



**REMUNERATION  
REPORT 2022**



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## INTRODUCTION

This remuneration report includes management remuneration practices and main compensation principles in Asetek A/S (“Asetek” or “the Company”) and its subsidiaries for the financial year 2022.

Due to the ongoing geopolitical difficulties and the overall depressed economy, 2022 was a challenging year for Asetek. The revenues declined by 37% and the organization was rightsized. At the same time, the Company continued its work with entering the promising SimSports segment with several product launches.

In a reflection of the challenging times, the Management group has not received increases in its base salaries for 2023. Also, the option grant during 2022 to the CEO was reduced.

The 2021 Remuneration Report was voted in favor of by 92% of the votes cast at the Annual General Meeting held on April 28, 2022. No specific remarks were noted during the Annual General Meeting. However, for 2022 and onwards, based on input received during the year, the information related to short term bonus has been made more detailed.

## REMUNERATION PRINCIPLES

The Remuneration Policy provides the framework for remuneration paid to the Company’s Board of Directors and Executive Management which here refers to the executive officers registered with the Danish Business Authority as well as the Company’s Chief Operating Officer.

The overall objective of the Remuneration Policy is to:

// Govern the remuneration of the Board of Directors and Executive Management

// Align the interests of Executive Management and the Board of Directors with the interests of the shareholders

// Attract, motivate, and retain qualified members of both the Board of Directors and members of Executive Management

// Contribute to Asetek’s overall business strategy of growing the Asetek brand with end users while delivering profitable growth and remaining competitive and to support the short- and long-term objectives of Asetek and the sustainability of the Company

In addition, Asetek wants to encourage strong individual performance of such members as well as ensure the maximization of shareholder value and of Asetek’s longterm sustainability. Therefore, members of the Executive Management receive a combination of fixed salary and incentives which promote and support value creation to the company’s business on both a short- and a long-term basis as well as the long-term sustainability of the company and to the broader employee group.

The remuneration to the Board of Directors and the Executive Management is assessed on an ongoing basis to ensure that it is in line with comparable companies within similar industries as Asetek and does not exceed what is considered reasonable with regard to the company’s financial position. Furthermore, remuneration is determined under consideration of the competences, efforts and responsibilities required of members of the Board of Directors and the Executive Management. When laying out the principles, consideration has been made to ensure

that the remuneration of the Board of Directors and Executive Management reflects the responsibilities and skills required of each role relative to peer companies, as well as to other senior leadership positions in the company.

The underlying principles are described in the Remuneration Policy approved by the Board of Directors and published on the Company’s website. The Policy was most recently updated at the Annual General Meeting hold on April 22, 2021, where significant changes were implemented.

The following payment components are used:			
Remuneration	BoD	EM	Comments
Fixed fee / fixed base salary	x	x	
Pension contribution		x	Up to 15% of fixed annual base salary (2022 actual figures were maximum 12%)
Short-term cash bonus		x	Up to 100% of fixed annual base salary (2022 actual figures were maximum 70%)
Long-term incentive schemes		x	Up to 100% of fixed annual base salary (2022 actual figures were maximum 18%)
Other benefits		x	Company car, phones, broadband, etc.

Board of Directors (BoD), Executive Management (EM)



5-YEAR OVERVIEW

5-YEAR OVERVIEW		Note	2022	Annual change	2021	Annual change	2020	Annual change	2019	Annual change	2018	Annual change
Payments have been made to the following individuals as follows.			kUSD		kUSD		kUSD		kUSD		kUSD	
Board of Directors members:												
Jukka Pertola, chairman	1	65	0%	65	17%	56	1%	40				
Erik Damsgaard, vice chairman	2	55	6%	52	29%	40	1%	29				
Jørgen Smidt	3	45	0%	45	12%	40	1%	40				
Jørgen Smidt	3										0	0%
Maria Hjorth	4	45	0%	45	12%	40	1%	38				
Maja Frølund Sand-Grimnitz	5	25										
Nomination Committee members:												
Ib Sønderby								5				
Executive Management members:												
André Sloth Eriksen, CEO		1,114	-13%	1,277	0%	1,283	9%	1,174	18%		998	-9%
Peter Dam Madsen, CFO		424	-14%	494	12%	443	13%	392	-12%		448	1%
John Hamill, COO	6	572	-7%	612	-4%	636	41%	450	-22%		579	-35%
Parent company results:												
Income before tax		264	-73%	971	2011%	46	388%	-16	-107%		238	-112%
Comprehensive income		263	-68%	817	309%	200	315%	-93	-3%		-96	-95%
Group results:												
Revenue		50,650	-37%	79,803	10%	72,750	34%	54,334	-19%		67,314	16%
Income before tax		-5,878	-521%	1,397	-85%	9,426	548%	1,454	-70%		4,870	225%
Comprehensive income		-6,296	-1592%	-372	-103%	11,587	1181%	-1,072	-131%		3,503	-39%
Average remuneration on a full time equivalent basis, excluding Executive Management:												
Company employees	7	-		-		-		-			-	
Group employees avr. remuneration	8	95	-13%	109	8%	101	-3%	104	-4%		109	15%
DKK/USD, Index (2018: 100)		90	-11%	101	3%	98	3%	95	-5%		100	

The increase/decrease fluctuation between the years are only shown for years, for which there are two full years of service to compare between.

REMUNERATION OF THE BOARD OF DIRECTORS

The Nomination Committee, which consists of 3 members directly elected by the General Meeting assesses the fees paid to the board annually.

The remuneration for the year is approved by the Annual General Meeting.

Board members receive a fixed base fee. The fee for 2022 was USD 45,000, which was an unchained compared to 2021. The chairman of the Board of Directors receives an additional fee of USD 20,000 and the vice chairman receives an additional fee of USD 10,000.

In addition to the above, Asetek pays for relevant education expenses.

Board members directly representing larger, single investments do not receive any remuneration.

Work in various committees, including the Nomination Committee, is typically not separately compensated.

The remuneration paid complies with the principles laid out in the Remuneration Policy, however the additional fee paid to the vice chairman is a deviation from the policy. The additional fee was approved by the Annual General Meeting on April 22, 2021.

Board members are generally encouraged to hold shares in the Company, but it is not a requirement.

	Shares at December 31, 2021	Acquired during the year	Disposed during the year	Shares at December 31, 2022
Jukka Pertola	22,500			22,500
Erik Damsgaard	15,660	6,801		22,461
Jørgen Smidt	16,600	42,600		59,200
Maria Hjorth	6,357			6,357
Maja Frølund Sand-Grimnitz	0			0
Board of Directors	61,117	49,401	0	110,518



## REMUNERATION OF THE EXECUTIVE MANAGEMENT

### Overall remuneration model

Asetek is a high-tech growth company that is based in Denmark, with a significant presence in U.S. and China, and listed in Norway. As a result, the Board has determined that the reference point for market practice is similar sized Nordic high-tech companies with a significant international presence.

Competitive remuneration is considered a key element in attracting, retaining and rewarding a competent and value-adding Executive Management team, that is committed towards value creation in the interest of Asetek and its shareholders. The remuneration structure for Executive Management reflects the Company's desire to offer a market-relevant total remuneration package with an appropriate balance between base salary and variable remuneration, which includes both short and long-term incentive components. Further, the remuneration package is designed to align the interests of members of the Executive Management with Asetek's overall business strategy, shortand long-term objectives and to support the sustainability of the company.

Accordingly, the remuneration package for Executive Management consists of

- (i) a fixed annual base salary
- (ii) pension contribution
- (iii) a short-term cash bonus
- (iv) a long-term incentive scheme (share based)
- (v) other benefits in the form of usual non-monetary benefits.

Each element of the remuneration package, and the relative proportion between these, has been chosen to support the objectives of the Remuneration Policy.

The total remuneration level for Executive Management is targeted to be competitive compared to similar Nordic high-tech companies.

The Remuneration Committee proposes the remuneration to the Chief Executive Officer (CEO) for the coming year to the Board of Directors, who collectively approves the remuneration.

The CEO proposes the remuneration to the rest of Executive Management for the coming year to the Remuneration Committee, who collectively approves the remuneration.

The components of the remuneration to members of Executive Management comprises a base salary, pension contributions, cash bonus, a long term, share based, incentive scheme and benefits (car, phone, etc.).

### Fixed base salary

The fixed base salary is set at market level for similar Nordic high-tech companies in the same industry and with similar-tenure and experience. Executive Management is not entitled to any further remuneration for assisting Asetek's affiliated companies.

### Pension

The pension contribution for Executive Management is between 0 and 15% of the fixed base salary.

### Cash bonus

Cash bonus schemes may consist of an annual bonus, which the individual member of the Executive Management can receive if specific short-term targets of the company and other possible personal targets for the relevant year are met. The maximum cash bonus cannot exceed 100% of the Executive Management member's fixed annual salary at the time of award for any given financial year. Target is normally 10-50% of the annual fixed salary. Payment of bonus is only relevant when conditions and targets have been fully or partly met (as agreed). If no targets are met, no bonus is paid out. The bonus agreements include claw-back clauses, but none such event happened in 2022.

For 2022, the companywide goals comprised goals within the areas of revenue and gross margins. For each goal, there were pre-defined targets. In addition to the companywide goals, the Executive Management members have pre-defined personal strategic and tactical goals as components in their cash bonus model.

### Severance

Asetek may at its discretion terminate executives' employment by giving them notice up to 12 months. The maximum aggregated remuneration including severance pay in the notice period cannot exceed a value corresponding to 24 months total remuneration.

No severance payments were made during 2022.

### Compliance with policy

The remuneration paid complies with the principles laid out in the Remuneration Policy.

### Long-term share-based schemes

The Long-term share-based scheme (LTIP) is aligned to select peers to Asetek, and is intended to drive long-term performance, the alignment of management's interests with those of Asetek's shareholders, and to support the attraction, retention and motivation of first-rate executive talent in the context of Asetek's high growth journey.

Under the LTIP, members of the Executive Management are entitled to participate in Asetek's long-term option programs and may be granted stock options on an annual basis based on an individual assessment made by the Renumeration Committee each year with a value corresponding to a certain percentage of the individual Executive Management member's annual base salary. The annual grant is typically 25% to 40% of the fixed annual base salary depending on the individual role, though this can vary within a range of 25% to 75% of fixed annual base salary. For any given financial year, the total grant value of the stock options granted to any member of Executive Management is capped at 100% of the fixed annual base salary at the time of grant.

The value of any stock options granted is disclosed in the remuneration report each year, as shown below, and is determined in accordance with the Black & Scholes formula.

The Remuneration Committee is on an annual basis reviewing if performance-based restricted shares are preferable compared to stock options. This review has for now not lead to a change in the choice of LTIP instrument.

### Remuneration to the Executive Management, 2022

	Base salary	Bonus	Pension contribution	Other short term benefits*)	LTI compensation grants	Total	Fixed vs. variable
André Sloth Eriksen, CEO	kUSD 651 58%	226 20%	77 7%	26 2%	135 12%	1,114 100%	68/32
Peter Dam Madsen, CFO	kUSD 303 72%	18 4%	33 8%	25 6%	45 11%	424 100%	85/15
John Hamill, COO	kUSD 292 51%	206 36%	7 1%	21 4%	45 8%	572 100%	56/44

In 2022, Executive Management members were granted options. The total value of these grants was USD 170 thousand. In total in 2022, Asetek granted options representing a value of USD 255 thousand. The programs related to Executive Management represented 46%.

John Hamill, the Company's longtime COO, is a part of the day-to-day Executive Management but is not registered as an executive manager with the Danish authorities as the majority of his work is performed outside of Denmark.

\*) Calculated at taxable value of company car, phone etc.

Cash bonuses

Included in the remuneration to the Executive Management team were the cash bonuses shown below. For 2022, the companywide goals comprised goals within the areas of revenue and gross margins. For each goal, there were pre-defined targets, and claw-back is possible. In addition to the companywide goals, the Executive Management

members have pre-defined personal strategic and tactical goals as components in their cash bonus model. The paid-out cash bonuses are all within the framework determined by the Remuneration Policy.

	Minimum bonus kUSD	Maximum bonus kUSD	Actual pay-out, of maximum	Actual cash bonus kUSD	Bonus, of total compensation
André Sloth Eriksen, CEO	0	473	48%	226	18%
Peter Dam Madsen, CFO	0	90	19%	18	4%
John Hamill, COO	0	390	53%	206	32%

	André Sloth Eriksen			Peter Dam Madsen			John Hamill		
	Goals	Goal fulfillment	Target weight	Goals	Goal fulfillment	Target weight	Goals	Goal fulfillment	Target weight
Financial goals	Revenue Gross Margins	Goals not met Goals are met	33% 33%	Revenue Gross Margins	Goals not met Goals are met	33% 33%	Revenue Gross Margins	Goals not met Goals are met	33% 33%
Non-financial goals	Roadmap execution, Cooling	Goals are met	9%	GDPR process initiatives	Goals not met	17%	Roadmap execution, Cooling	Goals are met	9%
	Roadmap execution, SimSports	Goals are met	9%	Reporting initiatives	Goals not met	17%	Roadmap execution, SimSports	Goals are met	9%
	Product cost price optimi- zation	Goals are met	9%				Product cost price optimi- zation	Goals are met	9%
	Manufac- turing location initiative	Goals are met	9%				Manufac- turing location initiative	Goals are met	9%
Actual pay-out, of maximum		48%			19%			53%	

Long term Incentives

Included in the remuneration to the Executive Management team were the below option grants. The options were all granted on September 5, 2022 at an exercise price of NOK 15.04 each, corresponding to the average of the closing price of the share on the day of the grant and the following business day.

	Options granted	Aggregate value kUSD	LTI, of total compensation
André Sloth Eriksen, CEO	151.200	135	10%
Peter Dam Madsen, CFO	50.975	45	10%
John Hamill, COO	50.975	45	7%

Share ownership

Members of Executive Management are generally encouraged to hold shares in the Company. Executive Management has historically increased its ownership share through exercise of employee warrants and options.

The following members of the Executive Management hold shares in Asetek A/S:

	Shares at December 31, 2021	Acquired during the year	Disposed during the year	Shares at December 31, 2022
André Sloth Eriksen, CEO	337,994	8,227		346,221
Peter Dam Madsen, CFO	157,594			157,594
John Hamill, COO	106,563	61,080		167,643
Executive management	602,151	69,307	0	671,458

The following members of the Executive Management hold warrants or options in Asetek A/S:

	Expiration of warrant/option	Warrants/Options at December 31, 2021	Acquired during the year	Exercised/ cancelled during the year	Warrants/Options at December 31, 2022
André Sloth Eriksen, CEO:					
Options @NOK 15.04 (2022)	September 2027	0	151.200		151.200
Options @NOK 24.70 (2019)	September 2026	106.200			106.200
Options @NOK 38.33 (2020)	April 2027	67.950			67.950
Options @NOK 46.30 (2018)	October 2025	52.300			52.300
Warrants @NOK 76.25 (2017)	April 2024	130.981			130.981
Options @NOK 100.15 (2021)	April 2026	56.700			56.700
Peter Dam Madsen, CFO					
Options @NOK 15.04 (2022)	September 2027	0	50.975		50.975
Warrants @NOK19.50 (2016)	April 2023	49.837			49.837
Options @NOK 24.70 (2019)	September 2026	61.750			61.750
Options @NOK 38.33 (2020)	April 2027	42.075			42.075
Options @NOK 46.30 (2018)	October 2025	26.500			26.500
Warrants @NOK 76.25 (2017)	April 2024	44.215			44.215
Options @NOK 100.15 (2021)	April 2026	17.700			17.700
John Hamill, COO					
Options @NOK 15.04 (2022)	September 2027	0	50.975		50.975
Warrants @NOK10.60 (2015)	August 2022	61.080		61.080	0
Warrants @NOK19.50 (2016)	April 2023	40.117			40.117
Options @NOK 24.70 (2019)	September 2026	61.750			61.750
Options @NOK 38.33 (2020)	April 2027	42.075			42.075
Options @NOK 46.30 (2018)	October 2025	30.200			30.200
Warrants @NOK 76.25 (2017)	April 2024	40.401			40.401
Options @NOK 100.15 (2021)	April 2026	17.700			17.700
Warrants @NOK 113 (2017)	October 2025	59.599			59.599
Executive management group		1.009.130	253.150	61.080	1.201.200

STATEMENT BY THE  
BOARD OF DIRECTORS AND  
MANAGEMENT

The Board of Directors has considered and approved the remuneration report for the financial year 2022 for Asetek A/S.

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

The remuneration report is submitted for an indicative vote at the annual general meeting.

Asetek A/S

8 March 2023

REGISTERED MANAGEMENT:



André Sloth Eriksen  
Chief Executive Officer

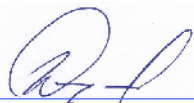


Peter Dam Madsen  
Chief Financial Officer

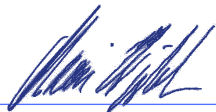
BOARD OF DIRECTORS:




Jukka Pertola, Chairman



Erik Damsgaard, Vice Chairman



Maria Hjorth



Jørgen Smidt



Maja Frølund Sand-Grimnitz

INDEPENDENT AUDITOR'S  
REPORT ON REMUNERATION  
REPORT

To the Shareholders of Asetek A/S

We have examined whether the remuneration report for Asetek A/S for the financial year 1 January - 31 December 2022 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

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 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

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

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the additional requirements applicable in Denmark to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Danish Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Danish Companies Act, section 139 b, subsection 3.

Aarhus, 8 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

Mads Melgaard

State Authorised Public Accountant  
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