Remuneration report 2025

Introduction

This report describes how the *Executive remuneration policy* (the "Remuneration policy") of Alfa Laval AB (the "Company"), adopted by the Annual General Meeting 2023, was implemented in 2025. The report also provides details on the remuneration to the CEO. The report has been prepared in accordance with the Swedish Companies Act (2005:551) and the Stock Market Self Regulation Committee's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Further information on executive remuneration is available in note 5 in the annual report. Information on the work of the remuneration committee is set out in the corporate governance report and is available in the 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 5 in the annual report.

Key Developments 2025

A summary of the Company's overall performance can be found in the CEO comments in the annual report.

The Company's Remuneration policy, 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 is able to recruit and retain qualified personnel and consequently the Company must offer competitive remuneration.

The Company's Remuneration policy enables the Company to offer executives a competitive total remuneration. Under the Remuneration policy, executive remuneration shall be on market terms and may consist of the following components: fixed base salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to mainly financial criteria. The criteria shall be designed to contribute to the Company's business strategy and long-term interests.

The Remuneration policy is found on pages 82-83 in the annual report. During 2025 the Company has complied with the applicable Remuneration policy adopted by the general meeting 2023. No deviations from the policy have been decided and no derogations from the procedure for implementation of the policy have been made. The auditor's report regarding the Company's compliance with the Remuneration policy is available on the following link https://www.alfalaval.com/investors/corporate-governance/. No remuneration has been reclaimed.

Table 1 – Total paid remuneration of the CEO in KSEK in financial year 2025

Name of Director, position	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense[3]	6 Total remuneration[4]	7 Proportion of fixed and variable remuneration[5]
	Base salary	Other benefits[1]	STI One-year variable[2]	LTI Cash based multi-year variable[2]				
Tom Erixon, CEO	17 601	975	8 605	7 061	0	8 591	42 833	63% fixed 37% variable

[1] Includes the value of company car/car allowance, taxable daily allowances, holiday pay, payment for vacation taken in cash, life, disability and healthcare insurance.
[2] STI; 2024 performance year outcome paid out in 2025, LTI; performance year 2023-2024 paid out in 2025
[3] Includes a defined contribution pension contribution of 50% of base salary, survivor´s benefit.
[4] Excluding social security.
[5] Fixed remuneration including fixed pension costs. Variable remuneration including variable pension costs.

Share based remuneration

The Company does not have any shared-based or share price-based related incentive programs.

Application of performance criteria

The performance measures 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 have been taken into account.

Table 2a – Performance of the CEO short term variable cash remuneration; 2024 performance year outcome paid out in the reported financial year 2025.

Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria (%-age of max opportunity)	Actual award/outcome KSEK and measured performance
	Orders Received	20% (12%)	1 956 (12%)
Tom Erixon (CEO)	Adj EBITA (% of net sales)	60% (36%)	4 693 (28,8%)
	ROCE (%)	20% (12%)	1 956 (12%)
		100% (60%)	8 605 (52,8%)

Table 2b - Performance of the CEO long term variable cash remuneration; Outcome for 3-year plan with performance period 2022-2024 paid out in the reported financial year 2025;

Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria (%-age of max opportunity)	Actual award/outcome KSEK and measured performance
	Adjusted EBITA margin %	50% (25%)	2 987 (18,33%)
Tom Erixon (CEO)	Net Sales Growth % (also called net invoicing growth %)	50% (25%)	4 074 (25%)
		100% (50%)	7 061 (43,33%)

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last reported financial years (RFY) (KSEK). 2020 was the first reference-year and therefore no year over year changes for the previously reported financial years will be presented.

Annual change	RFY (2020)	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2025 vs 2024
Directors Remuneration						
Tom Erixon, CEO	30 409	+ 4 334 (+14,3%)	+618 (+1,8%)	-3 208 (-9,1%)	+7 929 (+24,7%)	+2 751 (+6,9%)
Company Performance						
Net invoicing Growth	41 468	-557 (-1,3 %)	+11 224 (+27,4%)	+11 463 (+22,0%)	+3 356 (+5,3%)	+2 720 (+4,1%)
Adjusted EBITA % of net sales	17,4 %	+/- 0%	-1,6% (-9,2%)	+0,3% (+1,9%)	+0,5% (+3,0%)	+1,1% (6,9%)
Average remuneration on a fulltime equivalent basis of Employees						
Employees of the company[1]	662	+29 (+4,4%)	+8 (+1,1%)	+ 33 (+4.7%)	+24 (+3,3%)	+32 (+4,2%)

[1] Includes all employees in the wholly-owned subsidiaries in Sweden, excl executive management