

] pexip[

# Remuneration Guidelines

## Pexip ASA

### 2022

---

# Table of Contents

---

Background	3
Process for development of the Guidelines and conflicts of interests	3
Purpose and general principle for remuneration	3
The Group's Senior Executives	3
Remuneration for Senior Executives	4
Elements of remuneration	4
Base salary	4
Pension and other benefits	4
Variable remuneration	4
Short term incentives	4
Employment agreements	5
Decision making Process	5
Effect and approval	6
Deviating from the Guidelines	7

## Background

These Remuneration Guidelines (the “Policy or Guidelines”) govern the determination of salary and other remuneration to the senior executives (the “Senior Executives”) in Pexip Group and remuneration to Committees and the Board of Directors of Pexip Holding ASA. Pexip Group and ASA are referred to as the “Company” or “Pexip.”

## Process for development of the Guidelines and conflicts of interests

The Board of Directors and the Remuneration Committee have taken an active role in establishing, reviewing, and executing the Guidelines.

With support from the Remuneration Committee (the “Committee”), the Board of Directors shall prepare a proposal for guidelines for resolution by the annual general meeting at least every fourth year. Resolved guidelines may also be amended by way of a resolution of a subsequent General Meeting.

In order to reduce the risks of conflict of interests, no senior executive shall participate in the decision-making process regarding remuneration-related matters by which they are directly affected.

## Purpose and general principle for remuneration

These Guidelines constitute a framework for remuneration to Senior Executives during the period for which the Guidelines are in force.

Remuneration to members of the Company’s management is vital for harmonizing the shareholders’ interests with the interests of the leading personnel. Principles for incentives and performance are designed to be aligned with such interests and ensure the execution of defined business strategies, short and long-term interests, and sustainable business practices. Further, remuneration shall support the Company’s efforts to retain, develop and recruit skilled and qualified senior executives with relevant experience and competence.

The remuneration shall be on a competitive level and reflect the performance and responsibilities of individual senior executives. Remuneration for Senior Executives must be adapted to comply with established local practice and mandatory rules in the jurisdiction of their employment, taking into account, to the extent possible, the overall purpose of the Guidelines.

## The Group’s Senior Executives

The Group’s Senior Executives consists of the CEO and the rest of C-level management.

The Guidelines shall, under the Norwegian Public Limited Liability Companies Act section 6-16a, also include the Board of directors and employees who are members of the Board of Directors if applicable.

## Remuneration for the Board of Directors and members of Committees

The Chair, Board members, and members of the Audit Committee, Nomination Committee and Remuneration Committee, respectively, receive a competitive fixed annual amount in remuneration. The Remuneration to the Board and committees are proposed by the Nomination Committee and approved by the Annual General Meeting and paid quarterly in arrears for the Board members. Board members are not offered stock options, warrants or other incentive schemes, except employees who are members of the Board of Directors, who may be eligible to participate in ordinary share programs as employees in Pexip.

Remuneration is evaluated annually against relevant benchmarks in peer companies.

Individual Board members may take on specific ad hoc tasks outside their regular duties assigned by the Board. In each such case, the Board shall be, based on a recommendation from the Remuneration Committee,

determine a fixed fee for the work carried out related to those tasks. The fee for ad hoc tasks will be disclosed in the Remuneration Report and presented for approval by the shareholders at the Annual General Meeting.

No other benefits are provided to the Board of Directors.

This remuneration structure aims to support the focus of the Board on corporate strategy, supervision, organization, and governance. To ensure the implementation of the company strategy in a sustainable way considering the long-term interest of Pexip, the Board members do not receive variable remuneration based on performance.

## **Remuneration for Senior Executives**

### **Elements of remuneration**

The main principle for the Group's remuneration policy is to offer Senior Executives competitive terms when considering the overall remuneration package. The total remuneration package may comprise of the following elements:

- Base salary
- Pension schemes
- Short term cash-based incentives
- Long term share-based incentives
- Other benefits

### **Base salary**

The base salary for Senior Executives is reviewed once a year per January 1, along with the annual salary review for all employees in Pexip. The development of base salary is based on a benchmark of executive management salaries in peer companies. The Remuneration Committee decides the remuneration of the CEO, and the remuneration of the other Senior Executives is proposed by the CEO and reviewed by the Chair of the Board.

When determining the base salary, the Senior Executives' position, responsibility, experience and performance, competitiveness in the work market, and the Group's salary budget shall be considered.

### **Pension and other benefits**

Pexip has a pension scheme according to local standards for all employees, also covering SLT. Pexip has a pension contribution of 5% of base salary between NOK 101,351 and NOK 1,216,212 in Norway, and 5% of base salary in UK. Pexip also has a Group life- and disability insurance policy and health insurance in place for all employees, including SLT.

All employees, including Senior Executives, are offered other benefits such as mobile and fixed internet, disability insurance and health insurance.

### **Variable remuneration**

#### **Short term incentives**

The Company firmly believes that performance-based variable cash salaries for the Senior Executives have a motivational effect and that their implementation is beneficial for the Company and its shareholders in order to reach the Company's business strategy, long-term interests, and sustainable business practices.

Roles that have the highest direct impact on the Company's short-term performance, such as the Chief Executive Officer and the Chief Revenue Officer, have a higher share of short-term incentives to their overall compensation than the other Senior Executive roles. For the incoming CEO, the on-target variable performance-based salary is 47% of base salary and 28-45% for other executives.

The variable cash salaries are aligned with long-term targets. Pexip has defined a set of long-term targets on Annual Recurring Revenue and Operating Margin, which form the basis for the annual business plan and forms the basis of the variable performance-based salary for Senior Executives as follows:

- Growth in Annual Recurring Revenue, where achieving zero growth yields 0% achievement and achieving the annual target yields 100% achievement.
- Development in Operating Expenses including capitalized R&D, where spend of 130% of plan yields 0% achievement, and spending according to the annual target yields 100% achievement.

For both elements, under- and over-performance are rewarded on a linear scale. The plan is capped upwards at 200% of the plan. The Board can adjust targets during the year as well as introduce additional KPIs should it deem it necessary due to changes in market conditions or company performance.

The Company may demand variable cash salary refunded to the same extent it may demand fixed cash salary refunded following the expiry of the employment, typically in the event of erroneous payments or breach of contractual obligations.

### **Long term shared based incentives**

The purpose of the long-term share-based incentives (SBI) is to support the alignment between the executive management and shareholder interest and ensure the retention of key talent in Pexip.

The SBI has two parts;

- Part one of the SBI provides a cash amount to eligible executives, who must invest the net amount after tax in Pexip shares within one month after the grant and retain the shares for a minimum of 3 years. After the lock-up, executives are free to keep or sell the shares at their discretion. The conditions for the cash amount are equal to the variable performance-based salary.
- Part two of the SBI is based on share options. The share options will have a strike equal to the volume-weighted average of the past seven days before the award. 1/3 of vesting of the share options is based on Pexip achieving its long-term performance goal on ARR, 1/3 on stock price performance outperforming the OSEBX stock index, and 1/3 do not have additional performance criteria for its vesting.

Vesting is contingent on continued employment in the Company. In case of a change of control event in the Company, the Company has the right but not the obligation to trigger immediate vesting and exercise upon the event. In the case of extraordinary share price development, there is a break of 50%. After vesting, the share options may be exercised before December 31, 2026.

Due to the departure of the former CEO and the succession period, the share option SBI has not been granted, and the Board of Directors seeks to implement this program following the approval of these Remuneration Guidelines and the appointment of the new CEO after the Company's Q1 2022 presentation in May 2022.

## **Employment agreements**

The employment agreements entered with Senior Executives shall provide permanent employment as a starting point. The Group may, nevertheless, based on specific circumstances, enter into temporary agreements with Senior Executives to cover a need in an interim period until a candidate for permanent employment is identified.

Employment agreements with Senior Executives shall include termination provisions, including notice periods, by the law. Termination notice periods for Senior Executives are currently 6 months for the CEO and 3 months

for other Senior Executives. Employment agreements with Senior Executives can include provisions concerning severance payments for a limited period after termination of employment.

## Decision making Process

The Remuneration Committee is a sub-committee of the Board of Directors. The objective of the Remuneration Committee is to serve as a preparatory and advisory body for the Board of Directors' consideration of matters concerning remuneration and compensation of the Company's CEO and other members of SLT. Responsibilities include overseeing and approving the determination of performance criteria of variable remuneration. It will also preside in other matters, including any potential deferral periods or the Company's claims to a refund of variable compensation. The Remuneration Committee participates in ensuring a thorough and independent preparation of matters concerning the remuneration, including assessing the total remuneration package to ensure that it is competitive and on market terms. The Remuneration Committee members should be independent of the executive management to avoid conflict of interest. The Remuneration Committee shall at least annually review and re-assess this Policy and recommend any proposed changes to the Board, which shall have sole authority to initiate the amendment of these Guidelines.

There are separate instructions for the remuneration committee.

Based on the assessments from the remuneration committee, the Board of Directors decides the salary and other remuneration to the CEO and ensures that the Policy is otherwise complied with. The CEO's remuneration shall be determined based on an evaluation by the Board, emphasizing the CEO's and the Company's overall performance. Any fringe benefits shall align with market practice.

The Board shall annually assess the salary and other remuneration to the CEO.

The CEO determines the remuneration of executive employees within the guidelines and instructions provided by the Board.

When making decisions about Senior Executive's remuneration and setting the content of the remuneration Guidelines, the Board of Directors and the Remuneration Committee shall also consider the remuneration arrangements in place for the wider workforce. Compensation for employees follows the same principles and performance measures applied to the Senior Executive, and individual solid performance and experience, and sustained performance will be recognized and rewarded.

The senior management team annually reviews compensation for the Company's wider workforce.

The salary levels on any management level should not be of a size that could harm the Company's reputation or be above the norm in comparable companies.

## Effect and approval

The Board of Directors has prepared these Guidelines in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations.

The Guidelines are prepared for approval by the Company's annual general meeting in 2022, and shall apply until the Company's annual general meeting in 2026 unless amended or replaced earlier.

The Guideline document represents a confirmation of the remuneration policy and principles that applies for the financial year 2021, and that was decided by the Annual General Meeting on May 20, 2021.

## Deviating from the Guidelines

The Board of Directors may, on recommendation from the Remuneration Committee and based on its complete discretion in the circumstances described below to ensure the Company's interests, resolve to deviate from any sections of these guidelines temporarily:

upon change of the CEO;

- upon changes in Company's group structure, organization, ownership, and business (for example, merger, takeover, demerger, acquisition, etc.);
- upon a material change in the Company 's strategy.
- upon changes in or amendments to the relevant laws, rules, or regulations (for example, for regulatory, stock exchange control, tax or administrative purposes, or to consider a change in legislation or corporate governance requirements or guidance);
- upon other exceptional circumstances where the deviation may be required to serve the interests and sustainability of the Company as a whole or to assure its viability.

Any deviation from the guidelines shall be reported in the remuneration report for the relevant year. If a deviation has continued not to be deemed temporary, the Company shall prepare an updated policy to be presented at the next possible General Meeting.

# ] pexip[

Lilleakerveien 2A, 0283 Oslo, Norway  
[www.pexip.com](http://www.pexip.com)



] pexip[

# Remuneration Report

## Pexip ASA

### 2021

---

## Background

Under Section 6-16 b of the Public Limited Liability Companies Act, Pexip Holding ASA (“Pexip” or “The Company”) is required to present an annual report that provides an overview of the remuneration to the Board of Directors and Senior Executives covered by the guidelines defined in Section 6-16 a. This report meets the requirements set out in the Regulations on guidelines for and reporting of remuneration of executive personnel, and it also meets the requirements of notes to the annual accounts in Section 7-31b and 7-32 of the Norwegian Accounting Act.

## Purpose

The Company’s Remuneration Policy adopted at the Annual General Meeting (AGM) in May 2021 provides the framework for the remuneration of the Board of Directors (the Board) in 2021. The updated policy expected to be approved by AGM in April 2022 describes in more detail our corporate governance process in relation to the Remuneration Policy. The policy is available on Pexip.com, in the Corporate Governance section.

The updated Remuneration Policy has been introduced to comply with the amended regulatory framework. The Policy is a continuation of the previous remuneration principles to ensure that:

- The policy is formulated in a clear and understandable way and contributes to the Company’s business strategy, long-term interests, and economic viability
- The policy contains comprehensible, exhaustive, and complete criteria for receiving variable remuneration in the form of bonuses, remuneration, services, etc.
- The remuneration policy explains how the pay and employment conditions of employees of the Company were considered when establishing the remuneration policy.
- The remuneration report will be reported on an annual basis to comply with these guidelines
- The policy contains comprehensible, exhaustive, and complete criteria for receiving variable remuneration
- Remuneration is compared regularly to benchmarks of general industry companies and European Software as a service company.

## Overall Company Performance

In 2021, Pexip demonstrated solid year-on-year growth despite a continued delay in sales because of uncertainty around office openings in some key geographies.

Pexip’s subscription base measured in Annual Recurring Revenue (ARR) reached USD 106.4 million at the end of 2021, up from USD 81.9 million at the end of 2020, representing a year-on-year increase of 30 %. This was driven by strong sales to public sector organizations, such as the Defense Information Systems Agency, looking for secure video solutions for mission-critical communication requiring strict privacy and security. Growth continues to be driven by net new customers, with 29 p.p. of the 30-p.p. growth coming from new customers and 1 p.p. coming from existing customers, giving a net revenue retention rate of 101%. Churn is at 9.7% in 2021.

The Company has continued to execute on its growth strategy, investing in Sales and R&D to drive strong growth in the years to come. As planned for, the investments made during the past two years led to a negative EBITDA for the year, with an EBITDA margin of -15% compared to the guidance given of a negative -25% to -35%. Pexip closed the year with a solid cash position of NOK 804 million, over five times our negative operating cash flow for 2021, which the Company expects to be sufficient to fund its growth plan until returning to cash flow positive operations.

### **Key Developments in Board Remuneration**

At the AGM on May 20, 2021, all board members were re-elected, and the number of board members was unchanged.

Pexip performs an annual review of remuneration to the Board. The base remuneration for the Chair of the Board and the Board members has been unchanged in the period, as the approved remuneration was a continuation of the remuneration approved in March 2020. Based on the experience from the Board's work in 2020 and 2021, the remuneration for the Audit Committee was decided at the AGM in May 2021. The remuneration of the Chair of the Board amounted to NOK 550,000 for his role as Chair of the Board and for serving on the Company's Audit Committee.

The remuneration for the Board and the Board Committees was approved by the AGM in May 2021.

### **Key Developments in Executive Management Remuneration**

The senior executive's remuneration in 2021 complied with the guidelines on remuneration adopted by the AGM in 2021, with the exception of the implementation of a share option long-term incentive. Implementation of this program was paused due to the departure of the Company's CEO in August 2021 and is planned to be implemented as the new CEO comes in during May 2022.

At the end of 2020, the Board sought external expert advice on benchmarking the remuneration of the Senior Executives in the Company, and to give advice on the design on a long-term compensation model both for Senior Executives and other employees. This exercise benchmarked the remuneration to relevant peers, laying the foundation for the adjustments made in January 2021. It also led to changes in the long-term incentive model considering that Pexip is a listed company and the industry it operates in, which are reflected in Pexip's Remuneration Policy. For Senior Executives excluding the CEO, fixed remuneration increased 11% to NOK 7.57 million (NOK 6.81 million), while total variable remuneration declined 8% to NOK 4.0 million (NOK 4.4 million).

The CEO and the Board agreed that he would step down as CEO late August 2021. As a consequence, his fixed remuneration declined 14% to NOK 1.71 million (NOK 1.977 million). Due to severance pay of NOK 0.87 million, his variable remuneration increased to NOK 2.44 million (NOK 1.68 million).

### **Feedback from shareholders**

The AGM approved the remuneration guidelines for senior executives, as well as the remuneration to the Board without significant input or comments. The remuneration of the Board is based on the Remuneration Policy adopted by the AGM. The policy is available on Pexip.com, in the Corporate Governance section.

## Remuneration of the Board of Directors

### Policy

The remuneration of the Board is based on the Remuneration Policy adopted by the AGM. The policy is available on Pexip.com, in the Corporate Governance section.

In 2021, the Board remuneration did not deviate from the Remuneration Policy.

### Composition of Remuneration to the Board

The remuneration of the Board consists of the Base fee and the Board Committee fee.

**Table 1 - Remuneration composition**

Remuneration	Board of Directors
Directors' fee	Yes
Board committee fee	Yes
Variable remuneration	-
Pension	-
Expenses	-
Other benefits	-
Severance pay	-

### Directors' fee

Base fee level for the period March 2021 up to the annual general meeting in 2022 was kept at the same level as previous period (March 2020 up to general meeting in May 2021).

### Board committee fee:

Board committee fee level for the period March 2020 up to the AGM in 2021 was approved at the AGM in May 2021.

### Social security tax

In 2021 social security taxes were paid based on rates set by the authorities and in line with the policy.

**Table 2 - Board and committee fee levels 2021:**

(Amounts in NOK 1,000).

	Board (NOK)	Audit Committee (NOK)	Nomination Committee(NOK)
<b>Chair</b>	500	100	40
<b>Member</b>	300	50	20

Table 3 below includes the total remuneration of each board member in 2021. The total remuneration for each board member supports the focus of the Board on corporate strategy and are contributing to the long-term interest of the Company

**Table 3 - Actual remuneration of the Board**

Below is a specification of remuneration to the board of directors for year 2020 and 2021

(Amounts in NOK 1,000).

Name	Position	Fixed base fee 2020	Fixed base fee 2021	Fixed base fee 2021 paid in 2022 <sup>5)</sup>
Michel Sagen <sup>1)</sup>	Chair of the board	375	500	125
Kjell Skappel	Board member	225	300	75
Per Kogstad	Board member	225	300	75
Irene Kristiansen	Board member	159	300	75
Marianne Wergeland Jenssen	Board member	159	300	75
Håkon Dahle <sup>2)</sup>	Board member	66	0	0
Aril Resen <sup>3)</sup>	Board member	66	0	0
Tom Erik Lia <sup>4)</sup>	Board member	66	0	0

<sup>1)</sup> Chair of the board Michel Sagen is also a consultant for the company. Allowance related to work performed as a consultant amounted to NOK 1,257 thousand for the year 2021 (80% position from Jan to Feb and 60 % position from March to Dec) and NOK 1,756 thousand for the year 2020 (100 % position).

<sup>2)</sup> Remuneration for the period Jan to March 2020.

<sup>3)</sup> Remuneration for the period Jan to March 2020.

<sup>4)</sup> Remuneration for the period Jan to March 2020.

<sup>5)</sup> Remuneration for the period Oct to Dec 21 were paid in Jan 22.

**Table 4 – Actual remuneration of the committees**

Below is a specification of remuneration to the audit and nomination committee for year 2020 and 2021.

(Amounts in NOK 1,000.)

Name	Position	Fixed base fee 2020	Fixed base fee 2021 <sup>1)</sup>
Irene Kristiansen	Chair of the Audit committee	0	100
Kjell Skappel	Audit committee member	0	50
Michel Sagen	Audit committee member	0	50
Dag Kaada	Chair of the Nomination committee	0	40
Aril Resen	Nomination Committee member	0	20
Oddvar Fosse	Nomination Committee member	0	20

<sup>1)</sup> Fixed base fee paid in 2021 relates to year 2020. The remuneration for year 2021 paid in 2022 will be settled on the annual general meeting in April 2022.

**Table 5 – Shareholdings by the board 2021**

As of December 31, 2021, the board held shares in Pexip themselves or through companies controlled by them. The board does not receive any share-based compensation.

<b>Name</b>	<b>Position</b>	<b>At the end of year</b>
Michel Sagen	Chair of the board	1,563,064
Kjell Skappel	Board member	8,599 505
Per Kogstad	Board member	4,059,775
Irene Kristiansen	Board member	150,000
Marianne Wergeland Jenssen	Board member	3,000

## Remuneration of the Executive Management Team

### Policy

The remuneration of the Executive management team is based on the Remuneration Policy adopted by the AGM. The policy is available on [Pexip.com](https://pexip.com), in the Corporate Governance section.

In 2021, the executive management remuneration did not deviate from the Remuneration Policy, except for the implementation of a share option long-term incentive. Implementation of this program was paused due to the departure of the Company's CEO in August 2021 and is planned to be implemented as the new CEO comes in during May 2022.

### Remuneration composition

Remuneration for executives comprise a base salary, a pension contribution, a variable short-term incentive, variable long-term incentives, and other benefits.

**Table 6 - Remuneration composition**

Remuneration	Executive Management
Fixed salary	Yes
Short-term incentives	Yes
Long-term Share based incentives	Yes
Pension	Yes
Expenses	Yes
Other benefits	Yes
Severance pay	Yes (For the CEO)
Short-term incentives based on share value	-

### Fixed salary

The fixed salary shall be the main element in the cash-based remuneration and is decided based on the nature of the position, as well as the qualifications and experience of the executive holding it. The fixed salary is assessed annually, both benchmarking the compensation to similar roles in peer companies as well as overall wage growth.

### Short-term incentives

The Company firmly believes that performance-based variable cash salaries for the Senior Executives have a motivational effect and that their implementation is beneficial for the Company and its shareholders to reach the Company's business strategy, long-term interests, and sustainable business practices.

Roles that have the highest direct impact on the Company's short-term performance, such as the Chief Executive Officer and the Chief Revenue Officer, have a higher share of short-term incentives to their overall compensation than the other Senior Executive roles. For the incoming CEO, the on-target variable performance-based salary is 47% of base salary and 28-45% for other executives.

The variable cash salaries are aligned with long-term targets. Pexip has defined a set of long-term targets on Annual Recurring Revenue and Operating Margin, which form the basis for the annual business plan and forms the basis of the variable performance-based salary for Senior Executives as follows:

- Growth in Annual Recurring Revenue, where achieving zero growth yields 0% achievement and achieving the annual target yields 100% achievement.
- Development in Operating Expenses including capitalized R&D, where spend of 130% of plan yields 0% achievement, and spending according to the annual target yields 100% achievement.

For both elements, under- and over-performance are rewarded on a linear scale. The plan is capped upwards at 200% of the plan. The Board can adjust targets during the year as well as introduce additional KPIs should it deem it necessary due to changes in market conditions or company performance.

The Company may demand variable cash salary refunded to the same extent it may demand fixed cash salary refunded following the expiry of the employment, typically in the event of erroneous payments or breach of contractual obligations.

### **Long-term share-based incentives**

The purpose of the long-term share-based incentives (SBI) is to support the alignment between the executive management and shareholder interest and ensure the retention of key talent in Pexip.

The SBI has two parts:

- Part one of the SBI provides a cash amount to eligible executives, who must invest the net amount after tax in Pexip shares within one month after the grant and retain the shares for a minimum of 3 years. After the lock-up, executives are free to keep or sell the shares at their discretion. The conditions for the cash amount are equal to the variable performance-based salary.
- Part two of the SBI is based on share options. The share options will have a strike equal to the volume-weighted average of the past seven days before the award. 1/3 of vesting of the share options is based on Pexip achieving its long-term performance goal on Annual Recurring Revenue, 1/3 on stock price performance outperforming the OSEBX stock index, and 1/3 do not have additional performance criteria for its vesting.

Due to the departure of the former CEO and the succession period, the share option SBI has not been granted, and the Board seeks to implement this program following the approval of these Remuneration Guidelines and the appointment of the new CEO after the Company's Q1 2022 presentation in May 2022.

### **Pension**

Pexip has a pension scheme according to local standards for all employees, also covering the Executive Management Team. Pexip has a pension contribution of 5% of base salary between NOK 101,351 and NOK 1,216,212 in Norway, and 5% of base salary in the UK.

### **Expenses:**

In 2021 executive management received reimbursement for reasonable expenses related to travel, business expenses, broadband and electronic communication.

### **Other benefits**

In 2021 executive management received other benefits like life and accident insurance, phone etc in line with the remuneration policy.

### **Severance pay**

In 2021 former CEO Odd Sverre Østlie left the company and received six months' severance pay, in line with the remuneration policy. This amounted to NOK 0.87 million.



**Table 7 - Actual remuneration of Executive management**

Below is a specification of remuneration to the Executive management for year 2020 and 2021 (amounts in NOK 1,000). Remuneration is paid by the entity the Executive is employed by, which is Pexip Ltd for Giles Chamberlin and Pexip AS for the other Executives.

Name of Senior Executive and position	Reported financial year	Fixed		Variable					Total variable remuneration	Total remuneration	Short term incentives accrued 2021 paid 2022
		Base salary	Total fixed remuneration	Pension	Short term incentives	Other remuneration	Severance pay	Long term cash incentives for share purchase			
Odd Sverre Østlie Former CEO <sup>1)</sup>	2021	1,707	1,707 (41 %)	38	1,511	119	767	-	2,435 (59%)	4,142	958
	2020	1,977	1,977 (54%)	56	1,570	58	-	-	1,684 (46%)	3,661	-
Øystein Hem CFO and interim CEO <sup>4)</sup>	2021	1,810	1,810 (65%)	58	696	34	-	185	973 (35%)	2,783	86
	2020	1,396	1,396 (57%)	56	978	34	-	-	1,068 (43%)	2,464	-
Tom Erik Lia CSO <sup>2)</sup>	2021	1,700	1,700 (62%)	58	779	31	-	185	1053 (38%)	2,753	93
	2020	1,459	1,459 (52%)	56	1,229	55	-	-	1,340 (48%)	2,799	-
Giles Chamberlin Former CTO <sup>3)</sup>	2021	1,330	1,330 (65%)	67	404	53	-	185	709 (35%)	2,039	68
	2020	1,795	1,795 (66%)	102	775	50	-	-	927 (34%)	2,722	-
Nicolas Cormier CTO <sup>5)</sup>	2021	1,500	1,500 (68%)	61	434	33	-	185	713 (32%)	2,213	57
	2020	1,196	1,196 (66%)	56	492	72	-	-	620 (34%)	1,816	-
Ingrid Woodhouse CPO	2021	1,232	1,232 (68%)	55	314	34	-	185	588 (32%)	1,820	43
	2020	966	966 (69%)	43	366	27	-	-	436 (31%)	1,402	

<sup>1)</sup> Odd Sverre Østlie left the company on August 30, 2021. Short term incentives accrued 2021 paid 2022 relates to severance pay.

<sup>2)</sup> Tom Erik Lia changed role from CCO to CSO from September 13, 2021.

<sup>3)</sup> Giles Chamberlin changed role from CTO to Software engineer from September 13, 2021.

<sup>4)</sup> Øystein Hem took over the role as interim CEO from August 23, 2021.

<sup>5)</sup> Nicolas Cormier changed role from COO to CTO from August 30, 2021.

**Table 8 - Long term incentive programmes/Options by Executive management**

Below is a specification of long-term incentive programmes for the Executive management.

Name of Senior Executive and position	Long term incentive programmes	Strike price	Grant date	Vesting date	Number of shares preliminary allocated	Fair value per share at grant date <sup>1)</sup>	Total fair value at launch	Terminated	Number of exercised options 2021	Strike price exercised options 2021
Odd Sverre Østlie Former CEO	Pexip 2018 program	14.5	March 2018	March 2022	50 000	5.3166	265 830	50 000	730 000	21,47
	Management IPO program	38 38	May 2019 May 2019	May 2023 May 2022	30 000 30 000	7.3219 6.2168	219 657 186 504			
Øystein Hem CFO and interim CEO	Pexip 2018 program	25	Sept 2018	Sept 2022	7 500	9.2884	69 663		212 500	31,39
	Management IPO program	38	May 2019	May 2023	30 000	7.3219	219 657			
		38	May 2019	May 2022	30 000	6.2168	186 504			
	Pexip 2020 program	32 32	April 2020 April 2020	April 2024 April 2023	17 500 17 500	41.1654 40.2847	720 395 704 982			
		32	April 2020	April 2022	17 500	39.7540	695 695			
Tom Erik Lia CSO	Management IPO program	38	May 2019	May 2023	30 000	7.3219	219 657			
		38	May 2019	May 2022	30 000	6.2168	186 504		180 000	38,00
Giles Chamberlin Former CTO	Management IPO program	38	May 2019	May 2022	15 000	6.2168	93 252			
		38	May 2019	May 2023	15 000	7.3219	109 829		180 000	38,00
Nicolas Cormier CTO	Management IPO program	38	May 2019	May 2022	30 000	6.2168	186 504			
		38	May 2019	May 2023	30 000	7.3219	219 657		180 000	38,00
Ingrid Woodhouse CPO	Pexip 2018 program	25	Nov 2018	Nov 2022	7 500	5.7781	43 336		21 875	27,11
	Pexip 2020 program	32	April 2020	April 2022	6 875	39.7540	273 309			
		32	April 2020	April 2023	6 875	40.2848	276 708			
		32	April 2020	April 2024	6 875	41.1654	283 012			

As part of the severance agreement between Pexip and Odd Sverre Østlie, the share options from the Management IPO program is maintained, and the share options related to the ordinary share option program were cancelled.

<sup>1)</sup> Valuation is based on Black and Scholes share option valuation.

**Table 9 – Shareholdings by the Executive management 2021**

As of 31 December 2021, the Executive management held shares in Pexip as follows.

Name	Role	At the end of the year
Odd Sverre Østlie	Former CEO	406,729
Tom Erik Lia	CSO	1,438,252
Giles Chamberlin	Former CTO	1,516,101
Øystein Hem	CFO and interim CEO	109,968
Nicolas Cormier	CTO	230,573
Ingrid Woodhouse	CPO	24,930

**Table 10 – KPIs for variable remuneration and goal achievement for 2021**

Below is a specification of the KPIs for the variable remuneration to Executive management including measured performance and achievements.

	<b>Performance criteria</b>	<b>Relative weighting of the performance criteria</b>	<b>Measured performance and remuneration outcome</b>
<b>The CEO and Senior executives</b>	Growth in Annual Recurring Revenue, where achieving zero growth yields 0% achievement and achieving the annual target yields 100% achievement.	80%	81,4 %
	Development in Operating Expenses including capitalized R&D, where spend of 130% of plan yields 0% achievement, and spending according to the annual target yields 100% achievement.	20%	159 %

## Remuneration and company performance year 2020 - 2021

A summary of the board and executive management remuneration for the year 2021 and comparative information from the year of the IPO (2020) is provided in the table below (amounts in NOK 1,000).

**Table 11 – Comparative information on the change of remuneration and company performance**

Annual change	2020	2021	Change %	Change NOK
<b>Directors' remuneration</b>				
<b>Odd Sverre Østlie</b> Former CEO	3,661	4 142	13	481
<b>Øystein Hem</b> CFO and interim CEO	2,464	2,783	13	319
<b>Tom Erik Lia</b> CSO	2,799	2,753	-2	-46
<b>Giles Chamberlin</b> Former CTO	2,722	2,039	-25	-683
<b>Nicolas Cormier</b> CTO	1,816	2,213	22	397
<b>Ingrid Woodhouse</b> CPO	1,402	1,820	30	418
<b>Board of Directors remuneration</b>				
<b>Michel Sagen</b> Chair of the Board	500	500	-	0
<b>Kjell Skappel</b> Board member	300	300	-	0
<b>Per Kogstad</b> Board member	300	300	-	0
<b>Irene Kristiansen</b> Board member	234	300	28	66
<b>Marianne Wergeland Jenssen</b> Board member	234	300	28	66
<b>Company's performance</b>				
Annual recurring revenue (USD Million)	81.9	106.4	30	25
EBITDA (NOK 1000)	55,629	-124,297	-323	-179,926
Profit (Loss) for the year (NOK 1000)	-89,009	-157,324	77	-68,315
<b>Average remuneration on a full-time equivalent basis of employees<sup>1)</sup></b>				
Employees of the company average base salary	1,128	984	-13	-144
Employees of the company total salary	1,360	1,230	-10	-130

<sup>1)</sup> Average remuneration on a full-time equivalent basis for employees of the company includes all full-time employees.

## The Board of Director's Statement on the Remuneration Report

Today, the Board of Directors has considered and adopted the Remuneration Report of Pexip Holding ASA for the financial year 1 January - 31 December 2021.

The remuneration report is presented in accordance with section 7-31b and 7-32 of the Norwegian Accounting Act.

In our opinion, the Remuneration Report is in accordance with the Remuneration Guidelines adopted at the Annual General Meeting, and is free from material misstatements and omissions, whether due to fraud or error.

The remuneration Report will be presented for a vote at the Annual General Meeting 21 April 2022.

---

Oslo, March 30, 2022

**Board of Directors and CEO of Pexip Holding ASA**



**Michel Sagen**  
Chair of the Board



**Per Kogstad**  
Board Member



**Irene Kristiansen**  
Board Member



**Kjell Skappel**  
Board Member



**Marianne Wergeland Jenssen**  
Board Member

To the General Meeting of Pexip Holding ASA

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REPORT ON SALARY AND OTHER REMUNERATION TO DIRECTORS

### *Opinion*

We have performed an assurance engagement to obtain reasonable assurance that Pexip Holding ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6 - 16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### *Board of directors' responsibilities*

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### *Our independence and quality control*

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Auditor's responsibilities*

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 30 March 2022  
Deloitte

### **Eivind Ungersness**

State Authorised Public Accountant

# PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".  
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

**Eivind Ungersness**

**Statsautorisert revisor**

Serienummer: 9578-5994-4-1479369

IP: 217.173.xxx.xxx

2022-03-29 09:14:21 UTC



Penneo Dokumentnøkkel: DMQLO-47S6M-H6I42-J7QAL-HVP1O-0IF4D

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

#### Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>

# ] pexip[

Lilleakerveien 2A, 0283 Oslo, Norway  
[www.pexip.com](http://www.pexip.com)