



REMUNERATION REPORT 2023



Asetek, a global leader in mechatronic innovation, is a Danish garage-to-stock-exchange success story. Founded in 2000, Asetek established its innovative position as the leading OEM developer and producer of the all-in-one liquid cooler for all major PC & Enthusiast gaming brands. In 2021, Asetek introduced its line of products for next level immersive SimSports gaming experiences. Asetek is headquartered in Denmark and has operations in China, Taiwan and the United States with a total of 134 employees. In 2023 Asetek recorded revenue of \$ 76.3 million.

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Remuneration Report
Fiscal Year 2023
Published March 2024

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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 2023.

2023 was a strong year for Asetek, and revenues grew by 51%, especially due to strong performance in second and third quarters. The Company raised net \$16 million in new capital in May 2023. Due to market challenges in 2022, executive base salaries were kept unchanged for 2023, and certain executive goals were fully focused on raising capital, while the remainder of Asetek’s organization kept its focus on market- and product-development, etc.

The 2022 Remuneration Report was voted in favor of by 95% of the votes cast at the Annual General Meeting held on May 9, 2023. No specific remarks were noted during the Annual General Meeting.

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 following payment components are used:

Remuneration	Board of Directors	Executive Management
Fixed fee / fixed base salary	x	x
Short term cash bonus		x
Long-term share-based schemes		x
Other benefits		x
Pension		x

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.

At the annual general meeting in 2024, the Board of Directors will propose an amendment to the Remuneration Policy allowing for additional fees to be paid to the vice chairman as well as to the chairman of the audit committee. Also it will be proposed to allow for payment to board members for specific consulting work on a case by case basis.

5-YEAR OVERVIEW

	Note	2023 kUSD	Annual change	2022 kUSD	Annual change	2021 kUSD	Annual change	2020 kUSD	Annual change	2019 kUSD	Annual change
Board of Directors members:											
René Svendsen-Tune, chairman	1	42									
Erik Damsgaard, vice chairman	2	55	0%	55	6%	52	29%	40	1%	29	
Jukka Pertola	3	52	-20%	65	0%	65	17%	56	1%	40	
Maria Hjorth	4	45	0%	45	0%	45	12%	40	1%	38	
Maja Frølund Sand-Grimnitz	5	45	0%	25							
Jørgen Smidt	6	16	0%	45	0%	45	12%	40	1%	40	
Nomination Committee members:											
Ib Sønderby										5	
Executive Management members:											
André Sloth Eriksen, CEO		1,557	40%	1,114	-13%	1,277	0%	1,283	9%	1,174	18%
Peter Dam Madsen, CFO		568	34%	424	-14%	494	12%	443	13%	392	-12%
John Hamill, COO	7	744	30%	572	-7%	612	-4%	636	41%	450	-22%
Base salary in local currency, change since previous year											
André Sloth Eriksen, CEO		0%		11%		19%		2%		5%	
Peter Dam Madsen, CFO		0%		9%		12%		1%		6%	
John Hamill, COO		0%		8%		10%		-3%		3%	
Parent company results:											
Income before tax		-1,504	-670%	264	-73%	971	2,011%	46	388%	-16	-107%
Comprehensive income		-1,446	-1,415%	110	-87%	818	309%	200	315%	-93	-3%
Group results:											
Revenue		76,332	51%	50,650	-37%	79,803	10%	72,750	34%	54,334	-19%
Income before tax		8,498	-245%	-5,878	-521%	1,397	-85%	9,426	548%	1,454	-70%
Comprehensive income		6,720	-207%	-6,296	-1,592%	-372	-103%	11,587	1,181%	-1,072	-131%
Average remuneration on a full time equivalent basis, excluding Executive Management:											
Company employees	8	-		-		-		-		-	
Group employees avr. remuneration	9	89	-6%	95	-13%	109	8%	101	-3%	104	-4%
DKK/USD, Index (2019: 100)		97	3%	94	-11%	106	3%	103	3%	100	

1. Mr. Svendsen-Tune joined the board of directors as an independent director on May 9, 2023
2. Mr. Damsgaard joined the board of directors as an independent director on April 10, 2019
3. Mr. Pertola joined the board of directors as an independent director on April 10, 2019 and stepped down as chairman on May 9, 2023
4. Ms. Hjorth joined the board of directors as an independent director on January 14, 2019
5. Ms. Frølund Sand-Grimnitz joined the board of directors as an independent director on June 15, 2022
6. Mr. Smidt joined the board on January 30, 2012, and stepped down from the board of directors on May 9, 2023
7. Mr. Hamill is not a registered member of the management, but reports to the CEO and is a member of the executive management group
8. The parent company only employs individuals classified as executive management
9. Calculated as the Groups total remuneration amounts excluding Executive Management compensation divided by the Groups total number of employees excluding Executive Management members

The figures showing annual changes are based on annualized numbers.

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 2023 was USD 45,000, which was an unchanged compared to 2022. 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.

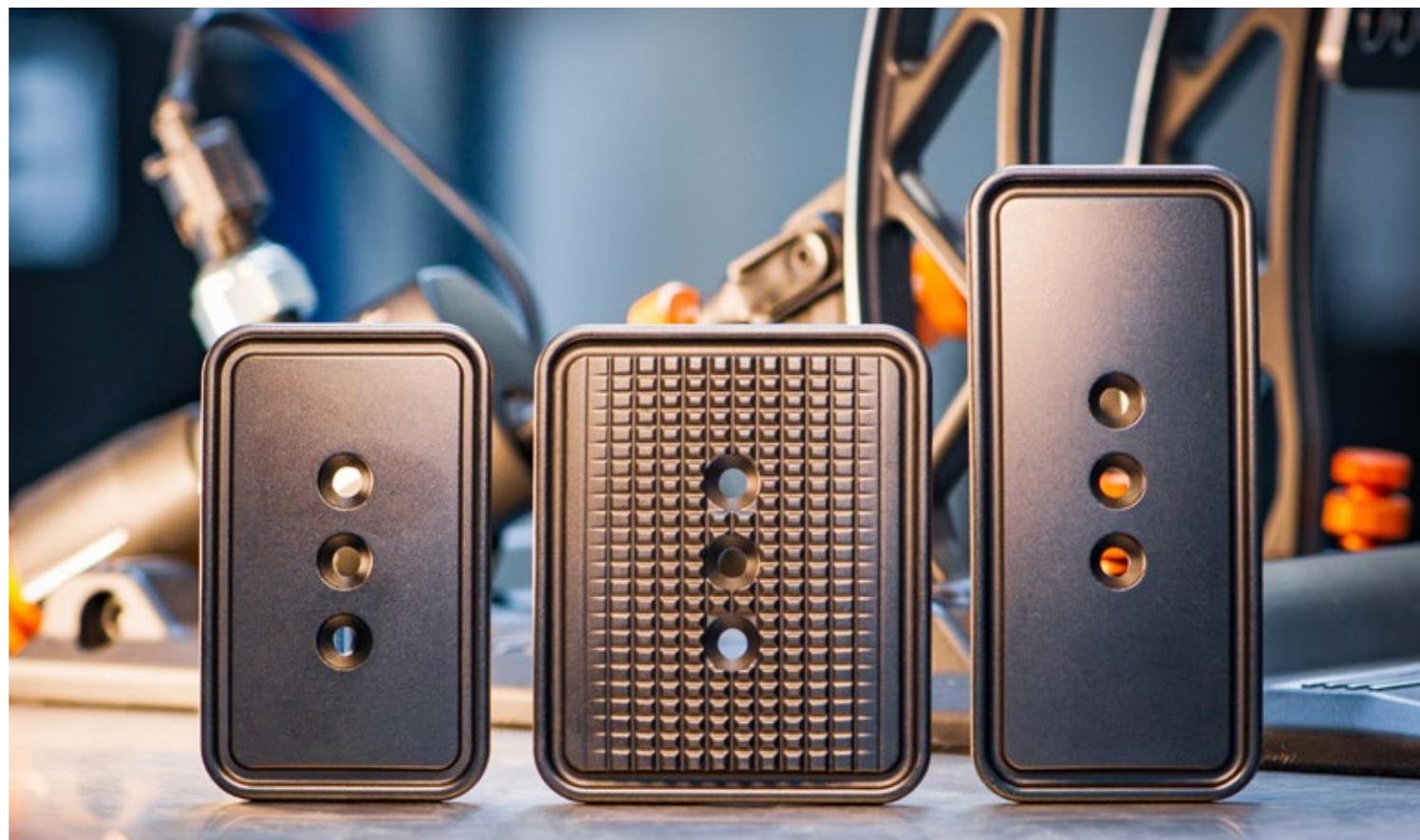
The remuneration paid complies with the principles laid out in the Remuneration Policy, however the additional fee paid to the vice chairman is a deviation from the policy, and is related to the extra workload compared to board members who are not involved in chairmanship-work. The additional fee was approved by the Annual General Meeting on May 9, 2023.

At the annual general meeting in 2024, the Board of Directors will propose an amendment to the Remuneration Policy allowing for additional fees to be paid to the vice chairman as well as to the chairman of the audit committee. Also it will be proposed to allow for payment to board members for specific consulting work on a case by case basis.

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

The members of the Board of Directors hold shares in Asetek A/S:

	Shares at December 31, 2022	Acquired during the year	Disposed during the year	Shares at December 31, 2023
René Svendsen-Tune	0	241,842		241,842
Erik Damsgaard	22,461	122,806		145,267
Jukka Pertola	22,500	141,671		164,171
Maria Hjorth	6,357	33,328		39,685
Maja Frølund Sand-Grimnitz	0	53,583		53,583
Board of Directors	51,318	539,647	0	590,965



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 Denmark and 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, short and 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 the Executive Management for the coming year to the Remuneration Committee, who in turn submits the proposal to the Board of Directors, 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.

As an acknowledgement of the challenging outlook in the beginning of 2023, the base salaries for 2023 for the Executive Management team were kept unchanged compared with 2022.

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 2023.

For 2023, 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 2023.

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 Remuneration 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 stock option agreements include claw-back clauses, but none such event happened in 2023.

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, 2023

		Base salary	Bonus	Pension contribution	Other short term benefits ¹⁾	LTI compensation grants	Total	Fixed vs. variable
André Sloth Eriksen, CEO	kUSD	718	431	79	38	290	1,557	54/46
%		46%	28%	5%	2%	19%	100%	
Peter Dam Madsen, CFO	kUSD	329	82	33	24	99	568	68/32
%		58%	14%	6%	4%	18%	100%	
John Hamill, COO	kUSD	292	319	1	26	105	744	43/57
%		39%	43%	0%	3%	14%	100%	

1 Calculated at taxable value of company car, phone etc

In 2023, Executive Management members were granted options. The total value of these grants was USD 494 thousand. In total in 2023, Asetek granted options representing a value of USD 747 thousand. The programs related to Executive Management represented 66%.

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 2023, 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 company wide goals, the Executive Management members have pre-defined personal strategic and tactical

goals as components in their cash bonus model. For the fiscal year 2023, as an exception from tradition, the CEO and the CFO did not have multiple financial- and non-financial goals, but were instead tasked with focusing only on one goal. The paid-out cash bonuses are all within the framework determined by the Remuneration Policy.

	Minimum bonus	Maximum bonus	Actual pay-out, of maximum	Actual bonus	Bonus, of total compensation
André Sloth Eriksen, CEO	0	431	100%	431	34%
Peter Dam Madsen, CFO	0	82	100%	82	19%
John Hamill, COO	0	390	82%	319	50%

	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	Goals are met	33%
							Gross margins	Goals are met	33%
Non-financial goals	Successfully transact Rights Issue	Goal is met	100%	Successfully transact Rights Issue	Goal is met	100%	Roadmap execution, Cooling	Goals are met	17%
							Roadmap execution, SimSports	Goals are not met	17%
Actual pay-out, of maximum	100%			100%			82%		

Long term Incentives

Included in the remuneration to the Executive Management team were the below option grants. The options were all granted on December 12, 2023 at an exercise price of DKK 4.07 each, corresponding to the average of the closing price of the share on the five days leading up to the day of the grant.

	Options granted	Aggregate value (kUSD)	LTI, of total compensation
André Sloth Eriksen, CEO	1,149,000	290	23%
Peter Dam Madsen, CFO	393,400	99	22%
John Hamill, COO	414,500	105	16%

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, 2022	Acquired during the year	Disposed during the year	Shares at December 31, 2023
André Sloth Eriksen, CEO	346,221	1,044,907		1,391,128
Peter Dam Madsen, CFO	157,594	310,000		467,594
John Hamill, COO	167,643	847,519		1,015,162
Executive Management	671,458	2,202,426	0	2,873,884

**STATEMENT BY THE
BOARD OF DIRECTORS AND
MANAGEMENT**

The Board of Directors has considered and approved the remuneration report for the financial year 2023 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 2024

REGISTERED MANAGEMENT

André Sloth Eriksen
Chief Executive Officer

Peter Dam Madsen
Chief Financial Officer

BOARD OF DIRECTORS

René Svendsen-Tune, Chairman

Erik Damsgaard, Vice Chairman

Maria Hjorth

Jukka Pertola

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 2023 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.

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

Auditor's 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.

Aalborg, 8 March 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
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