



**Brødrene A & O Johansen A/S**  
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CVR-nr. 58210617

## **NOTICE CONVENING THE ANNUAL GENERAL MEETING OF BRØDRENE A. & O. JOHANSEN A/S**

The Board of Directors hereby convenes the annual general meeting of Brødrene A. & O. Johansen A/S, CVR no. 58 21 06 17. Pursuant to Article 11 of the Articles of Association, the general meeting will be held as a completely electronic general meeting *without the possibility of physical attendance on*

**FRIDAY, 21 MARCH 2025, AT 1.00 PM**

via the Company's investor portal to be found under 'Investor Relations' on AO.dk

with the following

### **AGENDA:**

- 1. The Board of Directors' report on the Company's activities in 2024**
- 2. Approval of the Annual Report for 2024 and grant of discharge to the Board of Directors**

The Board of Directors recommends approval of the Annual Report for 2024 and that the general meeting grants discharge to members of the Board of Directors.
- 3. Resolution to distribute profits in accordance with the approved Annual Report**

The Board of Directors proposes to pay out a dividend for 2024 of DKK 3.00 per share of nominally DKK 1. Dividend is paid out to both Class A and Class B shareholders.
- 4. Presentation of the Remuneration Report for an advisory vote**

The Board of Directors recommends approval of the Remuneration Report for 2024.
- 5. Approval of the remuneration of the Board of Directors for 2025**

The Board of Directors proposes that the Board of Directors' total remuneration for 2025, including committee fees, DKK 4,062,500, be approved. The total remuneration of the Board of Directors for 2024 was DKK 3,762,500.
- 6. Election of members to the Board of Directors**

Pursuant to Article 12(1) of the Articles of Association, the Company shall be managed by a Board of Directors of five members elected by the shareholders in general meeting.

The Board of Directors proposes that the following Board members be reelected for a period of one year: Henning Dyremose (Chair), Erik Holm (Deputy Chair), Ann Fogelgren, Peter Gath (elected by Class B shareholders), and Niels A. Johansen.

Backgrounds and managerial posts of these Board members are described in Schedule 1.

## **7. Election of auditor**

Pursuant to Article 16 of the Articles of Association, the Company's financial statements are to be audited by a state-authorised public accountant or auditing firm elected by the general meeting for one year at a time.

In accordance with the recommendation submitted to the Board of Directors by the Audit Committee, the Board of Directors proposes that PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (PwC) be reelected as auditor for the Company. In addition to the usual statutory audit, the elected auditor is required to express an opinion on the sustainability reporting of the Company in accordance with relevant legislation.

The Audit Committee is free from influence by a third party and is not subject to a contract with a third party restricting the choice of the annual general meeting to certain categories or lists of statutory auditors or audit firms, as regards the appointment of a particular statutory auditor or audit firm to carry out the statutory audit of the Company.

## **8. Proposals from the Board of Directors or shareholders**

### **8.1. Approval of remuneration policy**

The Board of Directors proposes that the general meeting approves the adjusted remuneration policy adopted by the Board of Directors. A few minor adjustments have been made to sections 2.1 and 3.3.1 upon which members of the Nomination and Remuneration Committees receive a fee which can constitute up to 20% of the base fee, and the upper limit for the short- and long-term cash bonus is increased from four to five months. Apart from this, the remuneration policy is materially identical to the remuneration policy that was approved by the annual general meeting on 20 March 2024.

The full wording of the revised remuneration policy is attached as Schedule 2 to this notice.

### **8.2. Amendments to the Articles of Association – adding of secondary names**

The Board of Directors proposes that the Articles of Association be amended as follows:

Lavprisværktøj.dk A/S, Lavprisvaerktoej.dk A/S, Lavprisel.dk A/S, Billigvvs.no A/S, VVSochBad Sverige A/S, Vvsocbad.se A/S, Designkupp A/S, Vvskupp.no A/S, Ljusochlampor.se A/S, Bo Bedre Bedst A/S, Bobedrebedst.dk A/S, Svenska VA-Grossisten A/S og Låsesmeden Fredericia A/S are added as secondary names, after which Article 1(2) of the Articles of Association get the following wording:

The company also carries on business under the following secondary names:

'Vaga Teknik A/S',

'Aquex A/S',  
'P. C. Christensens Eftf. A/S',  
'AO-MAVAB A/S',  
'Aktieselskabet Poul Thoft Simonsen, Esbjerg',  
'SEKO EL & VVS A/S',  
'SEKO A/S',  
'Ervex A/S',  
'AO-Ervex A/S',  
'Billig VVS A/S',  
'BILLIG-VVS.DK A/S',  
'BILLIGVVS.DK A/S',  
'LavprisVVS A/S',  
'BAD I TIDEN A/S',  
'LAVPRISBAD.DK A/S',  
'LAVPRISVVS.DK. A/S',  
'LPV.DK A/S',  
'Billig A/S',  
'FEGIME Denmark A/S',  
'Greenline A/S',  
'ELARTIKLER A/S',  
'GREEN-LINE A/S',  
'GREEN-LINE EL A/S',  
'GREEN-LINE EL DISCOUNT A/S',  
'GREENLINE EL A/S',  
'GREENLINE EL DISCOUNT A/S',  
'LED-LYS A/S',  
'LampeGuru.dk A/S',  
'LampeGuru.no A/S',  
'COMPLET VVS A/S',  
'EA VÆRKTØJ ENGROS A/S',  
'DANBESLAG A/S',  
'DK Låseteknik A/S',  
'EA VÆRKTØJ BESLAG ENGROS A/S',  
'SCANDINAVIAN HARDWARE A/S',  
'Lavprisværktøj.dk A/S',  
'Lavprisværktøj.dk A/S',  
'Lavprisel.dk A/S',  
'Billigvvs.no. A/S',  
'VVSochBad Sverige A/S',  
'Vvsochbad.se A/S',  
'Designkupp A/S',  
'Vvskupp.no A/S',  
'Ljusochlampor.se A/S',  
'Bo Bedre Bedst A/S',  
'Bobedrebedst.dk A/S',  
'Svenska VA-Grossisten A/S', and  
'Låsesmeden Fredericia A/S'.

### 8.3. Authorisation to acquire own shares

The Board of Directors proposes that it be authorised by the general meeting during the period until 1 May 2026 to let the Company acquire own shares equivalent to a total of 10% of the Company's share capital at the time of being granted authorisation, provided that the Company's total holding of own shares at no point exceeds 10% of the Company's share capital. The consideration must not deviate by more than 10% from the official price quoted at Nasdaq Copenhagen at the time of acquisition.

#### 8.4. Authorisation of the chairman

The Board of Directors proposes that the chairman of the general meeting (with the right of substitution) be authorised to register the resolutions passed by the general meeting with the Danish Business Authority and to make such alterations as the Danish Business Authority may require for registration or approval.

### 9. Any other business

#### Adoption requirements

Adoption of the proposal set out in item 8.2. of the agenda requires at least 2/3 of the votes cast and of the voting shares capital represented at the general meeting. The other proposals on the agenda may be adopted by a simple majority of votes. The Remuneration Report for 2024 is submitted for an advisory vote.

#### Share capital and voting rights

The Company's share capital amounts to DKK 28,000,000, nominal value, of which DKK 5,640,000, nominal value, constitutes Class A share capital, and DKK 22,360,000, nominal value, constitutes Class B share capital. The Class A share capital is divided into shares of DKK 100 each or multiples hereof, while the Class B share capital is divided into shares of DKK 1 each or multiples hereof. Any Class A share in the amount of DKK 100 carries 1,000 votes, while any Class B share in the amount of DKK 1 carries 1 vote.

The right of the shareholder to attend a general meeting and to vote in respect of his/her shares is determined on the basis of the shares held by the shareholder at the record date. The shareholding and the voting rights are calculated on the basis of entries in the shareholders' register and any notice of ownership received by the Company for the purpose of registration in the shareholders' register. Voting rights on shares registered in a nominee's name are exercised by the nominee (as further described below).

The record date is **Friday, 14 March 2025**.

Furthermore, attendance is subject to the shareholder having registered his/her participation as described below.

#### Notification of participation

A shareholder who wants to attend the general meeting must notify the Company of his/her participation no later than **Monday, 17 March 2025 at 11:59 pm**.

A shareholder or his/her proxy holder may attend the general meeting together with an advisor, provided that notification of the advisor's participation has been timely provided.

Notification of participation may be provided:

- electronically via the investor portal on Brødrene A. & O. Johansen A/S' website, [www.ao.dk](http://www.ao.dk).

A confirmation of registration will be sent by email to the email address provided by the shareholder.

Participation in the annual general meeting will take place through the general meeting portal, which can be accessed via an internet browser on a smartphone, tablet or a computer. The general meeting portal provides the shareholder with the opportunity to follow the annual general meeting as well as submit written questions and cast votes during the live webcast.

Information on the procedure relating to electronic participation is available on the Company's website.

Links to the general meeting and information on minimum systems requirements will be announced prior to the general meeting by email to shareholders, who have notified the Company of their participation.

Each shareholder is responsible for ensuring that he or she has a smartphone, tablet or a computer with a functional internet browser, and that the shareholder at the time of the general meeting has a sufficient and functional internet connection.

As voting and communication on the general meeting is conducted electronically, delays on the electronic lines may occur. In the extreme, these delays can last several minutes. The Company does not assume any responsibility for a shareholder's questions, comments, proposed amendments, or votes casted, if any, being received in time for them to be taken into consideration at the relevant item on the agenda.

Physical attendance is not possible.

### **Voting prior to the general meeting**

Shareholders who are unable to attend the general meeting may grant a proxy or submit a written vote (vote by correspondence).

#### **I. Proxy**

Proxies must be received by Euronext Securities no later than **Monday, 17 March 2025 at 11:59 pm**.

Proxy may be granted:

- electronically via the investor portal on Brødrene A. & O. Johansen A/S' website, [www.ao.dk](http://www.ao.dk), or
- by completing, signing and returning a proxy form by post to Euronext Securities, Nicolai Eigtveds Gade 8, DK-1402 Copenhagen, Denmark, or by email to [CPH-investor@euronext.com](mailto:CPH-investor@euronext.com). The proxy form may be downloaded from the Company's website, [www.ao.dk](http://www.ao.dk).

Proxy may be granted to the Board of Directors or a designated third party. A proxy applies to all items discussed at the general meeting. In the event new proposals are submitted, including any amendments to proposals, or in the event of proposals for new candidates to the Board of Directors or auditor not on the agenda, the proxy holder will vote on your behalf according to his/her best belief.

#### **II. Written vote (vote by correspondence)**

Written votes must be received by Euronext Securities no later than **Thursday, 20 March 2025 at 3 pm**. Written votes cannot be revoked once submitted.

Written votes may be submitted:

- electronically via the investor portal on Brødrene A. & O. Johansen A/S' website, [www.ao.dk](http://www.ao.dk), or
- by completing, signing and returning a vote by correspondence form by post to Euronext Securities, Nicolai Eigtveds Gade 8, DK-1402 Copenhagen, Denmark, or by e-mail to [CPH-investor@euronext.com](mailto:CPH-investor@euronext.com). The vote by correspondence form may be downloaded from the Company's website, [www.ao.dk](http://www.ao.dk).

### **III. Voting via nominee**

Shareholders holding shares through a nominee must exercise their right to vote through the nominee structure. This implies that all votes, including changes to votes submitted by proxy, must be submitted to the Company by the nominee.

#### **Additional information**

Until and including the date of the general meeting, the following additional information will be available at the Company's website, [www.ao.dk](http://www.ao.dk):

- Notice and agenda of the general meeting, including the complete proposals, and information on managerial posts and backgrounds of candidates to the Board of Directors.
- The documents to be presented at the general meeting, including the Annual Report for 2024 and the Remuneration Report for 2024.
- Proxy and vote by correspondence form.
- The total number of shares and voting rights as at the date of the notice.
- Information on the procedure of participating in the completely electronic general meeting, including how shareholders raise questions and cast votes.

#### **Personal data**

With regard to the collection and processing of personal data, reference is made to the information sheet on data protection law related matters in connection with the holding of the annual general meeting available at the Company's website under 'General Meeting'. In addition, reference is made to the Company's privacy policy available at <https://ao.dk/mit-overblik/indstilling/personal-data-policy>.

#### **Questions from the shareholders**

Prior to the general meeting, shareholders may submit questions concerning the agenda or the documents to be considered at the general meeting in writing to Brødrene A. & O. Johansen A/S by email to [IR@ao.dk](mailto:IR@ao.dk).

#### **Webcast**

The general meeting will be webcasted live via the Company's investor portal. The broadcast will also be available on demand on [www.ao.dk](http://www.ao.dk) following the general meeting. The broadcast, which will consist of both picture and sound, will cover the general meeting's platform and speaker's rostrum.

It is not possible to vote or ask questions via webcast.

Albertslund, 27 February 2025

The Board of Directors

## Schedule 1

# INFORMATION ABOUT THE BOARD OF DIRECTORS' MANAGERIAL POSTS

- **Henning Baunbæk Dyremose, Chair of the Board of Directors**

- CEO of Henning Dyremose ApS, HD Invest, Virum ApS, HCE Invest, Virum ApS, CD Invest, Virum ApS, Elly Dyremose ApS.
- Born 1945.
- Nationality: Danish.
- Chair of the Board of Directors since 2007.
- Member of the Board of Directors since 1997.
- Deputy Chair of Brødrene A. & O. Johansen A/S' Audit Committee.
- Elected by Class A shareholders.
- As Henning Dyremose has been a member of the Board of Directors for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of the Company.

### Qualifications

- Broad management experience in business, finance and politics.
- Experience as managing director of a wholesale company with the same customers as Brødrene A. & O. Johansen A/S.
- Former Minister of Finance.

### Managerial Posts

- Chair of the Board at:  
AO Invest A/S.

- **Erik P. Holm, Deputy Chair of the Board of Directors**

- CEO of Erik Holm Holding ApS, JU-CH Holding ApS, Lullula ApS.
- Born 1960.
- Nationality: Danish.
- Deputy Chair of the Board of Directors since 2023.
- Member of the Board of Directors since 2009.
- Member of Brødrene A. & O. Johansen A/S' Audit Committee.
- Elected by Class A shareholders.
- As Erik Holm has been a member of the Board of Directors for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of the Company.

#### Qualifications

- Experience as managing director of a wholesale company with the same customers as Brødrene A. & O. Johansen A/S.
- Broad management experience in sales, finance and logistics, both in Denmark and internationally.
- Experience of Board work in other listed companies.

#### Managerial Posts

- Chair of the Board at:

CR EI & Teknik A/S,  
Hotel Koldingfjord A/S,  
Norr11 Holding ApS,  
Norr11 International ApS.

- Deputy Chair of the Board at:

SP Group A/S,  
Arvid Nilssons Fond,  
AO Invest A/S.

- Member of the Board at:

Dragsholm Slot P/S,  
Hotelselskabet af 8. februar 2018 K/S,  
Miluda Invest ApS,  
Melleholdingkomplementarselskabet af 26. april 2018 ApS,  
Melleholdingselskabet af 26. april 2018 K/S,  
Tokyo Topco Limited (Sticks'n'Sushi).



- **Ann Fogelgren**

- CIO at GN Store Nord A/S.
- Born 1974.
- Nationality: Swedish.
- Member of the Board of Directors since 2023.
- Member of Brødrene A. & O. Johansen A/S' Audit Committee.
- Elected by Class A shareholders.
- According to the 'Danish Recommendations on Corporate Governance', Ann Fogelgren can be characterised as being independent of the Company.

Qualifications

- PhD in Information Systems from Copenhagen Business School in 2005.
- Former CIO at a number of large Danish companies.
- Former CDO.

Managerial Posts

- Member of the Board at:  
AO Invest A/S.

- **Peter Gath**

- CFO at St. Jørgen Holding ApS,  
CEO of Strategia Finans ApS.
- Born 1965.
- Nationality: Danish.
- Member of the Board of Directors since 2023.
- Chair of Brødrene A. & O. Johansen A/S' Audit Committee.
- Elected by Class B shareholders.
- According to the 'Danish Recommendations on Corporate Governance', Peter Gath can be characterised as being independent of the Company.

Qualifications

- State-Authorised Public Accountant.
- Cand.jur (Master of Law) and cand.merc.aud. (Master of Science (MSc) in Business Administration and Auditing).

- Adjunct Professor at CBS.
- Former long-term Audit Partner at KPMG and EY and former Chair of FSR – danske revisorer (The Institute of State Authorised Public Accountants in Denmark ).
- Former external auditor for Brødrene A. & O. Johansen A/S.
- Certified Sustainability Auditor.

#### Managerial Posts

- Chair of the Board at:  
  
FSRs Studie- & Understøttelsesfond,  
Johannes Hages Hus.
- Member of the Board at:  
  
Milde-Fonden,  
Lyn Mildé A/S,  
Konsolidator A/S,  
Board Office A/S,  
AO Invest A/S.

#### • **Niels Axel Johansen**

- CEO of Brødrene A. & O. Johansen A/S.
- Born 1939.
- Nationality: Danish.
- Member of the Board of Directors since 1979.
- Elected by Class A shareholders.
- As Niels A. Johansen has been a member of the Board of Directors for more than 12 years and is a member of the Executive Board, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of the Company.

#### Qualifications

- Long-time managerial experience as CEO.
- In-depth knowledge of the wholesale industry of installation materials in Denmark and the rest of Europe.

#### Managerial Posts

- Chair of the Board at:  
  
Avenir Invest ApS.
- In addition, Niels Axel Johansen is the CEO and member of the Board of Directors of a consolidated company and the Chair of the Board of Directors of three consolidated companies.

- **René Alberg**

- Product Manager.
- Born 1971.
- Nationality: Danish.
- Staff-elected member of the Board of Directors.
- Member of the Board of Directors since 2006.
- Re-elected in 2022, term expires in 2026.

- **Leif Hummel**

- Facility Manager.
- Born 1963.
- Nationality: Danish.
- Staff-elected member of the Board of Directors.
- Member of the Board of Directors since 2022. Previously member of the Board of Directors in 2014-2018.
- Re-elected in 2022, term expires in 2026.

- **Marlene L. Jakobsen**

- Store Manager.
- Born 1983.
- Nationality: Danish.
- Staff-elected member of the Board of Directors.
- Member of the Board of Directors since 2022.
- Elected in 2022, term expires in 2026.
- Member of the Board at:

Dansk Rugby Union,  
Kødbyforeningen,  
Rugby Europe.

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# **REMUNERATION POLICY**

**for the Board of Directors and the Executive Board**

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**BRØDRENE A & O JOHANSEN A/S**

Rørvang 3

DK-2620 Albertslund

Denmark

CVR (Central Business Register) No.: 58210617

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# 1 Introduction

Brødrene A & O Johansen A/S' (hereinafter called AO) remuneration policy for the Board of Directors and the Executive Board describes the principles for payment of remuneration to the Board of Directors and the Executive Board. The Executive Board means the executive officers registered with the Danish Business Authority.

The objectives of this remuneration policy are:

- to attract, motivate and retain qualified members of the Board of Directors and the Executive Board
- promote long-term value creation and sustainable return on AO's investments
- to ensure that sound and efficient risk management systems are implemented to the benefit of the Company's stakeholders
- to align the interests of the shareholders with those of the Board of Directors and Executive Board, both in the long and the short term.

The Board of Directors is responsible for drawing up the remuneration policy and ensures that it meets its objectives.

The remuneration policy for AO's Board of Directors and Executive Board is drawn up making allowances for the salaries and terms of employment of the other employees and the responsibilities of the Board of Directors and the Executive Board. In drawing up the remuneration policy, attention has also been paid to the special structure of the Company and to the fact that the ratio between the total remuneration of the management and the other employees may not differ significantly from similar listed Danish companies.

# 2 Remuneration of the Board of Directors

Each member of the Board of Directors receives a fixed annual base fee.

Once a year, the Board of Directors reviews the Directors' fees based on recommendations from the Remuneration Committee.

The Remuneration Committee bases its recommendations on relevant comparisons with other companies of the same size and complexity, taking into consideration the competency and performance requirements for the Board of Directors, including the number of meetings and the participation in committees.

Members of the Board of Directors receive a fixed annual remuneration based on the number of Board of Director and Committee seats held in the Company and the Group. Board members are not offered any incentive-based remuneration. This ensures that the Board of Directors is independent of short-term financial results and can focus on the Company's long-term strategic value creation and sustainability.

The Board of Directors' remuneration for each financial year is to be approved at the Annual General Meeting. Proposals for the Board of Directors' remuneration for the coming financial year are also to be presented at the Annual General Meeting for approval.

## **2.1 Fixed remuneration**

Members of the Board of Directors elected by the employees receive the same remuneration as the members elected by the General Meeting.

In addition to the base fee, the Chair and the Deputy Chair of the Board of Directors receive an additional fee which, in accordance with market practice, can constitute up to 100% and 50%, respectively, of the annual base fee.

Members of the Audit Committee also receive a fixed annual committee fee, which can constitute up to 100% of the base fee. In addition to the fixed annual committee fee the Chair and the Deputy Chair of the Audit Committee receive an additional fee. The additional fee can constitute up to 100% of the fixed annual committee fee for the Chair and up to 50% for the Deputy Chair.

Members of the Nomination and Remuneration Committees receive a fee which can constitute up to 20% of the base fee.

A separate fee is paid to members of the Board of Directors holding directorships or other management posts in the subsidiaries of the Company.

## **2.2 Remuneration for specific tasks**

If individual Board members take on specific tasks outside their normal duties assigned by the Board of Directors, the Remuneration Committee may recommend to the Board of Directors that they approve a remuneration for such tasks.

## **2.3 Incentive programs**

The members of the Board of Directors are not offered any bonus or incentive programs.

## **2.4 Pension**

The remuneration of the Board of Directors does not include contributions to pension schemes.

# **3 Remuneration of the Executive Board**

The Board of Directors has adopted a remuneration structure for the Executive Board which best supports the objectives of the remuneration policy.

The remuneration of the Executive Board consists of:

- Fixed salary
- Short-term incentive pay
- Long-term incentive pay
- Pension
- Personal benefits (company car etc.)

All components are described in more detail below, including the relative share of each component.

Members of the Executive Board do not receive separate remuneration for management posts held in the subsidiaries of the Company, but members of the Executive Board may, when agreed with the Board of Directors, receive a director's fee on an equal footing with external members of the Board of Directors

The remuneration of the Executive Board contributes to AO's business strategy, long-term interests and sustainability through the use of relevant short- and long-term key financial performance indicators, strategic goals and the development of the Company's share price, cf. below.

Once a year, the Board of Directors reviews the remuneration of the Executive Board and based on this and recommendation from the Remuneration Committee, they set the criteria for the Executive Board's incentive pay for the coming year.

The Executive Board's incentive pay is evaluated annually by the Board of Directors in accordance with the predetermined criteria. The degree of achievement of objectives is determined by the Board of Directors on recommendation from the Remuneration Committee.

### **3.1 Fixed salary and pension schemes**

Each member of the Executive Board is paid a fixed annual salary based on among other things seniority and experience as compared to the market level of other relevant companies of similar size, complexity and structure.

Individual pension schemes are agreed upon within the salary scale determined by the Board of Directors. Pension contributions can constitute up to 16% of the fixed annual salary for the individual executive.

### **3.2 Personal benefits**

A number of usual work-related benefits are available to the members of the Executive Board, e.g., company car, etc. The extent of individual benefits is negotiated with each individual member of the Executive Board within the guidelines laid down by the Board of Directors, and it will not exceed 6% of the fixed annual salary, including pension, for the individual executive.

In addition, the members of the Executive Board are covered by a life and accident insurance taken out by AO.

### **3.3 Variable remuneration components**

#### **3.3.1 Short-term incentive pay**

Short-term incentive pay includes cash bonus based on performance over a 12-month period. The purpose of the short-term incentive pay is to motivate and reward the Executive Board in order to help AO achieve the adopted short-term goals.

Goals are set for one year at a time and primarily include financial results such as gross margin, profit before tax, cash flow from operations, etc., but may also include targets for the individual Executive Board member's functional area such as market share,



employee turnover, employee satisfaction, implementation of new concepts, etc. In addition, goals can be set for the ESG performance.

The payment and the size of the bonus will depend on the fulfillment of the agreed targets for the current year and will be paid out at the end of the vesting period.

The short- and long-term cash bonus may not exceed a maximum of five months' fixed salary for members of the Executive Board.

### 3.3.2 *Long-term incentive programs*

Long-term incentive programs include long-term cash bonus and the grant of share options or similar share-based programs.

The purpose of the long-term incentive pay is to ensure the Executive Board's focus on the long-term business strategy, the sustainability of the Company and the alignment of shareholders' interests with those of the Executive Board.

#### *Long-term cash bonus*

The Board of Directors may decide to set performance targets for the cash bonus, cf. point 3.3.1, which extends beyond one year. It may take 2-5 years to achieve the set targets, and thus they become long-term. In such cases the targets will typically consist of strategic targets, long-term projects, development and implementation of new concepts, transformation of functions, etc.

The size of the bonus payment is determined and paid out at the end of the vesting period.

#### *Share-based programs*

The Board of Directors may decide to grant share options or similar share-based rights to any member of the Executive Board.

The share-based programs can be granted both as a single grant and repeated annual grants.

At the time of grant, the value of the share-based program calculated in accordance with the Black-Scholes model or a similar recognised valuation model may not exceed the value of the individual Executive Board member's fixed salary and pension for the current year, cf. point. 3.1.

The maturity period is a maximum of three years from grant date with a subsequent exercise period of no more than 10 years.

The Board of Directors determines the specific grant terms, including any exercise price, exercise date and number as well as relevant goals.

Primarily, the goals comprise long-term financial results such as gross margin, profit before tax, cash flow from operations, etc., but they may also include share price performance and targets for the individual Executive Board member's functional area such as market share, employee turnover, employee satisfaction, implementation of new concepts, etc.

The maturity, payout and size of share-based programs will depend on the achievement of the agreed goals.

The purpose is to motivate and reward the members of Executive Board for contributing to achieving the long-term goals that have been adopted by AO. However, up to 20% of the value of the annual share-based remuneration calculated at the time of grant, cf. above, to be obtained by an individual member of the Executive Board for each year during the stipulated maturity period may be granted on the one condition the Executive Board member in question remains employed by the Group subject to the good leaver and bad leaver provisions determined by the Board of Directors.

No share options, etc., may be granted, if the intended grant, plus the value (at their grant date) of previously granted and not matured programs, in total, exceeds the annual salary and pension of the Executive Board member in question on the date of grant, cf. point 3.1.

If the Executive Board is granted share options, the share options are hedged by treasury shares owned by the Company, or if this is not sufficient, through the acquisition of treasury shares.

In this remuneration policy the grant date is understood to be the date when the share-based program in question is introduced, regardless of any later maturity and exercise periods.

### **3.3.3 *Reclaim of variable components of remuneration***

In certain cases, variable components of remuneration awarded or paid to an Executive Board member may be reclaimed, in full or in part, by AO.

Certain cases include, but are not limited to, material misstatement in AO's annual report where the Executive Board member has been in bad faith, or where it is assessed that the Executive Board member has exceeded his or her powers and inflicted a material loss on AO.

## **3.4 Termination and severance**

Members of the Executive Board are employed without a time limit, but with a mutual right to terminate employment.

AO may terminate the employment of a member of the Executive Board by giving 12 months' written notice. A member of the Executive Board may terminate the employment with the Company by giving six months' written notice.

The total remuneration for the notice period, including any severance pay, may not exceed two years' total remuneration, including all remuneration components.

Agreements on special remuneration can be made with members of the Executive Board in the event of a change of control.

## **4 Deviation from the remuneration policy**

In certain cases, the Board of Directors may temporarily deviate from the remuneration policy if factual and verifiable evidence indicates that this is necessary to serve the long-term interests of the Company and its shareholders.

Certain cases include, but are not limited to, changes in the Executive Board, change of control or merger, and acquisition/disposal of subsidiaries. The deviation could include the size of cash bonus payments, severance payments or share-based programs.

In order to deviate from the remuneration policy, there must be a reasoned recommendation from the Remuneration Committee and the Board of Directors must agree on approving the recommendation.

At the next General Meeting, the Board of Directors must explain any deviation from the remuneration policy and the reason for it.

If the deviation from the remuneration policy is of a character that cannot be considered temporary, and therefore should be covered by the remuneration policy, an amended proposal for a remuneration policy will be submitted at the next General Meeting.

## **5 Process, review and implementation**

The Remuneration Committee reviews the remuneration policy annually and ensures that the policy continues to support AO's strategic goals and that there are overlapping interests between the Company's shareholders, the Board of Directors and the Executive Board in both the short and the long term.

Once a year, the Remuneration Committee submits the conclusions of their review to the entire Board of Directors, including proposals for possible changes to the remuneration policy to be considered and approved by the entire Board of Directors.

In the event of changes to the remuneration policy, the Executive Board can be consulted, but the Executive Board has no decision-making powers in relation to the remuneration policy.

In order to ensure independence and avoid conflicts of interests, a member of the Board of Directors or Executive Board may not participate in the decision-making process regarding an agreement between AO on the one hand and the relevant member of the Board of Directors or the Executive Board on the other hand.

As the remuneration of the Board of Directors consists solely of a fixed fee, which is approved by the general meeting, it is the Company's opinion that there is no risk of conflicts of interests in connection with the Board of Directors work with the remuneration policy.

The remuneration policy is submitted for approval by the General Meeting in the case of any material change and at least every four years.

## **6 Publication and entry into force**

This remuneration policy was approved by the shareholders at the Annual General Meeting on 21 March 2025.

This remuneration policy is available on AO's website ([www.AO.dk](http://www.AO.dk)).