cash flow from operations and investments shall be adjusted for financial items paid, taxes paid and, acquisitions/divestments of operations.

3) Shares will vest after January 1, 2025 subject to continued employment.

deliver the Group's strategy and to encourage behavior which is in the long-term interest of the Group. In the definition of performance measures, the strategic objectives and short-term and long-term business priorities for 2022 have been taken into account.

Set out in Tables 3(a) and 3(b) above are descriptions of how the performance measures for payment of variable short-term and long-term compensation have been applied during the financial year.

Table 4 – Comparative information on the change of remuneration and company performance¹

Actual Value and Annual Change ²	2022	2021	2020
President and CEO Remuneration in kSEK (change in %)	11,331 (-9%)	12,453 (+102%) ³	6,163
Group EBITA in mSEK (change in %)	1,146 (+72%)	665 (+25%)	533
Average remuneration on a full-time equivalent basis of employees of the parent company, Electrolux Professional AB in kSEK (change in %) ⁴	539 (+10%)	489 (-4%)	509

1) Electrolux Professional AB was listed on the NASDAQ Stockholm on March 23, 2020 and consequently comparative information for previous financial years is not provided.

2) The table presents the actual value for the reported financial year and, in parenthesis, the annual change vs the previous year.

3) The increase in 2021 compared to 2020 is due to close to maximum outcome for 2021 incentive programs and zero outcome for 2020 programs.

4) Total remuneration, excluding Board members and members of the Group Management Team, of Electrolux Professional AB.