



AARSLEFF

REMUNERATION REPORT 2020/21



REMUNERATION REPORT FOR PER AARSLEFF HOLDING A/S

Background to the remuneration report

This remuneration report has been prepared subject to section 139b of the Danish Companies Act. The remuneration report provides a complete overview of the remuneration received by the Board of Directors and the Executive Management in accordance with Aarsleff's remuneration policy. The remuneration report for 2019/20 was presented at the company's annual general meeting held on 27 January 2021 and adopted without comments.

The objective of the remuneration policy

The overall objective of Aarsleff's remuneration policy is to ensure long-term value creation for the company's shareholders as well as sound and efficient risk management benefitting the stakeholders of our company.

Remuneration of the Board of Directors

The members of the company's Board of Directors receive a base fee of DKK 275,000. The amount is unchanged compared to 2019/20. The board members do not participate in incentive schemes. The level of the remuneration of the Board of Directors is market consistent and match the level in comparable, listed companies, taking into account the responsibility and

scope of the board work as well as the required competencies by the board members.

The chairman, the deputy chairman and members of the board who also serve on a board committee receive an additional fee for their committee work. The chairman and the deputy chairman receive a multiple of two and one of the base fee, respectively. Members of the Board who also serve on a board committee receive an additional fee of DKK 90,000 for their committee work.

The total remuneration of the Board of Directors amounted to DKK 2.7 million in 2020/21, and the fees paid to the individual Board members are shown in the tables. Base fees as well as committee fees were approved at the annual general meeting on 27 January 2021.

The Board of Directors recommends to the annual general meeting that the base fee be increased from DKK 275,000 to DKK 300,000 for each ordinary board member. The chairman and the deputy chairmen shall receive a multiple of three and two of the base fee, respectively, and in future an additional fee for serving on one of the board committees.

In addition, it is recommended that the fee for serving on one of the board committees be changed from the current DKK 90,000 to the following fees:

Audit Committee: Chairman: DKK 150,000. Ordinary member: DKK 100,000.

Nomination and Remuneration Committee: Chairman: DKK 100,000. Ordinary member: DKK 75,000.

Remuneration of the Board of Directors

DKK '000

	2020/21			2019/20			2018/19			2017/18		
	Base fee	Committee fee	Total remuneration	Base fee	Committee fee	Total remuneration	Base fee	Committee fee	Total remuneration	Base fee	Committee fee	Total remuneration
Ebbe Malte Iversen ¹	825	0	825	550	0	550						
Kent Arentoft ²	367	0	367									
Bjarne Moltke Hansen ³	351	60	411	481	0	481	183	0	183	0	0	0
Jens Bjerg Sørensen ⁴	275	90	365	351	60	411	525	0	525	450	0	450
Charlotte Strand ⁵	275	90	365	275	90	365	262	90	352	203	90	293
Henrik Højen Andersen ⁶	275	90	365	183	60	243						
Andreas Lundby ⁷				275	0	275	788	0	788	675	0	675
Peter Arndrup Poulsen ⁸				92	30	122	263	90	353	225	90	315
Carsten Fode ⁹										75	0	75
Total	2,368	330	2,698	2,208	240	2,448	2,021	180	2,201	1,628	180	1,808

¹ Chairman of the Board of Directors and member of the Nomination and Remuneration Committee since 1 February 2020.

² Deputy chairman since 1 February 2020. Is also a member of the Nomination and Remuneration Committee.

³ Ordinary board member as opposed to deputy chairman since 1 February 2021. Is also a member of the Nomination and Remuneration Committee.

⁴ Ordinary board member as opposed to former deputy chairman since 1 February 2020. Is also chairman of the Audit Committee.

⁵ Board member and member of the Audit Committee since 1 February 2018.

⁶ Board member and member of the Audit Committee since 1 February 2020.

⁷ Chairman of the Board of Directors until 1 February 2020. Resigned from the board thereafter.

⁸ Board member and member of the Audit Committee until 1 February 2020. Resigned from the board thereafter.

⁹ Board member until 1 February 2018.

Remuneration and contracts of the Executive Management

The members of the Executive Management are employed on a contract basis, and the size of the complete remuneration package is composed so that the company can retain and attract qualified members of the Executive Management. The terms of the contracts are reviewed once a year, including a regulation of the remuneration in relation to the efforts and results achieved by the individual member of the Executive Management.

The contracts of the Executive Management are valid for an undefined period but expire when the respective member of the Executive Management reaches the age of 65. The notice of termination, before the age of 65, may be up to 12 months for both parties.

Redundancy pay cannot exceed remuneration corresponding to 12 months.

Base salary

Members of the Executive Management receive a base salary and do not receive bonuses. However, in order to retain managerial expertise, the Board of Directors may decide to introduce a retention bonus, loyalty bonus or similar bonus schemes valid for at least two years subject to a justified recommendation from the Nomination and Remuneration Committee.

The base salary inclusive of non-monetary benefits for the Executive Management amounted to DKK 11.2 million in 2020/21 compared to DKK 13.9 million in 2019/20. The decrease can be ascribed to the changes in the composition of the members of the Executive Management made in 2019/20. For more information see the Remuneration report for 2019/20. Fixed and variable remuneration for the Executive Management complies with the framework of the adopted remuneration policy.

Due to the coronavirus pandemic the Executive Management's base salary has not been adjusted in the financial year 2020/21.

The Executive Management's incentive pay

The incentive-based remuneration is a part of an attractive remuneration package for the Executive Management and consists of a right to receive matching shares in the company. The form of the programme ensures that there is a clear connection with the performance of the company because the value of the matching shares of the Executive Management is directly related to the valuation of the company.

In order to be granted the right to matching shares, the member of the Executive Management must purchase B shares in the company in a trading window further specified by the Board of Directors and thereafter deposit

the shares. The member of the Executive Management must purchase B shares in the company at an amount corresponding to minimum 5% and maximum 10% of the annual base fee at the time of purchase. Each individually purchased B share entitles the member of the Executive Management to receive one B share in the company for no consideration at the expiry of the vesting period. There are no other financial or non-financial criteria for granting.

To ensure alignment between the share-based remuneration and the long-term value creation for the company, the incentive-based remuneration includes a vesting period and is revolving, i.e. the right to matching shares is granted for the respective calendar year, and the matching shares are allocated three years later.

The granting of matching shares is based on the condition that the member of the Executive Management is still employed when the vesting period ends. If the member of the Executive Management leaves the company as a "bad leaver" before the time of vesting, the member of the Executive Management will lose the right to matching shares.

Remuneration of the Executive Management for 2017/18, 2018/19, 2019/20 and 2020/21

DKK '000

	Year	Fixed remuneration		Variable remuneration		Total remuneration
		Base salary	Non-monetary related benefits [§]	Extraordinary items	Matching shares [§]	
Jesper Kristian Jacobsen						
CEO	2020/21	5,000	110	0	487	5,597
	<i>% of total</i>	89%	2%	0%	9%	100%
	2019/20	5,000	139	0	501	5,640
	<i>% of total</i>	89%	2%	0%	9%	100%
	2018/19	4,500	141	0	418	5,059
	<i>% of total</i>	89%	3%	0%	8%	100%
	2017/18	3,500	135	0	318	3,953
	<i>% of total</i>	89%	3%	0%	8%	100%
Nicolai Schultz¹						
Deputy CEO	2020/21	3,120	140	0	304	3,564
	<i>% of total</i>	88%	4%	0%	9%	100%
	2019/20	2,340	102	0	313	2,755
	<i>% of total</i>	85%	4%	0%	11%	100%
Mogens Vedel Hestbæk						
Group CFO	2020/21	2,760	119	0	269	3,148
	<i>% of total</i>	88%	4%	0%	9%	100%
	2019/20	2,760	99	0	276	3,135
	<i>% of total</i>	88%	3%	0%	9%	100%
	2018/19	2,600	96	0	241	2,937
	<i>% of total</i>	89%	3%	0%	8%	100%
	2017/18	2,400	112	0	218	2,730
	<i>% of total</i>	88%	4%	0%	8%	100%

¹ Employed as of 1 February 2019. Member of the Executive Management since 1 January 2020.

[§] Non-monetary related benefits consist of company car, telecommunication and newspaper.

[§] The value of the matching shares was computed based on the Black Scholes model and recognised completely at the grant date as opposed to the annual report in which the value is expensed over the three-year vesting period.

Remuneration of the Executive Management for 2017/18, 2018/19, 2019/20 and 2020/21 (continued)

DKK '000

	Year	Fixed remuneration		Variable remuneration		Total remuneration
		Base salary	Non-monetary related benefits ⁸	Extraordinary items	Matching shares ⁹	
Lars M. Carlsen²						
Deputy CEO	2019/20	3,333	160	8,210 ³	0	11,703
	<i>% of total</i>	28%	1%	70%	0%	100%
	2018/19	4,000	145	900 ⁴	371	5,416
	<i>% of total</i>	74%	3%	17%	7%	100%
	2017/18	3,900	129	900 ⁴	212	5,141
	<i>% of total</i>	76%	3%	18%	4%	100%
Ebbe Malte Iversen⁵						
CEO	2020/21	0	0	1,000 ⁶	0	1,000
	<i>% of total</i>	0%	0%	100%	0%	100%
	2019/20	0	0	1,000 ⁶	0	1,000
	<i>% of total</i>	0%	0%	100%	0%	100%
	2018/19	1,250	0	1,000 ⁷	14	2,264
	<i>% of total</i>	55%	0%	44%	1%	100%
	2017/18	5,890	0	0	545	6,435
	<i>% of total</i>	92%	0%	0%	8%	100%

² Resigned as of 8 July 2020.³ Extraordinary items comprise retention bonus of DKK 411,000, redundancy pay of DKK 4 million, salary and provisions for salary in the notice period of DKK 3.67 million and non-monetary benefits of DKK 132,000 in the notice period.⁴ The amount consists exclusively of retention bonus.⁵ Resigned as CEO as of 30 September 2018. Employed as Director in the period 1 October 2018 to 31 January 2019.⁶ The amount consists of remuneration relating to competition clause.⁷ The amount consists of remuneration relating to competition clause. In addition, redundancy pay of DKK 6 million expensed in previous years was paid during the year.⁸ Non-monetary related benefits consist of company car, telecommunication and newspaper.⁹ The value of the matching shares was computed based on the Black Scholes model and recognised completely at the grant date as opposed to the annual report in which the value is expensed over the three-year vesting period.

Matching share programme for the Executive Management

DKK '000

	Year	Performance periode	Grant date	Vesting period ends	Matching shares ⁴	Value of matching shares at 30/9 2021 ⁵
Jesper Kristian Jacobsen						
CEO	2021	01.2021 - 12.2023	01.06.2021	01.06.2024	1,783	468
	2020	01.2020 - 12.2022	01.03.2020	01.03.2023	2,608	685
	2019	01.2019 - 12.2021	01.03.2019	01.03.2022	1,980	520
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	1,546	406
Nicolai Schultz¹						
Deputy CEO	2021	01.2021 - 12.2023	01.06.2021	01.06.2024	1,113	292
	2020	01.2020 - 12.2022	01.03.2020	01.03.2023	1,627	427
	2019	01.2019 - 12.2021	01.03.2019	01.03.2022	1,320	347
Mogens Vedel Hestbæk						
CFO	2021	01.2021 - 12.2023	01.06.2021	01.06.2024	984	258
	2020	01.2020 - 12.2022	01.03.2020	01.03.2023	1,439	378
	2019	01.2019 - 12.2021	01.03.2019	01.03.2022	1,144	300
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	1,060	278
Lars M. Carlsen²						
Deputy CEO	2019	01.2019 - 12.2021	01.03.2019	01.03.2022	1,760	462
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	1,029	270
Ebbe Malte Iversen³						
CEO	2019	01.2019 - 12.2021	01.03.2019	01.03.2022	66	17
	2018	01.2018 - 12.2020	01.03.2018	01.03.2021	2,650	696

¹ Employed as of 1 February 2019. Member of the Executive Management since 1 January 2020.² Resigned as of 8 July 2020.³ Resigned as CEO as of 30 September 2018.⁴ Number of shares received at the expiry of the three-year vesting period. The member of the Executive Management has used his own means to buy a similar number of shares in order to be entitled to participate in the programme.⁵ The value of the matching shares is based on the market price as of 30 September 2021. The shares from the 2018 share programme were matched in March 2021.

Comparison of development in remuneration and the Group's financial performance

DKK '000

	2020/21	Change from 2019/20 to 2020/21	Change from 2018/19 to 2019/20	Change from 2017/18 to 2018/19
Financial performance				
Revenue	14,694	1,399	-158	1,345
EBIT	648	95	50	28
Cash flow from operating activities	471	-1,123	654	175
ROIC (2020/21 = %. Changes = percentage points)	16.3	-4.1	2.3	1.5
Remuneration of the Executive Management				
Jesper Kristian Jacobsen	5,597	-43	581	1,106
Nicolai Schultz	3,564	809	2,755	
Mogens Vedel Hestbæk	3,148	13	199	206
Lars M. Carlsen		-11,703	6,287	276
Ebbe Malte Iversen	1,000	0	-1,264	-4,171
Remuneration of the Board of Directors				
Ebbe Malte Iversen	825	275	550	
Kent Arentoft	367	367		
Bjarne Moltke Hansen	411	-70	298	183
Jens Bjerg Sørensen	365	-46	-114	75
Charlotte Strand	365	0	13	60
Henrik Højen Andersen	365	122	243	
Andreas Lundby		-275	-513	113
Peter Arndrup Poulsen		-122	-231	38
Carsten Fode				-75
Average remuneration of employees				
Employees of Per Aarsleff Holding A/S ¹	4,103	-1,705 ²	1,338	-94
Employees of the Aarsleff Group	569	18	9	3

¹ Composed exclusively by members of the Executive Management during the years concerned.² The decrease can be ascribed to the changes in the composition of the members of the Executive Management in 2019/20.

THE BOARD OF DIRECTORS' STATEMENT ON THE REPORT

The Board of Directors has today considered and adopted the Remuneration Report for the financial year 2020/21 for Per Aarsleff Holding A/S.

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

In our opinion, the Remuneration Report is in accordance with the remuneration policy as adopted at the annual general meeting and is free from material misstatement and omissions, whether due to fraud or error.

Aarhus, 21 December 2021

Board of Directors

Ebbe Malte Iversen
Chairman

Kent Arentoft
Deputy Chairman

Jens Bjerg Sørensen

Charlotte Strand

Henrik Højen Andersen

Bjarne Moltke Hansen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Per Aarsleff Holding A/S

We have examined whether Management has fulfilled its obligations to disclose the information required by section 139b(3) of the Danish Companies Act in the company's remuneration report for the financial year 1.10.2020 – 30.09.2021.

Management's responsibility

Management is responsible for the preparation of the remuneration report in accordance with section 139b of the Danish Companies Act and the remuneration policy adopted at the Annual General Meeting.

Further Management is responsible for the internal control that the Board of Directors considers needed to prepare the remuneration report that is free from material misstatement and omissions, whether due to fraud or error.

Auditor's responsibility

It is our responsibility to express a conclusion on whether Management has fulfilled its obligations to disclose the information required by section 139b(3) of the Danish Companies Act in the company's remuneration report.

We have conducted our examinations 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 independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR - Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our examinations included an examination of whether the remuneration report, to the extent relevant, includes

the disclosures required by section 139b(3), items 1-6, of the Danish Companies Act for the remuneration of each member of Management.

Our examinations have not included an examination of accuracy and completeness of the disclosures, and we do not express any conclusion on this.

Conclusion

It is our opinion that Management has fulfilled its obligations to disclose, in all material respects, the information required by section 139b(3) of the Danish Companies Act in the company's remuneration report for the financial year 1.10.2020 – 30.09.2021.

Aarhus, 21 December 2021

Deloitte

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The remuneration report has been prepared in Danish and in English.
In case of discrepancy, the Danish version shall prevail.

Per Aarsleff Holding A/S

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