REMUNERATION REPORT 2021

Asetek A/S
Assensvej 2
DK-9220 Aalborg East
Denmark

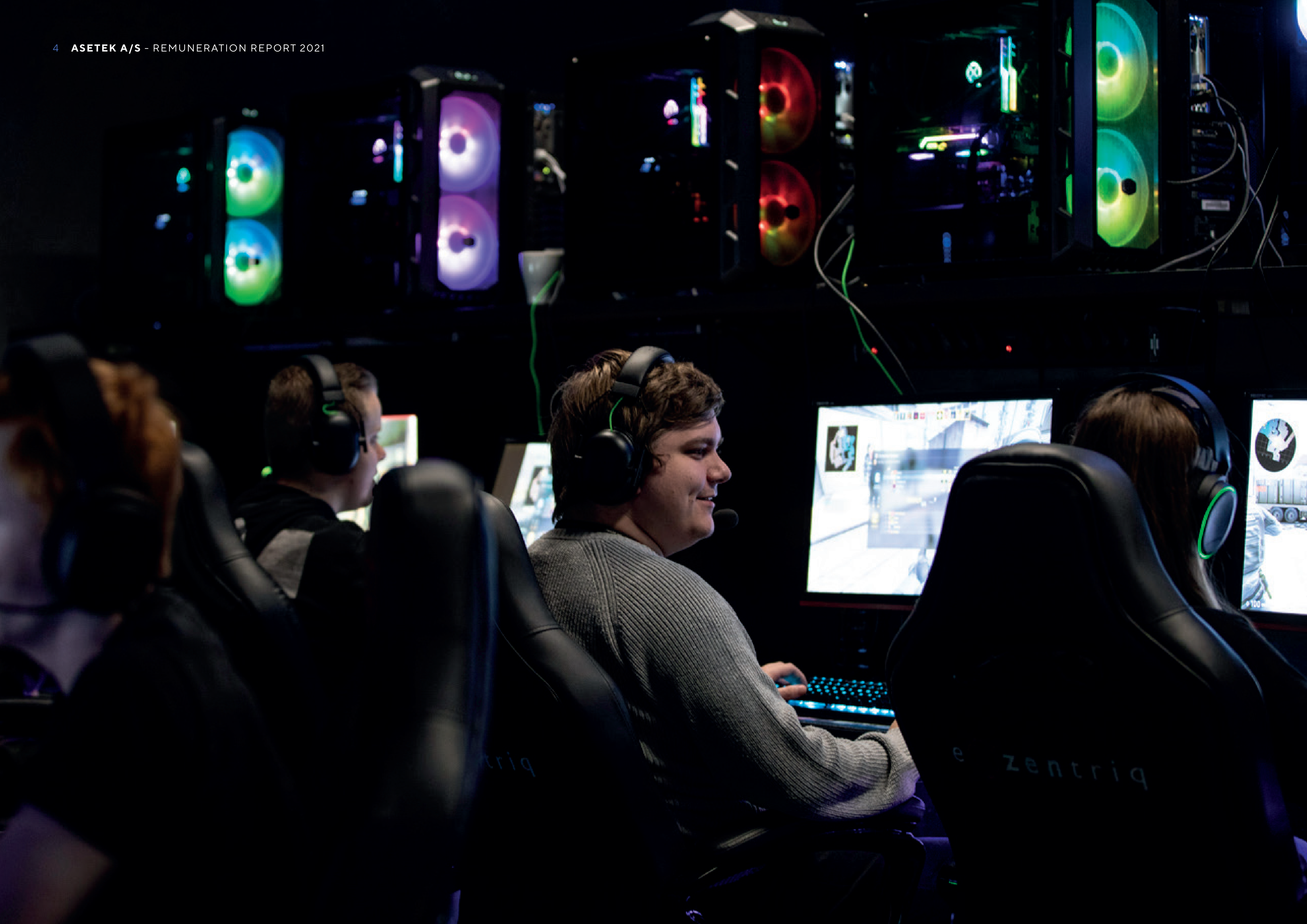
Phone: +45 9645 0047
Fax: +45 9645 0048
Web: www.asetek.com
Mail: info@asetek.com

CVR-number: 3488 0522

Remuneration Report
Fiscal Year 2021
Published April 2022

CONTENTS

Asetek


zentriq

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 2021.

2021 has been a challenging year. While the Company increased its revenues by 10% to a record $79.8 million, ripple effects from the corona crises as well as world-wide shipping congestions and rising geopolitical tensions put significant pressure on the gross margins. The Executive Management has successfully built up to the 2022 launch of a new business line within SimSports and has thus met or exceeded a significant portion of predetermined goals defined by the Board of Directors.

The compensation paid during the year reflects the results and the increased complexity of the company. The Company has discussed the revised Remuneration Policy with various stakeholders during 2021 and has harvested valuable input. The received feedback builds the base for future revisions of the policy.

The 2020 Remuneration Report was voted in favor of by 74% of the votes cast at the Annual General Meeting held on April 22, 2021. No specific remarks were noted during the Annual General Meeting. However, for 2021 and onwards, based on proxy advisor 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 (2021 actual figures were maximum 10%)
Short-term cash bonus		x	Up to 100% of fixed annual base salary (2021 actual figures were maximum 86%)
Long-term incentive schemes		x	Up to 100% of fixed annual base salary (2021 actual figures were maximum 36%)
Other benefits		x	Company car, phones, broadband, etc.

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

5-YEAR OVERVIEW

	Note	2021	Annual change	2020	Annual change	2019	Annual change	2018	Annual change	2017	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	17%	56	1%	40					
Erik Damsgaard, vice chairman	2	52	29%	40	1%	29					
Jørgen Smidt	3	45	12%	40	1%	40					
Jørgen Smidt	3							0	0%	0	0%
Maria Hjorth	4	45	12%	40	1%	38					
Nomination Committee members:											
Ib Sønderby						5					
Executive Management members:											
André Sloth Eriksen, CEO		1,277	0%	1,283	9%	1,174	18%	998	-9%	1,101	39%
Peter Dam Madsen, CFO		494	12%	443	13%	392	-12%	448	1%	442	24%
John Hamill, COO	5	612	-4%	636	41%	450	-22%	579	-35%	891	96%
Parent company results:											
Income before tax		971	2011%	46	388%	-16	-107%	238	-112%	-1,987	188%
Comprehensive income		818	309%	200	315%	-93	-3%	-96	-95%	-1,781	158%
Group results:											
Revenue		79,803	10%	72,750	34%	54,334	-19%	67,314	16%	58,194	14%
Income before tax		1,397	-85%	9,426	548%	1,454	-70%	4,870	225%	1,499	-70%
Comprehensive income		-372	-101%	11,587	1181%	-1,072	-131%	3,503	-39%	5,728	-38%
Average remuneration on a full time equivalent basis, excluding Executive Management:											
Company employees	6	-		-		-		-		-	
Group employees avr. remuneration	7	102	1%	101	-2%	104	-4%	109	15%	94	13%
DKK/USD, Index (2017: 100)		104	0%	105	3%	101	-5%	107	4%	103	3%

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

- The figures showing annual changes are based on annualized numbers.

1. Mr. Pertola joined the board of directors as an independant director on April 10, 2019
2. Mr. Damsgaard joined the board of directors as an independant director on April 10, 2019
3. Mr. Smidt joined the board on January 30, 2012, and changed status to become an independant board member on January 12, 2019
4. Ms. Hjorth joined the board of directors as an independant director on January 14, 2019
5. Mr. Hamill is not a registered member of the management, but reports to the CEO and is a member of the executive management group
6. The parent company only employs individuals classified as executive management
7. Calculated as the Groups total remuneration amounts excluding executive management compensation divided by the Groups total number of employees excluding Executive Management members

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 2021 was USD 45,000, which was an increase of USD 5,000 compared to 2020. The chairman of the Board of Directors receives an additional fee of USD 20,000 (USD 15,000 in 2020) and the vice chairman receives an additional fee of USD 10,000 (USD 0 in 2020).

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, 2020	Acquired during the year	Disposed during the year	Shares at December 31, 2021
Jukka Pertola	22,500			22,500
Erik Damsgaard	15,660			15,660
Jørgen Smidt	16,600			16,600
Maria Hjorth	6,357			6,357
Board of Directors	**61,117**	**0**	**0**	**61,117**

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 similartenure 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 2021.

For 2021, 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 2021.

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, 2021

		Base salary	Bonus	Pension contribution	Other short term benefits	LTI compensation grants	Total	Fixed vs. variable
André Sloth Eriksen, CEO	**kUSD**	**709**	**221**	**75**	**19**	**253**	**1,277**	63/37
%		56%	17%	6%	1%	20%	**100%**	
Peter Dam Madsen, CFO	**kUSD**	**332**	**22**	**33**	**28**	**79**	**494**	80/20
%		67%	4%	7%	6%	16%	**100%**	
John Hamill, COO	**kUSD**	**272**	**234**	**6**	**21**	**79**	**612**	49/51
%		44%	38%	1%	3%	13%	**100%**	

In 2021, Executive Management members were granted options. The total value of these grants was USD 0.4 million. In total in 2021, Asetek granted options representing a value of USD 1.2 million. The programs related to Executive Management represented 34%.

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.

Cash bonuses

Included in the remuneration to the Executive Management team were the cash bonuses shown below. For 2021, 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	358	62%	221	17%
Peter Dam Madsen, CFO	0	88	25%	22	4%
John Hamill, COO	0	378	62%	234	38%

	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 are partially met	67%	Revenue	Goals are not met	25%	Revenue Gross Margins	Goals are partially met	67%
Non-financial goals	Customer diversification Product offering optimization Roadmap execution Business development	Goals are met or exceeded	33%	Cyber security measures External reporting Internal reporting	Goals are partially met	75%	Customer diversification Product offering optimization Roadmap execution Business development	Goals are met or exceeded	33%
Actual pay-out, of maximum		62%			25%			62%	

Long term Incentives

Included in the remuneration to the Executive Management team were the below option grants. The options were all granted on April 21, 2021 at an exercise price of NOK 100.15 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	56,700	253	20%
Peter Dam Madsen, CFO	17,700	79	16%
John Hamill, COO	17,700	79	13%

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, 2020	Acquired during the year	Disposed during the year	Shares at December 31, 2021
André Sloth Eriksen, CEO	334,816			334,816
Peter Dam Madsen, CFO	96,406	61,188		157,594
John Hamill, COO	101,900	4,663		106,563
Executive Management	**533,122**	**65,851**	**0**	**598,973**

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

	Expiration of warrant/option	Warrants/Options at December 31, 2020	Acquired during the year	Exercised/ cancelled during the year	Warrants/Options at December 31, 2021
André Sloth Eriksen, CEO:					
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)	oktober 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:					
Warrants @NOK10.60 (2015)	august 2022	50,875		50,875	0
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
Warrants @NOK 40.10 (2014)	april 2021	10,313		10,313	0
Options @NOK 46.30 (2018)	oktober 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:					
Warrants @NOK10.60 (2015)	august 2022	61,080			61,080
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
Warrants @NOK 40.10 (2014)	april 2021	8,621		8,621	0
Options @NOK 46.30 (2018)	oktober 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)	oktober 2025	59,599			59,599
Executive management group		**986,839**	**92,100**	**69,809**	**1,009,130**

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors has considered and approved the remuneration report for the financial year 2021 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

4 April 2022

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

Asetek A/S
Assensvej 2
DK-9220 Aalborg East
Denmark

Phone: +45 9645 0047
Fax: +45 9645 0048
Web: www.asetek.com
Mail: info@asetek.com