

A high-quality B&O turntable is the central focus, resting on a light-colored wooden cabinet. The turntable has a black dust cover and a wooden top. To the left, a tall, slender speaker with a copper-colored base and a fabric grille stands vertically. To the right, a small, round, copper-colored device with a black face is placed on the cabinet. The background is a plain, light-colored wall.

Remuneration Report 2022/23

B&O

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About this report

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 2022/23 financial year with comparative figures for the past five financial years. The EMB members are registered with the Danish Business Authority.

The remuneration of the Board and the EMB during the past financial year was provided in accordance with the remuneration policy of Bang & Olufsen adopted by the Annual General Meeting on 19 August 2021 and available on the Company’s website at <https://investor.bang-olufsen.com>, (the “**Remuneration Policy**”). The overall objective of the remuneration policy 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, and 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**”).

The 2022/23 report includes reporting of granted pay. We refer to the independent auditors report on expressing a conclusion providing reasonable assurance.

The information included in the Report has primarily been derived from the audited Annual Reports of the Company for the financial years 2017/18 - 2022/23 available on the Company’s website, <https://bang-olufsen.com>. All amounts are stated in DKK, gross.



Introduction

The year was characterised by continued global uncertainty, high inflation and increasing interest rates and declining consumer confidence. The development in China, in particular, impacted the year.

We have in 2022/23 implemented certain measures to align with market developments while continuing to execute on core parts of our strategy. Last year, we introduced a hiring freeze as part of our cost initiatives, and in February this year, 35 employees were made redundant as part of a reorganisation. The redundancies were part of several cost initiatives.

Throughout 2022/23 we launched a total of 7 new product innovations, of which four was launched in the last quarter of the year. In Q2, we launched our new soundbar and TV solution, Beosound Theatre which was well received by both reviewers and customers. In second half of the year, we launched A9 5th gen and Beosound 2 3rd gen on new platforms, thereby future proofing some of our iconic products in our portfolio. In Q4, we introduced our A5 speaker which provides big and immersive sound experiences wherever it is placed. In addition, we introduced our first atelier editions colour drops of BeoPlay EX.

Throughout the year, we continued to execute on our strategy albeit at a slower pace due to the macroeconomic environment. We consistently reiterated our strategy execution plan and resource allocation to factor in the increasing uncertainty. While adjusting plans and executions in the short term, we also launched a sharpened strategic direction and intent for the longer term. This adjustment firms up our desired position in the market and outlines clear ambitions and priorities for a focused, differentiated and scalable business on a three-year horizon.

We prioritize ESG & sustainability very high and want to continue to create long-lasting luxury technology products and experiences that are true to our heritage while ensuring we live up to our responsibilities as a good corporate citizen. We deliver on our longevity promise across three focus areas: We are designing for the future, we take responsibility for the past, and we work to ensure continued and multiple lives for our products.

During 2022/23, there were no changes in the EMB.

Overview financial performance

Revenue was DKK 2,752m, a decline of 6.6% (-8% in local currencies) caused by lower sales in China. Brand Partnering & other activities delivered double-digit growth. Sell-out declined by 2%, primarily driven by China, EMEA had a small decline, while Americas grew 4%.

Lockdowns were initiated yet again in China in April 2022, and impacted our performance in the beginning of the fiscal year. A radical shift in COVID-19 policy removed all restrictions early December 2022 in China. This led to a surge in COVID-19 cases, creating major uncertainty in many parts of the country. The shift heavily affected demand, and lower-than-expected sales impacted performance in Q3. Further, the recovery came at a slower pace than expected and impacted sales for Q4.

In terms of component costs and logistics, we had from Q1 no longer significant issues with product availability and by end of year we saw a more normalised market. Logistic costs remained above the normal level, but we successfully mitigated some of the costs by changing production planning and shipping more by sea.

Gross Margin was 44.2% against 45.3% last year. Gross margin improved during the year and Q4 was at 51.4%. EBIT margin before special items (bsi) was -3.8%, down from 1.8% last year.

Free cash flow was an outflow of DKK 20m (2021/22: DKK -172m). This was a significant improvement compared to last year of DKK 152m. It was primarily a result of the decrease in net working capital of DKK 113m and a decrease in operational investments but then offset by lower earnings.

The overall pay-out of the short term bonus was 0% in 2022/23. This was a result of an escape clause in this year's short term cash bonus plan, stating that EBIT bsi must be positive in order for any bonus to be paid out. Four out of the five KPI's were met, except for the EBIT bsi. The four other KPIs met were 1) Revenue 2) Free cash flow 3) Net promoter score and 4) Long term strategy execution.

The initial outlook for 2023/24 is presented in the Annual Report for 2022/23.



Compliance with the remuneration policy

The remuneration of the Board and the EMB for the 2022/23 financial year complied with the framework provided by the Remuneration Policy. There were no deviations or derogations from the framework in the Remuneration Policy.

The Remuneration Report for 2021/22 was subject to an advisory vote at the Annual General Meeting in August 2022, where it was approved.



Remuneration Board of Directors

Fixed annual fee

Members of the Board receive a fixed annual base fee approved by the Annual General Meeting. The Chair and the Deputy Chair 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 2022/23 were approved at the Annual General Meeting on 18 August 2022:

Table 1: Board and Committee fee structure

Board fee

Member	DKK 350,000 (base fee)
Chair	DKK 1,050,000 (3x base fee)
Deputy Chair	DKK 525,000 (1.5x base fee)

Committee fee

	Audit Committee	Nomination Committee	Remuneration Committee	Technology Committee	Strategy Committee
Member	DKK 100,000	DKK 75,000	DKK 75,000	DKK 75,000	DKK 75,000
Chair	DKK 300,000	DKK 100,000	DKK 100,000	DKK 100,000	DKK 300,000

Currently, no Chair of the Strategy Committee has been appointed.

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.

Board fees are evaluated annually against relevant benchmarks for Danish and International companies.

Fees to Board members for 2022 /23

In 2022/23, the total fees to Board members amounted to DKK 5,800 thousand. (DKK 5,720 thousand in 2021/22) The development reflects the increase in fees for the Chair of the board committees, which was approved on the annual general meeting on the 19th August 2021.

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.

All members of the Board met the shareholding threshold within 12 months after election in accordance with section 4.8 of the Remuneration Policy.

Table 2: Remuneration of board (DKK thousand) for 2022/23 (2021/22)

Name and position		Annual fee	Committee fees	Travel allowance	Benefits	Other fees (China advisory board)	Total remuneration
Juha Christensen, Chairman,	2022/23	1,050	355	-	-	-	1,405
Chair of the Remuneration and Nomination Committees, member of the Strategy Committee. Chair of the Technology Committee until 17.08.2022 and member of the Technology Committee from 18.08.2022	2021/22	1,050	343	-	-	-	1,393
Albert Bensoussan, Deputy Chairman	2022/23	525	175	-	-	-	700
Member of the Audit and Strategy Committees	2021/22	525	159	-	-	-	684
Jesper Jarlbæk, Board member	2022/23	350	450	-	-	-	800
Chair of the Audit Committee, member of the Strategy and Nomination Committees	2021/22	350	434	-	-	-	784
Anders Colding Friis, Board member	2022/23	350	225	-	-	-	575
Member of the Strategy, Remuneration and Nomination Committees	2021/22	350	209	-	-	-	559
Mary Claire Chung, Board member	2022/23	350	75	-	-	50	475
Member of the Remuneration Committee and the China Advisory Board	2021/22	350	75	-	-	50	475
Tuula Kyllikki Ryttilä-Uotila, Board member	2022/23	350	95	-	-	-	445
Member of the Technology Committee until 17.08.2022 and Chair of the Technology Committee from 18.08.2022	2021/22	350	75	-	-	-	425
Brian Bjørn Hansen, Board member	2022/23	350	-	-	-	-	350
Employee representative	2021/22	350	-	-	-	-	350
Søren Balling, Board member	2022/23	350	-	-	-	-	350
Employee representative	2021/22	350	-	-	-	-	350
Britt Lorentzen Jepsen, Board member	2022/23	350	-	-	-	-	350
Employee representative	2021/22	350	-	-	-	-	350
Dorte Vegeberg, Board member	2022/23	350	-	-	-	-	350
Employee representative	2021/22	350	-	-	-	-	350
Total 2022/23		4,375	1,375	-	-	50	5,800
Total 2021/22		4,375	1,295	-	-	50	5,720

Table 3: Shares held by the Board of Directors

	2021/22	Purchased	Sold	2022/23
Board - Shares held by the Board of Directors				
Juha Christensen, Chairman	200,864	-	-	200,864
Jesper Jarlbæk, Board member	26,372	-	-	26,372
Anders Colding Friis, Board member	23,400	-	-	23,400
Mary Claire Chung, Board member (from 21 August 2019)	26,000	-	-	26,000
Tuula Kyllikki Ryttilä-Uotila, Board member (from 21 August 2019)	24,300	-	-	24,300
Albert Bensoussan, Board member	18,000	-	-	18,000
Søren Balling, Board member (employee representative)	8,622	-	-	8,622
Brian Bjørn Hansen, Board member (employee representative)	3,996	-	-	3,996
Britt Lorentzen Jepsen, Board member	1,755	-	-	1,755
Dorte Vegeberg, Board member	-	-	-	-
Total	333,309	-	-	333,309

Remuneration Executive Management Board

Members of the EMB are entitled to annual remuneration in accordance with the Remuneration Policy. The remuneration 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) share-based 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.

Total remuneration showed a decrease compared to the prior year. This was primarily driven by no short-term incentive pay-out and lower long-term incentive performance as the performance for the financial year 2022/23 did not meet the same target fulfilment as in the prior year.

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 competencies. 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

Short-term cash bonus 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 as further described in table 5 below.

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

Matching share programme (MSP) recalibrated

The Board of Directors implemented matching shares programmes (MSP) for 2018/19 and 2019/20 as a variable component of compensation 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 to 5 matching shares for each share purchased, depending on specific performance criteria being met.

In 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. 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. Both MSP programmes have now ended and 2 shares were paid out for the 2018/19 programme in 2021/22 and 2.75 shares were paid out for the 2019/20 programme in 2022/23.

In accordance with market practice the Board of Directors decided to compensate certain participants still employed by the Company for the dilutive effect of the rights issue performed in 2020 by granting them the right to receive cash compensation of DKK 12.49 per matching share and the final cash compensation was paid out during 2022/23.

Long Term Incentive Programme (LTIP)

Pursuant to Bang & Olufsen A/S's Remuneration Policy, the Board of Directors has resolved to allocate restricted shares under Bang & Olufsen A/S's Combined Performance and Retention Share Programmes to the Executive Management Board, key employees and certain other employees.

Two-thirds of the restricted shares are performance shares that are eligible for vesting in equal tranches over three financial years, depending on the level of achievement of certain KPIs 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 ratings. The retention shares also vest in three equal tranches over the period. Each financial year has a maximum payout of index 200 depending on the level of achievement of the KPIs.

The maximum value of individual grants may not exceed 150% of the CEO's and 125% of EMB members' annual base salary for the relevant financial year.

Any vested restricted shares will be released after the Annual General Meeting's adoption of the Annual Report at the end of the third financial year for each programme, with the provision that vesting and release may be accelerated in case of certain extraordinary events.

As part of the 2022-2025 LTIP, the EMB was offered 592,876 shares at a fair market value of a total of DKK 8,466 thousand based on a share price of 14,28 at the time of grant.

Award of extraordinary incentive-based remuneration

With a view to ensuring retention of the members of the EMB, the Board of Directors decided in May 2022 to extend the previously established extraordinary special short-term cash-based retention programme covering the financial year 2022/23. In May 2023, the Board of Directors decided to extend the special short-term cash-based retention programme for 2023/24. The programme is subject to requirements of continued service and satisfactory people review ratings and was established with the aim of stabilising the EMB during the turnaround of the Company and until the long-term incentive programmes (LTIP) reach a desired and necessary retention level.

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. No member of the EMB was terminated during fiscal year 2022/23.

Non-monetary benefits

Members of the EMB receive non-monetary benefits such as company car, car allowance, phones etc. Executives domiciled and working in different countries or relocating internationally may receive special allowances and benefits.

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 based on data or accounts which subsequently prove to have been misstated. The claw-back has not been applied in 2022/23..

Cash bonus paid

The actual bonus paid during the year.

Shares delivered

The actual shares delivered to the employee during the year.

Table 4: Remuneration of EMB (DKK thousand) for 2022/23 (2021/22)

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)	Granted LTIP*	Retention bonus	Total remuneration granted	MSP and LTIP share programmes (expensed)	Total remuneration (expensed)	Cash bonus paid	Number of shares delivered
Kristian Teär, CEO												
2022/23	6.711	906	-	-	-	5.033	6.711	19.361	2.411	16.739	3.856	139.131
2021/22	6.547	905	-	3.382	474	4.910	6.400	22.618	2.688	20.396	6.030	-
Nikolaj Wendelboe, Executive Vice President, CFO												
2022/23	3.355	198	403	-	-	1.966	3.146	9.068	942	8.044	855	36.850
2021/22	3.069	236	368	729	126	1.918	3.000	9.446	993	8.521	1.306	-
Line Kähler Ljungdahl, Executive Vice President, Chief Legal Officer												
2022/23	2.347	134	282	-	-	1.467	2.347	6.577	686	5.796	577	9.584
2021/22	2.290	134	275	544	33	1.431	1.930	6.637	644	5.850	876	2.208
Christian Birk, Executive Vice President Marketing, Digital & Customer Experience (until 31 January 2022. Garden leave from 1 February 2022 – 31 January 2023)												
2022/23	2.046	95	246	-	-	-	-	2.386	-	2.386	526	17.812
2021/22	3.069	142	368	465	61	1.066	2.000	7.171	930	7.035	1.319	-
Total 2022/23	14.460	1.333	930	-	-	8.466	12.204	37.392	4.039	32.965	5.814	203.377
Total 2021/22	14.975	1.417	1.011	5.120	694	9.325	13.330	45.872	5.255	41.802	9.531	2.208

* Benefits & Other allowances include: house allowance, insurance, phone, car allowance and product allowance.

** Granted LTIP value* is defined as the target value of PSUs and RSUs and is calculated as granted shares times the share price at time of grant (see details in table 8)

Please note that the remuneration for the above participants only reflects the actual months they received remuneration from the Company.

Table 5: KPI for Cash Bonus to EMB for 2022/23

Description of KPI	Relative weighting of KPIs	KPI performance threshold	Minimum and maximum bonus award of salary min - max %	Actual bonus awarded (%) 2022/23	Actual award (DKK thousand) 2022/23	Actual bonus awarded (%) 2021/22	Actual award (DKK thousand) 2021/22
Kristian Teär, CEO							
Revenue	20%	Quantitative intervals					
EBIT before special items	20%	Quantitative intervals					
Free cash flow	20%	Quantitative intervals	0% - 100%	0.0%	0	51.8%	3,382
Net promoter score	20%	Quantitative intervals					
Long term strategy execution	20%	Qualitative Intervals					
Nikolaj Wendelboe, Executive Vice President, CFO							
Revenue	20%	Quantitative intervals					
EBIT before special items	20%	Quantitative intervals					
Free cash flow	20%	Quantitative intervals	0% - 45.5%	0.0%	0	23.8%	729
Net promoter score	20%	Quantitative intervals					
Long term strategy execution	20%	Qualitative Intervals					
Line Køhler Ljungdahl, Executive Vice President, Chief Legal Officer							
Revenue	20%	Quantitative intervals					
EBIT before special items	20%	Quantitative intervals					
Free cash flow	20%	Quantitative intervals	0% - 45.5%	0.0%	0	23.8%	544
Net promoter score	20%	Quantitative intervals					
Long term strategy execution	20%	Qualitative Intervals					

The overall pay-out of the short term bonus was 0% in 2022/23. This was a result of the escape clause in the bonus programme, stating that EBIT before special items (bsi) must be positive in order for any bonus to be paid out. Four out of the five KPI's were met expect for the EBIT bsi. The four KPIs met were 1) Revenue 2) Free cash flow 3) Net promoter score and 4) Long term strategy execution.

The actual bonus award percentages have been calculated as a percentage of the base salary

Table 6: KPI for share programmes

Share Programmes	Description of KPI	Relative weighting of KPIs	KPI performance thresholds	Time of vesting	Vesting date
2022/23 (LTIP)	Retention FY 2022/23 , 2023/24 , 2024/25	33.3%	Employment	Vests annually	31.05.2025
	Revenue FY 2022/23 , 2023/24 , 2024/25	33.3%	Quantitative intervals	Vests annually	31.05.2025
	EBIT before special items FY 2022/23 , 2023/24 , 2024/25	33.3%	Quantitative intervals	Vests annually	31.05.2025
2021/22 (LTIP)	Retention FY 2021/22 , 2022/23 , 2023/24	33.3%	Employment	Vests annually	31.05.2024
	Revenue FY 2021/22 , 2022/23 , 2023/24	33.3%	Quantitative intervals	Vests annually	31.05.2024
	EBIT before special items FY 2021/22 , 2022/23 , 2023/24	33.3%	Quantitative intervals	Vests annually	31.05.2024
2020/21 (LTIP)	Retention FY 2020/21 , 2021/22 , 2022/23	33.3%	Employment	Vests annually	31.05.2023
	Revenue FY 2020/21 , 2021/22 , 2022/23	33.3%	Quantitative intervals	Vests annually	31.05.2023
	EBIT before special items FY 2020/21 , 2021/22 , 2022/23	33.3%	Quantitative intervals	Vests annually	31.05.2023
2019/20 (MSP)	Retention FY 2019/20 , 2020/21 , 2021/22	25.0%	Employed for all two financial years in the programme	Vested in Aug 2022	31.05.2022
	Revenue 2020/21 and 2021/22	37.5%	Quantitative intervals	Vested in Aug 2022	31.05.2022
	EBIT before special items 2020/21 and 2021/22	37.5%	Quantitative intervals	Vested in Aug 2022	31.05.2022

LTIP Long Term Incentive Programme

MSP Matching Shares Programme

Table 7 | Matching Shares Programmes (MSP) of EMB

Programme	Performance period	Award date	Vesting date	Maximum number of Shares in programme	Share price at grant date (DKK)	Number of shares vested 2022/23	Number of shares vested 2021/22	Value of award expensed in 2022/23 (DKK thousand)	Value of award expensed in 2021/22 (DKK thousand)	Cash compensation expensed in 2022/23 (DKK thousand)	Cash compensation expensed in 2021/22 (DKK thousand)
Kristian Teär, CEO											
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	202,372	11.99	-	139,131	-	455	-	474
Nikolaj Wendelboe, Executive Vice President, CFO											
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	53,600	11.99	-	36,850	-	120	-	126
Line Kähler Ljungdahl, Executive Vice President, Chief Legal Officer											
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	13,940	11.99	-	9,584	-	31	-	33
Christian Birk, Executive Vice President Marketing, Digital & Customer Experience											
2019/20	01.06.2019-31.05.2022	06.07.2020	08.08.2022	25,908	11.99	-	17,812	-	58	-	61
Total				295,820		-	203,377	-	664	-	694

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

Table 8: Long Term Incentive Programmes (LTIP) of EMB

Name and position	Programme	Performance period	Grant date	Vesting date	Granted Shares	Adjusted	Shares vested	Value at grant date in DKK	Maximum number of shares not yet vested	Minimum number of shares not yet vested	Share price at grant date (DKK)	Shares vesting (Programme Vest)
Kristian Teär, CEO												
	2020/21	01.06.2020-31.05.2023	02.10.2020	31.05.2023	371,151	-65,559	305,592	4,798,982	-	-	12.93	Annually
	2021/22	01.06.2021-31.05.2024	12.07.2021	31.05.2024	148,293	-43,499	55,363	4,909,981	98,862	16,477	33.11	Annually
	2022/23	01.06.2022-31.05.2025	11.07.2022	31.05.2025	352,462	-60,309	57,177	5,033,157	469,952	78,326	14.28	Annually
Nikolaj Wendelboe, Executive Vice President, CFO												
	2020/21	01.06.2020-31.05.2023	02.10.2020	31.05.2023	144,978	-25,608	119,370	1,874,566	-	-	12.93	Annually
	2021/22	01.06.2021-31.05.2024	12.07.2021	31.05.2024	57,924	-16,990	21,626	1,917,864	38,616	6,436	33.11	Annually
	2022/23	01.06.2022-31.05.2025	11.07.2022	31.05.2025	137,681	-23,558	22,335	1,966,085	183,576	30,596	14.28	Annually
Line Kähler Ljungdahl, Executive Vice President, Chief Legal Officer												
	2020/21	01.06.2020-31.05.2023	02.10.2020	31.05.2023	93,267	-16,473	76,794	1,205,942	-	-	12.93	Annually
	2021/22	01.06.2021-31.05.2024	12.07.2021	31.05.2024	43,227	-12,680	16,138	1,431,246	28,818	4,803	33.11	Annually
	2022/23	01.06.2022-31.05.2025	11.07.2022	31.05.2025	102,733	-17,578	16,666	1,467,027	136,978	22,830	14.28	Annually

Table 9: Shares held by executive management

	2021/22	Purchased	Sold	2022/23
EMB - Shares held by executive management				
Kristian Teär, CEO	188,000	155,931	-	343,931
Nikolaj Wendelboe, Executive Vice President, CFO	91,125	36,850	-	127,975
Line Køhler Ljungdahl, Executive Vice President, Chief Legal Officer	23,877	11,792	-	35,669
Total	303,002	204,573	-	507,575

Remuneration comparative overview

From

Table 10: Comparison of remuneration and Company performance against the past five financial years

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
(DKK million)						
Financial Performance						
Revenue	2.752	2.948	2.629	2.036	2.838	3.285
EBIT before special items	-105	54	38	-390	59	46
Free Cash Flow	-20	-172	119	-234	-272	85
EMB - remuneration (DKK thousand)						
Kristian Teär, CEO	19.361	22.618	24.635	6.899	-	-
Nikolaj Wendelboe, Executive Vice President, CFO	9.068	9.446	9.478	3.312	276	-
Line Kähler Ljungdahl, Executive Vice President, Chief Legal Officer	6.577	6.637	5.707	-	-	-
Christian Birk, Executive Vice President Marketing, Digital & Customer Experience (from 18 November 2019 - until 31 January 2022. Garden leave from 1 February - until 31 January 2023)	2.386	7.171	9.097	1.769	-	-
Former EMB members	-	-	1.672	23.649	20.634	24.399

From 2021/2022 remuneration is changed from expensed to granted remuneration

Table 10: Comparison of remuneration and Company performance against the past five financial years – continued

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Board - remuneration (DKK thousand)						
Juha Christensen, Chairman	1,405	1,393	1,069	600	600	524
Jesper Jarlbæk, Board member	800	784	499	550	600	575
Anders Colding Friis, Board member	575	559	414	375	290	-
Mary Claire Chung, Board member (from 21 August 2019)	475	475	404	296	-	-
Tuula Kyllikki Ryttilä-Uotila, Board member (from 21 August 2019)	445	425	356	283	-	-
Albert Bensoussan, Board member	700	684	406	84	375	375
Søren Balling, Board member (employee representative)	350	350	285	300	300	250
Brian Bjørn Hansen, Board member (employee representative)	350	350	285	300	300	300
Britt Lorentzen Jepsen, Board member (employee representative)	350	350	285	233	-	-
Dorte Vegeberg, Board member (employee representative)	350	350	285	233	-	-
Former Board members	-	-	141	1,956	2,475	2,698
Average remuneration of B&O Employees (DKK thousand)	810	787	773	646	614	N/A



Statement by the Board of Directors

The Remuneration Report is prepared in accordance with section 139b of the Danish Companies Act.

The Board of Directors has today considered and adopted the Remuneration Report of Bang & Olufsen A/S for the financial year 2022/23.

The Remuneration Report will be presented for an advisory vote at the Annual General Meeting 17 August 2023.

Struer, 6 July 2023

Board of Directors:

Juha Christensen
Chair

Albert Bensoussan
Vice Chair

Anders Colding Friis

Brian Bjørn Hansen

Britt Lorentzen Jepsen

Dorte Vegeberg

Jesper Jarlbæk

M. Claire Chung

Søren Balling

Tuula Rytälä

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 financial year from 1 June 2022 to 31 May 2023 contains the information required by section 139b(3) of the Danish Companies Act and whether the information provided on remuneration, number of shares granted, shares vested, shareholdings, and company performance in the remuneration report's tables is accurate and complete.

We express a conclusion providing reasonable assurance.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139b(3) of the Danish Companies Act and the remuneration policy adopted at the Annual General Meeting.

Further, the Board of Directors is responsible for the internal control that the Board of Directors considers necessary to prepare the remuneration report without material misstatement and omissions, whether due to fraud or error.

Auditor's responsibility

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 about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

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

- We checked whether, to the extent relevant, the remuneration report contains the information required by section 139b(3), items 1-6, of the Danish Companies Act regarding the remuneration of each member of the Executive Management Board and the Board of Directors.
- We verified that the remuneration information in the remuneration report's tables, is in accordance with the remuneration policy, reporting practice for the remuneration report, agreements entered into, actual grants awarded, pay-outs, and other underlying documentation, including determination of the fair value of granted share-based remuneration for the Executive Management Board, which we have reconciled to the Company's calculations and registrations hereof
- We reconciled the key figures and ratios on financial performance disclosed in the remuneration report to financial highlights disclosed in the annual report for the financial year and other relevant financial information provided in the annual report for the financial year, and we recalculated, on a sample basis, the average remuneration based on full-time equivalents of employees other than members of the Executive Management Board.
- We examined Management's process for collecting, summarising and presenting information on remuneration for the Executive Management Board and the Board of Directors, and reconciled, on a sample basis, the information provided to agreements signed and actual payments made.
- We examined Management's process for collecting, summarising and presenting information on shares vested and shareholdings of the Executive Management Board and shareholdings of the Board of Directors and checked, on a sample basis, the information provided to the Company's registrations hereof.

- We examined the completeness of information provided about remuneration in the remuneration report of each member of the Executive Management Board and the Board of Directors by comparing information on salary and employment conditions in the employment contracts signed with the remuneration policy and the information provided in the remuneration report.

We believe that the procedures performed provide a sufficient basis for our conclusion.

Conclusion

In our opinion the remuneration report contains, in all material respects, the information required by section 139b(3) of the Danish Companies Act and the information provided on remuneration, number of shares granted, shares vested, shareholdings, and company performance in the remuneration report's tables is accurate and complete.

Copenhagen, 6 July 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Jakob Olesen
State Authorised Public Accountant
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