



Annual Incentive Plan 2026

INTRODUCTION

The [COMPANY X] Annual Incentive Plan (AIP) provides an opportunity for all plan participants to share in the annual financial results of [COMPANY X] and their personal achievements toward the company's success. This plan will provide compensation opportunities to motivate and reward the achievement of outstanding financial and organizational results by providing market-based incentive opportunities that:

- Attract and reward highly qualified employees.
- Align with critical business goals and objectives.
- Link to the performance results relevant to the employees and [COMPANY X]
- Retain top performers.
- Pay for results and differentiate levels of performance.
- Foster behaviors and contributions that support the culture and promote [COMPANY X's] success.

FUNDING

The AIP funding is based on [COMPANY X's] company achievement level based on several metrics. Goals are determined at the beginning of each plan year. The following table shows funding levels at various levels of [COMPANY X's] achievement. Actual funding will be interpolated.

| Incentive Funding Scale | |
|------------------------------|---------------------------|
| <i>% Company Achievement</i> | <i>Targeted Funding %</i> |
| <70% | 0 |
| 70% | 25% |
| 80% | 50% |
| 90% | 75% |
| 100% + | 100% |

MEASUREMENT CRITERIA & COMPANY ACHIEVEMENT

The bonus pool will be allocated and/or adjusted based on [COMPANY X's] business results annually. The criteria used to evaluate business results and company achievement for 2026 will be:

2026 Financial Objectives

| Metric Weight | Metric(s) | Target Achievement | Minimum Achievement (necessary to fund) | Funding at Minimum Achievement (straight line interpolation after) |
|---------------|---------------------|------------------------------------|--|---|
| 30% | Gross Sales Revenue | 100% of budgeted # \$20,000,000 | 80% | 50% |
| 40% | EBITDA | 100% of budgeted # | 90% | 60% |
| 30% | Profit Margin | ➤ 10% | 9.5% | 50% |

Example Achievement (not at goals)

| Weight | Company Metric | Target | Actual | Achievement | Achievement Factor |
|-----------------------------------|---------------------|---------------------------------|---------------|-------------|--------------------|
| 30% | Gross Sales Revenue | 100% of budgeted # \$20,000,000 | 80% \$16M | 50% | 15% |
| 40% | EBITDA | 100% of budgeted # \$4M | 95% \$3.8M | 80% | 32% |
| 30% | Profit Margin | 10% | 8% | 0% | 0% |
| Company Achievement Factor | | | | | 47% |

Example Achievement (at or above goals)

| Weight | Company Metric | Target | Actual | Achievement | Achievement Factor |
|----------------------------|---------------------|---------------------------------|----------------|-------------|--------------------|
| 30% | Gross Sales Revenue | 100% of budgeted # \$20,000,000 | 105% \$21M | 105% | 31.5% |
| 40% | EBITDA | 100% of budgeted # \$4M | 100% \$4.4M | 110% | 44.0% |
| 30% | Profit Margin | 10% | 9.98% | 98% | 29.4% |
| Company Achievement | | | | | 104.9% |

CALCULATION OF AWARD

- I. **Target Pool Calculation:** An incentive plan “bonus pool” is calculated by multiplying each employee’s annual pay by a certain incentive target percentage based on their role in the organization. Calculations for employees with less than a full year of service during the planned year will be calculated on a pro-rated basis. Pro-rated credit for incentive compensation eligibility will be given for each full work month.
- II. **Incentive Pool Calculation:** At the beginning of each plan year, company goals will be determined with objective measures and weights for each measure. Each measure will also have a floor, or bottom limit that is necessary to fund that component. For 2026, see below for the measurement criteria, weights, and floors. The Target pool will be multiplied by the company achievement factor.
- III. **Weight of Objectives:** Individual bonus opportunities will be based on a combination of company and individual objectives based on the position held within [COMPANY X]. The bonus allocations, totaling 100%, are as follows:

| <u>Incentive Pool Distribution</u> | | | |
|---|----------------------|--------------------------|-----------------------|
| Career Track | Corporate Objectives | Business Unit Objectives | Individual Objectives |
| C-Suite | 100% | 0% | |
| Executive | 80% | 0% | 20% |
| Middle Mgmt. | 30% | 30% | 40% |
| Staff | 25% | 25% | 50% |

Individual or Team Project-Based Incentive Objectives:

At the beginning of the plan year, each eligible employee's manager will establish individual and/or team objectives that are linked to the success of the business. Objectives must be specific, measurable and include target completion dates. For multi-year projects, incremental objectives should be established which are achievable within the plan year. Objectives should be written to also include qualitative measures regarding productive behaviors and competencies that are consistent with the company's values and missions and to be demonstrated while accomplishing each goal (e.g., leadership, team building, communications, etc.). Individual or Team objectives, included under this plan, may be changed or modified at any time during the plan year, at the discretion of management, based on new and or revised priorities.

Management will determine the amount of each employee's annual incentive payment based on the following:

- The employee's calculated bonus target.
- The total pool available is based on business unit results.
- Individual or team performance versus predefined objectives.
- Relative contribution of the employee's performance compared to others with the function or business group.

TIMING OF PAYMENT

Payments will be calculated annually, and every effort will be made to distribute as soon as possible, however, in no event will payments be made later than [DATE] of the year following the year in which the payment is earned. Except as provided below, participants must be employed on the payment date to receive their payment.

ELIGIBILITY

Participation in this plan is limited to all [full-time employees (exception to Streaming and Sales)]

- a. New hires and transfers are eligible to participate in the plan beginning with their [1st full month] of employment. Any exceptions must be noted at the time of hire.
- b. In the event of a participant's termination of employment for any reason other than as provided in (iii) below prior to the applicable payment date, such participant will forfeit his or her rights to any payments under the plan.
- c. A participant who retires, dies, or whose employment is terminated by reason of his or her total and permanent disability will be entitled to a payment based on actual performance in accordance with the terms of the plan [and prorated based on the length of his/her service during the applicable plan period]. Any such payments will be made as provided in the section above.

ADMINISTRATION APPROVALS

The plan will be administered by [COMPANY X] Human Resources Departments. Payments will be approved by [CEO Name] [COMPANY X].

LIMITATIONS AND RESTRICTIONS

In accepting payment under the plan, the participant acknowledges that: (a) this plan may be terminated, amended or modified at any time by the company without prior notice to participants; (b) the grant of a payment is voluntary and occasional and does not create any contractual or other right to receive future grants; (c) all decisions with respect to future payments, if any, will be at the sole discretion of the company; (d) in consideration of the grant of payment under the plan, no claim or entitlement to compensation or damages shall arise from the loss of payment resulting from termination of the participant's active employment and the participant irrevocably releases the company from any such claim that may arise; and (e) payment under the plan does not constitute an express or implied promise of continued engagement as an employee and shall not interfere with the participant's right or the company's right to terminate the participant's employment at any time.

RESPONSIBILITY FOR TAXES

Regardless of any action the company takes with respect to any or all income tax, payroll tax or other tax-related withholding related to the payment under the plan ("Tax-Related Items"), the participant acknowledges that the ultimate liability for all Tax-Related Items legally due by him or her is and remains the participant's responsibility and the company (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items and (b) does not commit to structure the terms of the payment under the plan to reduce or eliminate the participant's liability for Tax-Related Items. The participant authorizes the company to withhold all applicable Tax-Related Items legally payable by the participant from his or her wages or other cash compensation paid to the participant.

ACKNOWLEDGEMENTS

I have read and understand the 2026 [COMPANY X] Annual Incentive Plan.

| | | |
|--------------------|--|------|
| | | |
| Employee Signature | | Date |