

## Remuneration report 2023

### ***Introduction***

This report describes how the guidelines for Group Management remuneration of Husqvarna AB, adopted by the Annual General Meeting 2021, were implemented in 2023. The report also provides information on remuneration to the CEO and a summary of the Company's outstanding share-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board. Further information on Group Management remuneration is available in note 4 (Employees and employee benefits) on pages 68-69 in the Annual and Sustainability Report 2023. Information on the work of the remuneration (People & Sustainability) committee in 2023 is set out in the Corporate Governance Report available on pages 50-55 in the Annual and Sustainability Report 2023.

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 4 on page 69 in the Annual and Sustainability Report 2023.

### ***Key developments 2023***

The CEO summarizes the company's overall performance in his statement on page 4-6 in the Annual and Sustainability Report 2023.

### ***The company's remuneration guidelines: scope, purpose and deviations***

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 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, Group Management remuneration shall be on market terms and may consist of the following components: fixed base salary, variable cash compensation, pension benefits and other benefits. The variable cash compensation shall be conditional upon the fulfilment of defined financial criteria as well as non-financial criteria, to promote the Company's business strategy including its sustainability.

The guidelines are found on pages 40-41 in the Annual and Sustainability Report 2023. The remuneration guidelines, adopted unanimously by the 2021 Annual General Meeting, have been fully implemented.

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 [www.husqvarnagroup.com/en/corporate-governance](http://www.husqvarnagroup.com/en/corporate-governance). No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the Annual General Meetings of the Company have resolved to implement a long-term share-based incentive plan.

**Table 1 – Total CEO remuneration in 2023 (kSEK)\***

Name of director (position)	Fixed remuneration		Variable remuneration		Extraordinary items****	Pension expense** ***	Total remuneration	Proportion of fixed and variable remuneration
	Base salary**	Other benefits	One-year variable	Multi-year variable ***				
Pavel Hajman (CEO)	9,795	16	2,641	-443	-	3,772	15,781	86/14
Henric Andersson ****	811	0	0	712	11,000	3,600	16,123	27/73

\* Remuneration earned in 2023. Disbursement may not have been made the same year.

\*\* Including vacation and ATK payment pay.

\*\*\* Value of vested share awards as set out in column 9 of Table 2 below.

\*\*\*\* An agreement regarding severance pay was reached in February 2023 with the CEO. Cash severance pay amounts to MSEK 11, pension payment amounts to MSEK 3.6 and value of so-called accelerated vesting of share awards amounts to MSEK 14.8. Other final payments amounts to MSEK 4.1.

\*\*\*\*\*Pension expense (column 7), which in its entirety relates to Base salary, has been counted entirely as fixed remuneration

### **Share-based remuneration**

The Company has implemented four share award programs (2020-2023, 2021-2024, 2022-2025 and 2023-2026) with up to maximum 100 participants in the 2020 and 2021 programs, and with maximum 135 in the 2022 and 2023 programs.

Performance share awards have been awarded free of charge and are subject to three-year vesting periods and continued employment. The number of performance based share awards that vest and give right to Husqvarna Class B-shares further depend on the fulfilment of certain targets, determined by the Board of Directors, during the three years performance period for each program. The LTI 2020 program (2020/2023) target is 100% related to Value Creation. The LTI 2021 program has one target, a Value Creation target (Earnings Before Interest and Tax adjusted for items affecting comparability – Average Net Assets x Weighted Average Cost of Capital). The LTI 2022 and 2023 programs have two targets: one Value Creation target with a weight of 90% and one Carbon dioxide (CO<sub>2</sub>) emission reduction target with a weight of 10%.

There are three performance levels set for each performance criteria, with a linear progression of the number of performance based share awards from threshold to target and from target to maximum for each program. The threshold must have been reached in order for the performance based share awards to vest.

In total, 6.5 million performance shares have been awarded, which corresponds to 1.1% of the shares in the Company.

**Table 2 – Share award plans (CEO)**

Name of director (position)	The main conditions of share award plans					Information regarding the reported financial year					
						Opening balance	During the year		Closing balance		
	Name of plan	Performance period	Award date	Vesting date	End of retention period	Share awards held at beginning of year	Awarded	Vested	Subject to performance condition	Awarded and unvested at year end	Shares subject to retention period
Henric Andersson (CEO)	LTI 2020	2020-2022	10 July 2020	10 July 2023	10 July 2023	119,337	0	109,392	0	0	0
Henric Andersson (CEO)	LTI 2021	2021-2023	31 May 2021	31 May 2024	31 May 2024	93,807	0	55,033	0	0	0
Henric Andersson (CEO)	LTI 2022	2022-2024	28 April 2022	28 April 2025	28 April 2025	83,003	0	0	0	0	0
<b>Henric Andersson (CEO)*</b>						<b>296,147</b>	<b>0</b>	<b>164,425</b>	<b>0</b>	<b>0</b>	<b>0</b>
Pavel Hajman (CEO)	LTI 2020	2020-2022	10 July 2020	19 July 2023	19 July 2023	48,674	0	48,674**	0	0	0
Pavel Hajman (CEO)	LTI 2021	2021-2023	31 May 2021	31 May 2024	31 May 2024	35,614	0	0	35,614	35,614	0
Pavel Hajman (CEO)	LTI 2022	2022-2024	28 April 2022	28 April 2025	28 April 2025	29,354	0	0	29,354	29,354	0
Pavel Hajman (CEO)	LTI 2023	2023-2025	21 April 2023	21 April 2026	21 April 2026	0	47,803****	0	47,803	47,803	0
<b>Pavel Hajman (CEO)**</b>						<b>113,642</b>	<b>47,803</b>	<b>48,674</b>	<b>112,771</b>	<b>112,771</b>	<b>0</b>

\* **This is a summary row for the plans 2020, 2021, 2022.** In 2023, accelerated vesting of LTI 2020, 2021 and 2022 took place for the former CEO, in line with the LTI plan rules. The three programs vested in accordance with the YE 2022 status of the programs. For 2020 program 33 months were basis for vesting, at stretch outcome. For 2021 program 22 months were basis for vesting, at 96% of stretch outcome and for 2022 program 11 months were basis for vesting, at 0% outcome.

\*\***This is a summary row for the plans 2020 to 2023.** In 2023, Share Award Plan LTI 2020 vested, whereupon performance shares awards (48,674) gave the right to the corresponding number of Husqvarna shares that were transferred to the CEO. No changes occurred regarding Share Award Plan LTI 2021 and LTI 2022, where the CEO holds 64,968 share awards (35,614 LTI 2021 + 29,354 LTI 2022). In Share Award Plan LTI 2023, the CEO was awarded 47,803 share awards in 2023.

\*\*\* Value: kSEK 4,039 calculated as the market price per share at the time of vesting (SEK 82.98) multiplied by the number of share awards (48,674).

\*\*\*\* Value: kSEK 4,273 calculated as the market price per share at award (SEK 89.40) multiplied by the number of awards (47,803).

### Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to support the Company's strategy.

In the selection of performance measures, the strategic objectives and short- and long-term business priorities for 2023 have been taken into account.

**Table 3(a) - Performance of the CEO in the reported financial year: variable cash remuneration**

Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome
Pavel Hajman (CEO)	Group Earnings Before Interest and Tax (EBIT)	50%	a) MSEK 4,970* b) kSEK – 1,697
Pavel Hajman (CEO)	Group Cash Conversion Cycle (CCC) reduction days 2023	30%	a) -29 days** b) kSEK - 0
Pavel Hajman (CEO)	Individual Key Performance Indicators 2023	20%	a) Rating 3 b) kSEK – 943

\* Operating income adjusted for items affecting comparability and excluding acquisitions.

\*\* CCC adjusted for restructuring and acquisitions.

**Table 3(b) - Performance of the CEO in the reported financial year: share-based incentives**

Name of director (position)	Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome
Pavel Hajman (CEO)	LTI 2023	Group Value Creation 2023-2025*	90%	N/A**
Pavel Hajman (CEO)	LTI 2023	Group Carbon dioxide (CO2) emission reduction 2023-2025	10%	N/A**

\* Earnings Before Interest and Tax adjusted for items affecting comparability – Average Net Assets x Weighted Average Cost of Capital.

\*\* Performance period still running.

### Comparative information on the change of remuneration and Company performance

**Table 4 – Remuneration and Company performance for reported financial year (RFY) (kSEK)**

Year	2021	2022	2023
CEO remuneration	24,759	19,440 (-21.5%)	15,781 (-18,9%)
Group operating profit	5,704,000*	4,812,000*(-15.7%)	4,970,000*(+3.2%)
Average remuneration on a full time equivalent basis of employees** of the parent company	795	782 (-1.6%)	766 (-2.1%)

\* Operating income adjusted for items affecting comparability and excluding acquisitions.

\*\* Excluding members of Group Management.