

BANG & OLUFSEN

REMUNERATION REPORT 2020/21

# Sounds better together

# Remuneration report 2020/21

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This remuneration report (the “**Report**”) provides an overview of the total remuneration received by each member of the Board of Directors (“**Board**”) and of the Executive Management Board (“**EMB**”) of Bang & Olufsen A/S, CVR no. 41257911, (“**Company**”) during the 2020/21 financial year with comparative figures for the past five financial years. The EMB means the members of the executive management board of Bang & Olufsen registered as such with the Danish Business Authority.

The remuneration of the Board and EMB during the past financial year has been provided in accordance with the remuneration policy of Bang & Olufsen adopted by the Annual General Meeting on 20 August 2020 and available on the Company's website, <https://investor.bang-olufsen.com>, (the “**Remuneration Policy**”). The overall objective of the remuneration is to attract, motivate and retain qualified members of the Board and the EMB, to align the interests of the Board and the EMB with the interests of the shareholders and other stakeholders as well as to

support Bang & Olufsen's strategic goals and promote value creation for the benefit of the shareholders.

The Report has been prepared in accordance with section 139b of the Danish Companies Act (the “**DCA**”) and the draft European Commission Guidelines on the standardized presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement (the “**Guidelines**”).

The information included in the Report has been derived from the audited annual reports of the Company for the financial years 2016/17 - 2020/21 available on the Company's website, <https://bang-olufsen.com>. All amounts are included in DKK, gross.

# Introduction

Despite being faced with many challenges related to the pandemic, the strategy is working, and the Group completed the first phase of the turnaround. The company returned to profitability while also taking the important steps to create the foundation for future sustainable growth.

The Group has strong momentum from the first strategy phase getting back into black and is now entering the second phase of the turnaround, where the Group wants to build robustness in the business while delivering profitable growth.

During 2020/21 there have been the following changes in the EMB:

1. Line Køhler Ljungdahl, Executive Vice President and Chief Legal Officer was appointed member of the EMB on 15 July 2020
2. Snorre Kjesbu, Executive Vice President and Head of Design, Creation and Fulfilment left the Company 11 August 2020

# Overview financial performance

Revenue increased by 31% in local currencies to DKK 2,629m. EBIT before special items amounted to DKK 38m, equivalent to a margin of 1.4%, up 16.5pp compared to 2019/20. Free cash flow was DKK 119m, driven by the financial performance and lower net working capital.

A solid strategy execution supported by higher demand for home entertainment drove the improved financial performance. However, the improvements were partly offset by the continued effects of the global pandemic. Several markets experienced new lockdowns, and worldwide scarcity of electronic components resulted in supply constraints and subsequent higher production and logistics cost



# Compliance with the remuneration policy

The *remuneration* of the Board and EMB for the 2020/21 financial year complies with the framework provided by the *Remuneration Policy*. There has been no deviation or derogation from the framework provided by the *Remuneration Policy*.



# Remuneration Board of Directors

## Fixed Annual Fee

Members of the Board receive a fixed annual base fee approved by the Annual General Meeting. The Chairman and the Deputy Chairman each receive a multiplier of the annual base fee of 3 and 1.5, respectively, for their extended duties. Members of the Board, who are also members of a Board committee, receive an additional fixed fee as remuneration for their committee work. No member of the Board is entitled to receive any share-based incentive, other variable remuneration or pension contribution.

The following fees for 2020/21 were approved at the Annual General Meeting on 20 August 2020:

**TABLE 1: BOARD FEE**

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Technology Committee
Member	DKK 300,000 (base fee)	DKK 75,000	DKK 75,000	DKK 75,000	DKK 75,000
Chairman	DKK 900,000 (3x base fee)	DKK 150,000	DKK 75,000	DKK 75,000	DKK 75,000
Deputy Chairman	DKK 450,000 (1.5x base fee)	-	-	-	-

As part of the Company's COVID-19 initiatives the Board of Directors accepted a temporary and voluntary fee reduction of 20% from June 2020 to August 2020.

Members of the Board may be entitled to additional fees as set out in the Remuneration Policy, including for undertaking specific ad hoc tasks outside the scope of the ordinary tasks of the Board, reasonable travel allowance and participation in relevant training.

## Shareholding Requirement

With the purpose of aligning the interests of the Company's shareholders and the members of the Board in regard to the development of the share price, each member of the Board elected by the general meeting is obliged to invest in shares issued by the Company not later than 12 months after the date of the member's election to the Board for an amount at least corresponding to the gross annual base fee paid to an ordinary member of the Board according to the most recent annual report and to keep such shareholding for as long as the individual is member of the Board.

TABLE 2: REMUNERATION OF BOARD (DKK THOUSAND) FOR 2020/2021 (2019/2020)

Name and position		Annual fee	Committee fees	Travel allowance	Benefits	Other fees (Chinese advisory board)	Total remuneration
<b>Juha Christensen, Chairman,</b>	<b>2020/21</b>	855	214	-	-	-	1,069
Chair of the Technology, Remuneration and Nomination Committees	2019/20	450	150	-	-	-	600
<b>Ole Andersen, former Chairman</b>	<b>2020/21</b>	-	-	-	-	-	-
Former Chairman of the Board, Nomination and Remuneration committees	2019/20	900	150	-	-	-	1,050
<b>Albert Bensoussan, Board member (from 20.8.2020, Deputy Chairman),</b>	<b>2020/21</b>	348	58	-	-	-	406
Member of the Audit Committee	2019/20	67	17	-	-	-	84
<b>Jesper Jarlbæk, Board member</b>	<b>2020/21</b>	285	214	-	-	-	499
Chair of the Audit Committee, member of the Technology Committee in Q1 and the Nomination Committee	2019/20	300	250	-	-	-	550
<b>Anders Colding Friis, Board member</b>	<b>2020/21</b>	285	129	-	-	-	414
Member of the Audit Committee in Q1 and Remuneration and Nomination Committees	2019/20	300	75	-	-	-	375
<b>Mads Nipper, Board member (until 20.08.2020)</b>	<b>2020/21</b>	53	13	-	-	-	66
Previous member of the Nomination Committee	2019/20	300	75	-	-	-	375
<b>Mary Claire Chung, Board member</b>	<b>2020/21</b>	285	71	-	-	48	404
Member of the Remuneration Committee and the Chinese Advisory Board	2019/20	233	62	-	-	-	295
<b>Joan Ng Pi O, Board member (until 20.08.2020)</b>	<b>2020/21</b>	53	13	-	-	9	75
Member of Technology Committee and the China Advisory Board	2019/20	233	62	-	-	-	295
<b>Tuula Kyllikki Ryttilä-Uotila, Board member (from 21.08.19)</b>	<b>2020/21</b>	285	71	-	-	-	356
Member of the Technology Committee	2019/20	233	50	-	-	-	283
<b>Majken Schultz, Board member (until 21.08.2019)</b>	<b>2020/21</b>	-	-	-	-	-	-
Previous member of the Remuneration Committee	2019/20	67	17	-	-	-	84
<b>Ivan Tong, Board member (until 21.08.2019)</b>	<b>2020/21</b>	-	-	-	-	-	-
Previous member of the Audit Committee	2019/20	67	17	-	-	-	84

TABLE 2: REMUNERATION OF BOARD (DKK THOUSAND) FOR 2020/2021 (2019/2020) - CONTINUED

Name and position		Annual fee	Committee fees	Travel allowance	Benefits	Other fees	Total remuneration
<b>Brian Bjørn Hansen, Board member</b>	<b>2020/21</b>	285	-	-	-	-	285
Employee representative	2019/20	300	-	-	-	-	300
<b>Søren Balling, Board member</b>	<b>2020/21</b>	285	-	-	-	-	285
Employee representative	2019/20	300	-	-	-	-	300
<b>Britt Lorentzen Jepsen, Board member (from 21.08.19)</b>	<b>2020/21</b>	285	-	-	-	-	285
Employee representative	2019/20	233	-	-	-	-	233
<b>Dorte Vegeberg, Board member (from 21.08.19)</b>	<b>2020/21</b>	285	-	-	-	-	285
Employee representative	2019/20	233	-	-	-	-	233
<b>Geoffrey Glen Martin, Board member (until 21.08.2019)</b>	<b>2020/21</b>	-	-	-	-	-	-
Employee representative	2019/20	67	-	-	-	-	67
<b>Total 2020/21</b>		<b>3,589</b>	<b>783</b>	-	-	<b>57</b>	<b>4,429</b>
Total 2019/20		4,283	925	-	-	-	5,208

As part of the Company's COVID-19 initiatives the Board of Directors accepted a temporary and voluntary fee reduction of 20% from June 2020 to August 2020.



# Remuneration Executive Management Board

Members of the EMB are entitled to an annual remuneration in accordance with the Remuneration Policy, which may consist of the following fixed and variable remuneration components:

- a) a fixed base salary including pension contributions (“annual base salary”),
- b) variable remuneration consisting of (i) non-share based cash bonus, and/or (ii) sharebased remuneration,
- c) termination and severance payment,
- d) customary non-monetary employment benefits, and
- e) potential extraordinary incentive grants subject to the terms of the Remuneration Policy

These remuneration components shall create a well-balanced remuneration package reflecting (i) individual performance and responsibility of the members of the EMB in relation to established financial and non-financial targets, both in the short and the longer term, and (ii) the Company’s overall performance.

The composition of the remuneration is determined with a view to contribute to the Company’s ability to attract and retain competent key employees while, at the same time, ensuring that the EMB has an incentive to create added value for the benefit of the Company’s shareholders through variable remuneration.

The EMB’s terms of employment and remuneration are agreed between the individual EMB member and the Board.

As part of the Company’s COVID-19 initiatives the EMB accepted a temporary and voluntary fee reduction of 20% from June 2020 to August 2020.

The total remuneration shows a significant increase compared to prior year. This is primarily driven by two factors (i) in the previous year, no Cash Bonus was be paid out under the Company’s bonus scheme as the financial performance for the financial year 2019/20 did not meet the minimum targets and (ii) the share-based payments for the year 2019/20 were zero as the current programmes did not meet the minimum requirements and the escape clause was breached. For 2020/21 the financial performance has reached and exceeded the targets and both the cash bonus and share bonus programmes resulted pay-outs in the fiscal year 2021/22.

## Annual Base Salary

The annual base salary is determined with a view to provide a competitive remuneration to attract and retain members of the EMB with the required professional and personal competences. The annual base salary for the members of the EMB shall be in line with market practice and based on the individual member’s responsibilities and performance.

In addition to the fixed base salary, members of the EMB (excluding the CEO) are entitled to receive a pension contribution of up to 12% of the fixed base salary.

## Variable Remuneration

The members of the EMB may receive variable remuneration which shall be based on the individual performance and responsibility of the members of the EMB in relation to established financial and non-financial targets, both in the short and the longer term, as well as the Company’s overall performance.

The EMB may, at the discretion of the Board, be entitled to participate in the following revolving incentive schemes:

- a) Short term cash bonus plan
- b) Long term combined performance and restricted share plan

Individual members of the EMB may receive an annual cash bonus determined at the discretion of the Board. The annual cash bonus is intended to align the individual members’ interests with the Company’s short-term targets. Payment of the cash bonus thus depends on the achievement of objectives related to the achievement of the Company’s budgeted results, financial ratios and other measurable personal results of a financial or non-financial nature all of which reflect and support the Company’s short-term objectives.

The size of the bonus may not exceed 100% of the CEO’s and 45.5% of additional members’ annual gross salary.



**Matching share program (MP) recalibrated**

The Board of Directors implemented matching shares programmes (MSP) for 2018/19 and 2019/20 as a variable component of compensation offered to the EMB and key employees. Participants were given the opportunity to purchase shares in Bang & Olufsen A/S, which after three years of ownership entitled them to receive between 1 and 5 matching shares for each share purchased, depending on specific performance criteria being met.

At the Board Meeting on 6 July 2020, the Board resolved to recalibrate the two programmes for selected employees still employed by the company. Consequently, the KPIs for the programmes were reset and the potential number of shares that participants were entitled to receive was reduced for both programmes. The programmes were thus modified with a right for the participants in the new part of the programme to receive up to 2 shares (previously 4 shares) under the 2018/19 programme and up to 4 shares (previously 5 shares) under the 2019/20 programme. The vesting period remained unchanged.

In accordance with market practice, the right issue recently completed involved the issuance of new shares in the Company at a discount to market price. The Board of Directors has consequently resolved to compensate certain participants still employed by the company for the dilutive effect of the right issue by granting them the right to receive a cash compensation of DKK 12.49 per Matching Share they actually realize under the programmes.

**Long Term Incentive Programme (LTIP) introduced**

Pursuant to Bang & Olufsen A/S' Remuneration Policy, the Board of Directors has resolved to allocate restricted shares under Bang & Olufsen A/S' Combined Performance and Retention Share Programme for 2020/21 to the EMB, key employees and certain other employees.

Two third of the restricted shares are Performance Shares that are eligible for vesting in equal tranches over the three financial years 2020/21, 2021/22 and 2022/23 depending on the level of achievement of certain KPI's defined by the Board of Directors for each performance year. The remaining shares are Retention Shares, which are subject to the participants' continued employment and satisfactory people review. The Retention Shares also vest in three equal tranches over the period. The maximum number of shares that participants will be able to receive pursuant to the programme is 3,091.511.

Any vested restricted shares will be released after the annual general meeting's adoption of the Annual Report for 2022/23, with the provision that vesting and release may be accelerated in case of certain extraordinary events

**Award of extraordinary incentive-based remuneration**

With a view to ensuring retention of the members of the EMB, the Board of Directors decided in July 2021 to establish an extraordinary special short-term cash-based retention programme covering the financial year 2020/21 and 2021/22. The programme is subject to requirements of continued service and satisfactory people review rating, and was established with an aim of stabilising the EMB during the turnaround of the Company and until the LTIP was fully implemented as a retention mechanism.

**Termination and Severance Payments**

Employment agreements with members of the EMB may be ongoing (i.e. without a fixed term) and are subject to a maximum notice of termination of 24 months for the CEO and for other members of EMB the maximum notice of termination is 12 months.

**Non-Monetary Benefits**

Members of the EMB are offered customary non-monetary employment benefits such as company car, insurance, newspaper, telephone and internet access as approved by the Board.

**Claw-Back**

The Company may decide to reclaim incentive remuneration in full or in part, in cases where a cash bonus, Matching Shares (or the right to receive such shares), Long Term Incentive plans or other incentive remuneration have been provided to a member of the EMB on the basis of data or accounts, which subsequently prove to have been misstated. In the 2020/21 financial year, no incentive remuneration was reclaimed.

**Cash bonus paid**

The actual bonus paid during the year.

**Shares delivered**

The actual shares transferred to the employee during the year.

TABLE 3: REMUNERATION OF EMB (DKK THOUSAND) FOR 2020/2021 (2019/2020)

Name and position	Fixed remuneration			Variable remuneration								
	Annual Base salary	Benefits & Other fees	Pension contribution	Annual Cash bonus (expensed)	Cash compensation matching shares programme (expensed)	MSP and LTIP share programmes (expensed)	Severance	Retention bonus	Total remuneration	Cash bonus paid	Number of shares delivered	
<b>Kristian Teär, CEO (from 8 October 2019)</b>												
2020/21	6,080	905	-	6,030	1,264	3,956	-	6,400	24,635	2,400	-	
2019/20	4,151	348	-	2,400	-	-	-	-	6,899	-	-	
<b>Nikolaj Wendelboe, Executive Vice President, CFO</b>												
2020/21	2,850	234	360	1,306	335	1,393	-	3,000	9,478	-	-	
2019/20	2,750	232	330	-	-	-	-	-	3,312	-	-	
<b>Christian Birk, Executive Vice President Marketing, Digital &amp; Customer Experience (from 18 November 2019)</b>												
2020/21	2,850	179	360	1,319	162	1,227	-	3,000	9,097	-	-	
2019/20	1,500	89	180	-	-	-	-	-	1,769	-	-	
<b>Line Køhler Ljungdahl, Executive Vice President, Chief Legal Officer (from 15 July 2020)</b>												
2020/21	1,739	117	215	792	115	799	-	1,930	5,707	-	-	
2019/20	-	-	-	-	-	-	-	-	-	-	-	
<b>Snorre Kjesbu, Executive Vice President, Product Creation &amp; Fulfilment (until 11 August 2020)</b>												
2020/21	1,119	45	158	-	-	-	350	-	1,672	-	-	
2019/20	3,950	526	79	-	-	-	-	-	4,555	350	-	
<b>Henrik Clausen, President &amp; CEO (until 31 January 2020)</b>												
2020/21	-	-	-	-	-	-	-	-	-	-	-	
2019/20	3,749	179	-	-	-	-	9,000	-	12,928	-	-	
<b>John Mollanger, Executive Vice President Brand &amp; Markets (until 31 January 2020)</b>												
2020/21	-	-	-	-	-	-	-	-	-	-	-	
2019/20	3,047	87	366	-	-	-	2,666	-	6,166	-	-	
<b>Total 2020/21</b>	<b>14,638</b>	<b>1,480</b>	<b>1,093</b>	<b>9,447</b>	<b>1,876</b>	<b>7,375</b>	<b>350</b>	<b>14,330</b>	<b>50,589</b>	<b>2,400</b>	<b>-</b>	
<b>Total 2019/20</b>	<b>19,147</b>	<b>1,460</b>	<b>955</b>	<b>2,400</b>	<b>-</b>	<b>-</b>	<b>11,666</b>	<b>-</b>	<b>35,628</b>	<b>350</b>	<b>-</b>	

Please note that the remuneration for the above participants only reflects the actual months they have been part of the EMB. The amount of months can be derived from the date, month and year stated next to the title.

TABLE 4: KPI FOR CASH BONUS TO EMB FOR 2020/21

Description of KPI	Relative weighting of KPIs	KPI performance threshold	Minimum and maximum bonus award of salary min - max %	Actual bonus awarded (%)	Actual award (DKK thousand)
<b>Kristian Teär, CEO</b>					
Net Sales	20%	Quantitative intervals			
EBIT before special items	20%	Quantitative intervals			
Free cash flow	20%	Quantitative intervals	0% - 100%	94.2%	6,030
Win in 6 + 2 focus markets	20%	Quantitative intervals			
Engagement score, Company	10%	Qualitative Intervals			
People Review score	10%	Qualitative Intervals			
<b>Nikolaj Wendelboe, Executive Vice President, CFO</b>					
Net Sales	20%	Quantitative intervals			
EBIT before special items	20%	Quantitative intervals			
Free cash flow	20%	Quantitative intervals	0% - 45.5%	43.5%	1,306
Lean cost base	20%	Quantitative intervals			
Engagement score, Finance	10%	Qualitative Intervals			
People Review score	10%	Qualitative Intervals			
<b>Christian Birk, Executive Vice President Marketing, Digital &amp; Customer Experience</b>					
Net Sales	20%	Quantitative intervals			
EBIT before special items	20%	Quantitative intervals			
Free cash flow	20%	Quantitative intervals	0% - 45.5%	44.0%	1,319
Reignite Brand & Marketing	20%	Quantitative intervals			
Engagement score, Marketing	10%	Qualitative Intervals			
People Review score	10%	Qualitative Intervals			
<b>Line Køhler Ljungdahl, Executive Vice President, Chief Legal Officer</b>					
Net Sales	20%	Quantitative intervals			
EBIT before special items	20%	Quantitative intervals			
Free cash flow	20%	Quantitative intervals	0% - 45.5%	44.6%	792
IP rights and brand protection	20%	Qualitative Intervals			
Engagement score, Legal	10%	Qualitative Intervals			
People Review score	10%	Qualitative Intervals			

The actual bonus award percentages has been calculated as a percentage of the base salary before the voluntary compensation reduction in 2020/21.



**TABLE 5: KPI FOR SHARE PROGRAMMES**

Share Programmes	Description of KPI	Relative weighting of KPIs	KPI performance thresholds	Time of vesting	Exercise date
<b>2020/2021 (LTIP)</b>	Retention FY 20/21, 21/22, 22/23	33.34%	Employment	Vests annually	Aug. 2023
	Revenue FY 20/21, 21/22, 22/23	33.33%	Quantitative intervals	Vests annually	Aug. 2023
	EBIT before special items FY 20/21, 21/22, 22/23	33.33%	Quantitative intervals	Vests annually	Aug. 2023
2019/2020 (MSP)	Retention FY 19/20, 20/21, 21/22	25.00%	Employed for all two financial years in the programme	Vest in Aug. 2022	Aug. 2022
	Revenue 20/21 and 21/22	37.50%	Quantitative intervals	Vest in Aug. 2022	Aug. 2022
	EBIT before special items 20/21 and 21/22	37.50%	Quantitative intervals	Vest in Aug. 2022	Aug. 2022
2018/2019 (MSP)	Retention 20/21	50.00%	Employed for the financial year in the programme	Vest in Oct. 2021	Oct. 2021
	EBIT before special items FY 20/21	50.00%	Quantitative intervals	Vest in Oct. 2021	Oct. 2021

LTIP Long Term Incentive Programme  
MSP Matching Shares Programme

TABLE 6 | MATCHING SHARES PROGRAMMES (MSP) OF EMB

Programme	Performance period	Award date	Vesting date	Maximum number of Shares in programme	Share price at grant date	Number of shares vested	Value of award expensed (DKK thousand) (31 May 2021)	Cash compensation expensed (DKK thousand) (31 May 2021)
<b>Kristian Teär, CEO</b>								
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	202,372	11.99	-	1,213	1,264
<b>Nikolaj Wendelboe, Executive Vice President, CFO</b>								
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	53,600	11.99	-	321	335
<b>Christian Birk, Executive Vice President Marketing, Digital &amp; Customer Experience</b>								
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	25,908	11.99	-	155	162
<b>Line Køhler Ljungdahl, Executive Vice President, Chief Legal Officer</b>								
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	13,940	11.99	-	84	87
2018/19	01.06.2018-31.05.2021	06.07.2020	31.10.2021	2,208	11.99	2,208	26	28

Under this programme vesting of the shares not already vested is subject to financial performance and the participants' continued employment.

TABLE 7 | LONG TERM INCENTIVE PROGRAMMES (LTIP) OF EMB

Programme	Performance period	Award date	Exercise date	Granted Shares in program	Share price at grant date	Maximum number of shares in programme	Number of shares vested	Value of shares expensed (DKK thousand) (31 May 2021)	Shares vesting (Programme Vest)
<b>Kristian Teär, CEO</b>									
2020/21	01.06.2020-31.05.2023	02.10.2020	Aug 2023	371,150	12.93	661,884	167,018	2,743	Annually
<b>Nikolaj Wendelboe, Executive Vice President, CFO</b>									
2020/21	01.06.2020-31.05.2023	02.10.2020	Aug 2023	144,980	12.93	258,548	65,241	1,071	Annually
<b>Christian Birk, Executive Vice President Marketing, Digital &amp; Customer Experience</b>									
2020/21	01.06.2020-31.05.2023	02.10.2020	Aug 2023	144,980	12.93	258,548	65,241	1,071	Annually
<b>Line Køhler Ljungdahl, Executive Vice President, Chief Legal Officer</b>									
2020/21	01.06.2020-31.05.2023	02.10.2020	Aug 2023	93,271	12.93	166,333	41,972	689	Annually

# Remuneration comparative overview

TABLE 8: COMPARISON OF REMUNERATION AND COMPANY PERFORMANCE OVER THE PAST FIVE FINANCIAL YEARS

	2020/21	2019/20	2018/19	2017/18	2016/17
(DKK million)					
<b>Financial Performance</b>					
Net Sales	2,629	2,036	2,838	3,285	2,954
EBIT before special items	38	(390)	59	46	(129)
Free Cash Flow	119	(234)	(272)	85	307
<b>EMB - remuneration (DKK thousand)</b>					
Kristian Teär, CEO (from 8 October 2019)	24,635	6,899	-	-	-
Nikolaj Wendelboe, Executive Vice President, CFO	9,478	3,312	276	-	-
Christian Birk, Executive Vice President Marketing, Digital & Customer Experience (from 18 November 2019)	9,097	1,769	-	-	-
Line Køhler Ljungdahl, Executive Vice President, Chief Legal Officer (from 15 July 2020)	5,707	-	-	-	-
Snorre Kjesbu, Executive Vice President, Product Creation & Fulfilment	1,672	4,555	1,494	-	-
Henrik Clausen <sup>1</sup> , President & CEO (until 31 January 2020)	-	12,928	6,734	10,348	9,496
John Mollanger <sup>1</sup> , Executive Vice President (until 31 January 2020)	-	6,166	5,465	5,820	577
Anders Aakær Jensen <sup>2</sup> , CFO (until 30 November 2018)	-	-	4,912	4,514	3,202
Stefan Kenth Persson <sup>2</sup> , COO (until 1 August 2018)	-	-	2,029	3,717	3,349

<sup>1</sup> Settlement of severance package included in 2019/2020 remuneration

<sup>2</sup> Including matching shares paid in 2018/19

Please note that the remuneration for the above participants only reflects the actual months they have been part of the EMB. The amount of months can be derived from the date, month and year stated next to the title.



TABLE 8: COMPARISON OF REMUNERATION AND COMPANY PERFORMANCE OVER THE PAST FIVE FINANCIAL YEARS - continued

	2020/21	2019/20	2018/19	2017/18	2016/17
<b>Board - remuneration (DKK thousand)</b>					
Juha Christensen, Chairman	1,069	600	600	524	216
Jesper Jarlbæk, Board member	499	550	600	575	425
Anders Colding Friis, Board member	414	375	290	-	-
Mary Claire Chung, Board member (from 21 August 2019)	404	296	-	-	-
Tuula Kyllikki Ryttilä-Uotila, Board member (from 21 August 2019)	356	283	-	-	-
Albert Bensoussan, Board member	406	84	375	375	325
Søren Balling, Board member (employee representative)	285	300	300	250	-
Brian Bjørn Hansen, Board member (employee representative)	285	300	300	300	275
Britt Lorentzen Jepsen, Board member	285	233	-	-	-
Dorte Vegeberg, Board member	285	233	-	-	-
Joan Ng Pi O, Board member (from 21 August 2019 - until 20 August 2020)	75	296	-	-	-
Mads Nipper, Board member (until 20 August 2020)	66	375	375	375	325
Ole Andersen, Former Chairman	-	1,050	1,050	1,050	925
Kai Lap Tong, Board member (until 21 August 2019)	-	84	375	375	223
Majken Schultz, Board member (until 21 August 2019)	-	84	375	375	325
Geoffrey Glen Martin, Board member (employee representative, until 21 August 2019)	-	67	300	300	275
Jim Hagemann Snabe, Board member (until 14 September 2017)	-	-	-	173	642
Jesper Olesen Board Member (employee representative, until 31 July 2017)	-	-	-	50	275
<b>Average remuneration of B&amp;O Employees (DKK thousand)</b>	<b>773</b>	<b>646</b>	<b>614</b>	<b>N/A</b>	<b>N/A</b>

# Management's statement

The Board of Directors have today considered and approved the remuneration report of Bang & Olufsen A/S for the financial year 2020/21.

The remuneration report has been prepared in accordance with section 139 b of the Danish Companies Act. In our opinion, the remuneration report provides a fair presentation of the remuneration that the individual management members were awarded during or for the benefit of the financial year 2020/21, and the remuneration report explains how the overall remuneration is in accordance with the agreed remuneration policy, including how the remuneration contributes towards promoting the business strategy, long-term interests, sustainability and creation of value in the Company by supporting the Company's short- and long-term objectives.

The remuneration report will be presented at the Annual General Meeting for an advisory vote.

Struer, 7 July 2021

## Executive Management Board:

Kristian Teär  
President & CEO

Nikolaj Wendelboe  
CFO

Christian Birk

Line Køhler Ljungdahl

## Board of Directors:

Juha Christensen  
Chairman

Albert Bensoussan  
Vice Chairman

Anders Colding Friis

Brian Bjørn Hansen

Britt Lorentzen Jepsen

Dorte Vegeberg

Jesper Jarlbæk

M. Claire Chung

Søren Balling

Tuula Ryttilä

# Independent auditor's report

## To the shareholders of Bang & Olufsen A/S

We have examined whether the remuneration report of Bang & Olufsen A/S for the period 1 June 2020 – 31 May 2021 contains the disclosures required pursuant to section 139b(3) of the Danish Companies Act and whether the disclosures made in the remuneration report tables included on pages 5-7 and pages 10-17 on remuneration, share based programs, holding of shares and financial performance are accurate.

The degree of assurance we express in this report is reasonable.

### The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139b(3) of the Danish Companies Act.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error.

### Auditor's independence and quality control

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of laws and regulations applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code, which rely on general principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

We are subject to the International Standard on Quality Control, ISQC 1, and thus use a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable requirements of Danish law and other regulations.

### Auditor's responsibilities

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We performed our work in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain reasonable assurance for our conclusion.

As part of our examinations, we performed the below procedures:

- We verified whether the remuneration report, to the extent relevant, contains the disclosures required pursuant to section 139b(3)(i)-(vi) of the Danish Companies Act regarding the remuneration of each member of Management.
- We reconciled the financial highlights for the Group and Parent company contained in the remuneration report to financial highlights included in the annual report for the financial year 2020/21 and other relevant financial information included in the annual report for the financial year 2020/21, and on a sample basis, we recalculated the average remuneration based on full-time equivalents of other employees than the registered executives.
- We examined Management's process for compilation, summation and presentation of disclosures on remuneration of the Executive Management Board and the Board of Directors and reconciled, on a sample basis, the disclosures to supporting agreements and records.
- We examined Management's process for compilation, summation and presentation of disclosures on the Executive Management Board's share programs and reconciled, on a sample basis, the disclosures to supporting agreements and records.
- We examined Management's process for compilation, summation and presentation of disclosures on the Board of Directors' and the Executive Management Board's holding of shares and verified, on a sample basis, the disclosures to supporting documentation.

We believe that our work provides a reasonable basis for our conclusion.

**Conclusion**

In our opinion, the remuneration report contains in all material respects, the disclosures required pursuant to section 139b(3) of the Danish Companies Act, and the disclosures made in the remuneration report tables included on pages 5-7 and pages 10-17 on remuneration, share based programs, holding of shares and financial performance are accurate..

Aarhus, 7 July 2021

EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Henrik Kronborg Iversen  
State Authorised Public Accountant  
mne24687

Morten Friis  
State Authorised Public Accountant  
Mne32732

# BANG & OLUFSEN