

MT HØJGAARD HOLDING

MT HØJGAARD HOLDING A/S

Remuneration report 2023

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This remuneration report covers MT Højgaard Holding A/S and has been published in both Danish and English. In case of discrepancies between the two versions, or in case of doubt, the Danish version shall prevail.

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Remuneration report 2023

1. Introduction

This remuneration report discloses all of the Group's remuneration of members of the Board of Directors of MT Højgaard Holding A/S ("the Company" or "MTHH"), which is listed on Nasdaq OMX Copenhagen, and of the registered Executive Board of MTHH in 2023. The disclosures in the remuneration report are primarily derived from the audited financial statements, which are available at www.mthh.eu. The remuneration report has been compiled in accordance with section 139b of the Danish Companies Act and MTHH's remuneration policy, which was adopted at the Annual General Meeting held on 20 March 2023 and is available at www.mthh.eu.

The overall principles of the remuneration policy are:

- To support the purpose and sustainability of the Company;
- To align the remuneration components with the interests of shareholders and other stakeholders relevant to the above;
- To support delivery of MTHH's strategic priorities;
- To attract, motivate and retain members of the Board of Directors and the Executive Board of the appropriate calibre given the size and complexity of the business; and
- To reward members of the Executive Board in line with corporate and individual performance.

The result of the vote at the Annual General Meeting on 20 March 2023 on the Remuneration Report for 2022 did not give rise to a need to make any changes.

2. Financial results

Group revenue increased to DKK 9.8 billion, matching the expectations of revenue of around DKK 9.5-10.0 billion. Operating profit before special items and special amortisation increased to DKK 409 million. Earnings consequently met the expectations of operating profit of around DKK 400 million.

Following high order intake of DKK 9.9 billion, the portfolio of firm, unconditional orders increased to DKK 13.5 billion. The value of orders won but not yet contracted was approx. DKK 1.6 billion, which will not be included in the order book until the orders have been contracted.

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3. Remuneration of the Board of Directors

The Board of Directors of MTHH consists of four to seven members elected by the shareholders in General Meeting, see the Articles of Association. In 2023, the Board consisted of seven members elected by the shareholders in General Meeting.

In accordance with the voluntary scheme on Group representation, Peter Martin Facius and Lars Tesch Olsen are employee-elected members of the Board of Directors of MT Højgaard Holding A/S. In connection with the divestment of Scandi Byg, Stine Marie Søderdahl Friis has left the Board on 31 December 2023.

The members of the Board of Directors receive a fixed annual remuneration, which is approved at the Company's AGM for the current financial year. These members are not covered by a pension plan and do not receive variable or incentive-based pay. The annual remuneration must be in accordance with market practice for comparable enterprises, taking into account the required skills, efforts, duties and the nature of the work and responsibilities.

All Board members receive the same annual base remuneration, which was DKK 350,000 for 2023, while the Chairman receives 3 times the fixed annual base remuneration and the Deputy Chairman 1.5 times the fixed annual base remuneration. Additional fees for committee work, including ad hoc committees, must be determined by the Board of Directors after considering the precise scope and workload of such committee work and must also be approved by the General Meeting.

Additional fees for sitting on the Audit Committee may total an amount of up to 0.85 times the fixed annual base remuneration for ordinary members and up to 1.75 times the fixed annual base remuneration for the Chairman of the Audit Committee.

The separate fee for participation in the Nomination Committee, the Remuneration Committee and the Sustainability Committee may amount to up to 0.25 times the annual base remuneration for each committee and up to 0.5 time the fixed annual base remuneration for the Chairman of the committees.

Furthermore, members of the Board of Directors may receive an additional fee for ad hoc work, however, this option was not exercised in 2023.

The remuneration for 2023 was adopted by the AGM of MTHH on 20 March 2023.

Remuneration of individual members of the Board of Directors in 2023

Remuneration of individual members of the Board of Directors				
		MT Højgaard Holding A/S		
Name	Position	Board of Directors	Committee	Total
Carsten Dilling	Chairman of the Board of Directors and Chairman of the Nomination- and Remuneration Committee	1,050,000	50,000	1,100,000
Morten Hansen	Deputy Chairman of the Board of Directors and member of the Nomination- and Remuneration Committee	525,000	25,000	550,000
Anders Lindberg	Member of the Board of Directors and Chairman of the Audit Committee	350,000	166,667	516,667
Christine Thorsen	Member of the Board of Directors and member of the Sustainability Committee	350,000	9,375	359,375
Janda Campos	Member of the Board of Directors and Chairman of the Sustainability Committee	350,000	18,750	368,750
Pernille Fabricius	Member of the Board of Directors and member of the Audit Committee	350,000	83,333	433,333
Steffen Baungaard	Member of the Board of Directors	320,833	-	320,833
Peter Martin Facius	Employee-elected Board member	350,000	-	350,000
Lars Tesch Olsen	Employee-elected Board member	350,000	-	350,000
Stine Marie Søderdahl Friis	Employee-elected Board member	350,000	-	350,000
Total remuneration, in DKK		4,345,833	353,125	4,698,958

The published remuneration does not include reimbursed expenses incurred by the individual members of the Board of Directors as part of their meeting activities at MTHøjgaard Holding A/S.

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4. Remuneration of the Executive Board

The Board of Directors is of the opinion that a combination of fixed and performance-related remuneration of the Executive Board helps ensure that the Company can attract and retain a competent and value-creating Executive Board and that partially incentive-based remuneration encourages the Executive Board to create value for the benefit of the shareholders.

The remuneration package for the Executive Board consists of a fixed remuneration (base salary), a short-term bonus and a long-term incentive (LTI) programme. Moreover, it is possible for the Board of Directors, in special cases, to grant a member of the Executive Board an option programme and/or an extraordinary bonus. The Executive Board also receives non-monetary benefits such as a company car, telephone, etc. Expenses incurred by members of the Executive Board in connection with travel, conferences, training/education, etc. are reimbursed by the Company.

In 2023, the remuneration of the Executive Board was composed of the following:

- **Base salary:** An annual market-consistent remuneration that is fixed based on skills, performance, experience, scope of work and responsibilities, taking into consideration the rate of pay rise for executives and other employees.
- **Other benefits:** Housing, car, telephone, etc.
- **Short-term bonus:** Covering a maximum of 7.5 months of the fixed monthly base salary per financial year. The annual bonus schemes are contingent on the targets defined in the annual bonus agreement being met in whole or in part.
- **Long-term incentive (LTI) programme:** An investment of 25% to 100% of the short-term bonus earned by members of the Executive Board is converted into shares that vest over a three-year period and may qualify for free shares (maximum grant/deduction of 0.5 free share per share a year).

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Remuneration of individual members of the Executive Board in 2023

Remuneration of individual members of the Executive Board							
Name	Position	Year	Fixed remuneration		Variable remuneration		Total
			Base salary	Other benefits*	Short-term bonus (Incl. adjustment in respect of previous years)	LTI programme**	
Steffen Baungaard	Chief Executive Officer	2023	500,000	9,458	0	0	509,458
	From 1 December 2023	<i>Share</i>	98%	2%	0%	0%	100%
Rasmus Untidt	Chief Executive Officer	2023	3,000,000	130,768	725,000	129,638	3,985,406
		<i>Share</i>	75%	3%	18%	3%	100%
Henrik Mielke***	Chief Executive Officer	2023	11,652,815	233,798	781,023	-565,881	12,101,755
	Until 30 November 2023	<i>Share</i>	96%	2%	6%	-5%	100%
Martin Solberg****	Chief Financial Officer	2023	0	13,533	498,469	-845,545	-333,543
	Until 8 December 2022	<i>Share</i>	0%	-4%	-149%	254%	100%
Total remuneration, in DKK		2023	15,152,815	387,556	2,004,492	-1,281,788	16,263,075

* Other benefits include the tax value of free telephone, car allowance, mileage allowance and insurance.

** The LTI programme has been calculated using the grant date fair value of the contingent shares that correspond to the estimated and maximum number of contingent shares to vest at the maturity date multiplied by the grant date share price.

*** There was in 2023 included DKK 6,902,829 to Henrik Mielke for salary and bonus in the resignation period.

**** There was in 2022 included DKK 3,558,143 to Martin Solberg for salary and bonus in the resignation period.

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Short-term bonus of individual members of the Executive Board in 2023

The short-term bonus of the individual members of the Executive Board is based on the targets for MTHH's EBIT before special items in 2023 being met. In 2022. The Executive Officers have achieved performance ratios below the target.

Steffen Baungaard has not been part of the short-term bonus for 2023.

Short-term bonus of individual members of the Executive Board					
	Position	Weight	Actual results*	Earned bonus	Maximum bonus
Henrik Mielke	Chief Executive Officer				
<i>KPIs in the MT Højgaard Holding Group</i>	From 15 March 2022				
<i>EBIT before special items and special amortisation in 2023</i>		100%	Under	-	3,281,245
Performance ratio				0%	
Rasmus Untidt	Chief Financial Officer				
<i>KPIs in the MT Højgaard Holding Group</i>	From 9 December 2022				
<i>EBIT before special items and special amortisation in 2023</i>		100%	Under	-	1,500,000
Performance ratio				0%	
Martin Solberg	Chief Financial Officer				
<i>KPIs in the MT Højgaard Holding Group</i>	Until 8 December 2022				
<i>EBIT before special items and special amortisation in 2023</i>		100%	Under	-	2,129,846
Performance ratio				0%	

* Short-term bonus has been fixed on the basis of actual financial results, and forms the basis for "above", "equal to" or "below" each target set.

Long-term incentive (LTI) programme

MTHH's existing long-term bonus programme (LTI programme) was adopted at the AGM held on 17 March 2020. The LTI programme is effective for 2020 and onwards and replaces the 2019 programme. The overall principles and the remuneration components of the adjusted programme have remained unchanged from the 2019 programme in all material respects. The aim of the LTI programme is still to ensure convergence of interests of Management and shareholders, to strengthen and retain the attachment of members of the Executive Board to the Group, and to intensify Management's focus on financial targets, including high and long-term value added.

The LTI programme is effective in parallel with MTHH's short-term cash bonus programme for the Executive Board and entitles members of the Executive Board to invest 25% to 100% of any short-term bonus they may have earned the year before. The LTI programme is a revolving, conditional share incentive scheme that is based on an annual right to have conditional shares granted in MTHH ("LTI Grant"). Shares acquired under the LTI Grant are subject to a three-year maturity period.

Under certain conditions, members of the Executive Board may become eligible for additional contingent "Matching Shares" paid for by MTHH. Any dividend on shares acquired by the member of the Executive Board under the LTI programme, inclusive of any Matching Shares, is automatically re-invested in shares in MTHH ("Dividend Shares").

The value of the shares of the individual members of the Executive Board, inclusive of any Matching Shares or Dividend Shares, under the LTI programme cannot exceed two years' base salary for such members per LTI Grant, calculated using the stock market value of the mature shares at the maturity date.

Executive Board members' share of their LTI Grant in the custody account, inclusive of Dividend Shares, will be subject to an annual grant or deduction of Matching Shares based on developments in the Company's share price or its financial performance. Consequently, the original LTI Grant or investment by the Executive Board member may be subject to deduction. Matching Shares are granted or deducted in full shares, and for the combined maturity period they cannot exceed +/- 0.5 share per share in the custody account, rounded down to the nearest full share.

Executive Board members' right to receive the shares as part of the LTI Grant, inclusive of any Matching Shares or Dividend Shares, is subject to continued employment at the maturity date (or resignation as a good leaver). A bad leaver will lose all of their LTI Grants and thus all immature conditional shares, including any Matching Shares or Dividend Shares. The right to receive Matching Shares is also contingent on MTHH in the financial year prior to the LTI Grant and in the three subsequent financial years (four financial years in aggregate) for at least one year either having distributed dividend to the shareholders of MT Højgaard Holding A/S or having reduced the long-term liabilities.

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Investment of short-term bonus in Investment shares in MT Højgaard Holding A/S									
Name	Position	Year for allocation of bonus	Allocated short-term bonus	Pct. of short-term bonus invested in Investment shares	Allocation price per share	Allocated Investment shares	Calculated number of Matching Shares	Fair market value of a Matching Share*	Value of Matching Shares**
Rasmus Untidt	Chief Financial Officer	2022	1,125,000	100%	219.754	5,119	-363	136.52	-49,557
Henrik Mielke	Chief Executive Officer Until 30. november 2023	2022	2,929,690	100%	219.754	13,331	-976	136.52	-133,244
Martin Solberg	Chief Financial Officer Until 8. december 2022	2022	1,996,730	100%	219.754	9,086	-657	136.52	-89,694

**Fair value of a Matching Share is calculated based on the average share price five trading days after the time of grant at 20 March 2023.*

***The valuation is, among other elements, based on the expected life time of 3 years from the time of grant vesting, the expected share price increase on MT Højgaard Holding A/S from the time of grant to vesting, and under the assumption that the company either pay dividend or installments on non-current interest-bearing debt.*

Terms of termination and severance pay

Executive Board members have a term of notice of 6-12 months towards MTHH whereas MTHH can terminate an Executive Board member at 12 months' notice.

MTHH may, in exceptional circumstances, require repayment (claw-back), in whole or in part, of variable remuneration (cash or share-based) if disbursement was made using incorrect or inaccurate data. This was not the case in 2023, 2022, 2021, 2020 or 2019.

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5. Comparison of remuneration and accounting figures

Comparison of remuneration and accounting figures									
	2023	Change*****	2022	Change*****	2021	Change*****	2020	Change*****	2019***
Executive Board – remuneration									
Steffen Baungaard (From 1 December 2023)	509,458	n/a							
Rasmus Untidt (From 9 December 2022)	3,985,406	27%	251,731						
Henrik Mielke (From 15 March 2022 to 30 November 2023)	12,101,755	133%	6,294,029						
Martin Solberg** (Until 8 December 2022) ****	-333,543		8,563,624	21%	7,073,473	50%	4,714,535	1%	3,417,000
Morten Hansen* (Until 14 March 2022)****			1,778,126	-50%	12,807,243	56%	8,183,852	19%	1,229,000
Board of Directors – remuneration									
Carsten Dilling	1,100,000	0%	1,100,000	0%	1,100,000	0%	1,100,000	25%	881,944
Morten Hansen (To February 2020 until March 2022)	550,000	27%	434,375		-		32,184	8%	259,753
Anders Lindberg	516,667	-9%	566,667	-21%	716,667	-14%	837,500	14%	733,333
Christine Thorsen	359,375	3%	350,000	0%	350,000	0%	350,000	8%	325,000
Janda Campos (From March 2021)	368,750	5%	350,000	0%	262,500		-		-
Pernille Fabricius	433,333	0%	433,333	0%	433,333	-11%	487,500	-26%	658,333
Steffen Baungaard (From March 2021 to December 2023)	320,833	0%	350,000	0%	262,500		-		-
Ole Jess Bandholtz Røsdahl (Until March 2021)	-		-		87,500	0%	350,000	8%	325,000
Peter Martin Facius (From March 2021)	350,000	0%	350,000	0%	262,500		-		-
Lars Tesch Olsen (From March 2021)	350,000	0%	350,000	0%	262,500		-		-
Stine Marie Søderdahl Friis (From January 2022 until December 2023)	350,000	0%	350,000	0%	-		-		-
Jesper Hoffmann (From March 2021 until December 2021)	-		-		262,500		-		-

* For 2019, remuneration as acting President and CEO covers the period from November to December 2019 (incl.). For 2020, remuneration as acting President and CEO covers the period from January 2020 and as permanent President and CEO from February 2020.

** For 2019, remuneration as CFO covers the period from June 2019 to December 2019 (incl.).

*** 2019 also covered remuneration of the former President and CEO for the period 5 April 2019 to 13 November 2019 in the total amount of DKK 16.6 million, including remuneration, severance pay for 12 months and a bonus for 2019 etc. In addition, the former President and CEO earned a bonus of approximately DKK 2 million for 2020.

**** Including severance pay of DKK 250,000 to Morten Hansen in 2022. Further, DKK 3,558,143 kr. to Martin Solberg is included in 2022 and DKK 6,902,829 to Henrik Mielke in 2023 both related to salary and bonus in their resignation periods.

***** If the person has not been remunerated for a whole year, the change is calculated to a person's full year's salary for comparison purpose.

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5. Comparison of remuneration and accounting figures, continued

Comparison of remuneration and accounting figures (continued)									
	2023	Change	2022	Change	2021	Change	2020	Change	2019
Employees – average remuneration									
The MT Højgaard Holding Group's average remuneration of employees	626,328	4%	601,335	-2%	615,509	6%	579,366	3%	562,764
Employees of the MT Højgaard Holding Group (FTE)	2,774	0%	2,772	0%	2,785	4%	2,680	23%	2,178
MT Højgaard Holding A/S's average remuneration of employees	982,495		830,909		756,599		-		-
Employees of MT Højgaard Holding A/S other than the Executive Board (FTE)	51		55		60		-		-
Financial results									
Revenue of the MT Højgaard Holding Group, in DKK million	9,850	14%	8,654	20%	7,203	21%	5,951	27%	4,672
EBIT before special items of the MT Højgaard Holding Group, in DKK million							87	601%	12
EBIT before special items and special amortisation of the MT Højgaard Holding Group, in DKK million *	414	50%	276	54%	179	45%	124		
The MT Højgaard Holding Group's order intake, in DKK million	10,011	-16%	11,888	19%	9,950	33%	7,506	20%	6,267

* New performance measure introduced in 2021.

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6. Statement by the Board of Directors

The Board of Directors has today considered and approved the remuneration report of MT Højgaard Holding A/S for the financial year 1 January to 31 December 2022.

The remuneration report is presented in accordance with section 139b of the Danish Companies Act.

In our opinion, the remuneration report is in accordance with the Company's remuneration policy, which has been adopted at the Company's Annual General Meeting, and is free of material misstatement, whether due to fraud or error.

We recommend the remuneration report for advisory vote at the Company's Annual General Meeting.

Søborg, 22 February 2024

Board of Directors

Carsten Dilling
Chairman

Morten Hansen
Deputy Chairman

Anders Lindberg

Christine Thorsen

Janda Campos

Pernille Fabricius

Peter Martin Facius

Lars Tesch Olsen

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7. Independent auditor's report on the remuneration report

To the shareholders of MT Højgaard Holding A/S

As agreed with the company's Board of Directors, we have examined whether the remuneration report of MT Højgaard Holding A/S for the financial year 1 January – 31 December 2023 contains the disclosures required pursuant to section 139b(3) of the Danish Companies Act.

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, and the Remuneration Policy dated 20 March 2023 as adopted by the Annual General Meeting.

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

Auditor's independence and quality control

We have complied with the independence requirements 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, as well as ethical requirements applicable in Denmark.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

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

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

- ▶ We verified that the remuneration report includes the information on remuneration for each individual member of the Board of Directors and Executive Board as required by section 139b(3), item 1-6 of the Danish Companies Act.

In our opinion, the examinations performed provide a sufficient basis for our opinion.

Conclusion

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In our opinion, the remuneration report, in all material respects, includes the disclosures required by section 139b(3) of the Danish Companies Act.

Copenhagen, 22 February 2023

EY Godkendt Revisionspartnerselskab

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