

## **Notice of the Annual General Meeting 2020 of Napatech A/S**

The Board of Directors gives notice of the Annual General Meeting (AGM) of Napatech A/S, company registration (CVR) no. 10 10 91 24 (the "Company"), to be held

on Thursday, April 16, 2020, at 10:00 CET

at the registered office of Napatech A/S, Tobaksvejen 23A, Soeborg, Denmark.

### **Agenda:**

1. The Board of Directors' report on the activities of the Company
2. Adoption of the 2019 Annual Report
3. Distribution of profit or covering of loss according to the adopted annual report
4. Approval of the Board of Directors' remuneration
5. Election of members to the Board of Directors including the Chairman
6. Appointment of Auditors
7. Authorization to issue new shares for up to a total of nominal DKK 2,076,706.00
8. Authorization to issue share options to management and employees in the Napatech Group for up to a total nominal amount of DKK 250,000.00 shares
9. Approval of the Company's revised Remuneration Policy
10. Any other business

### **Complete proposals**

#### **Re. 1. The Board of Directors report on the activities of the Company**

The Board of Directors proposes that the general meeting take note of the Board of Directors' report on the Company's activities in the past financial year.

#### **Re. 2. Adoption of the Annual Report 2019**

The Board of Directors proposes that the general meeting adopts the audited Annual Report 2019.

#### **Re. 3. Distribution of profit or loss recorded in the annual report**

The Board of Directors proposes that no dividend is paid out for the year 2019 and the loss is carried forward.

#### **Re. 4. Approval of the Board of Directors' remuneration**

The Board of Directors proposes to maintain the same level of remuneration for the Board of Directors in 2020 as in 2019:

The board members receive a fixed yearly cash amount of 190,000 NOK paid monthly (board basic remuneration).

The Chairman receives a fixed yearly cash amount of 2 x board basic remuneration paid monthly.

In addition, each sub-committee member receives an additional remuneration of a fixed yearly cash amount of 15% of board basic remuneration per sub-committee membership paid monthly (e.g. per audit committee, remuneration committee, etc.).

All members of the Board not residing in a European Country receive an additional fee of 15,000 NOK when attending board and committee meetings in Europe.

### **Re. 5. Election of members of the Board of Directors including the Chairman**

In accordance with Article 16.1 and 16.4 of the Articles of Association, the Board of Directors of Napatech consists of 4-8 members elected by the general meeting for a period of one year.

The present Board of Directors consists of Mr. Lars Boilesen (Chairman), Mr. Christian Jebsen (Member), Bjørn Erik Reinseth (Member), Howard Bubb (Member), and Henry Wasik (Member).

It is proposed by the Nomination Committee going forward the Board of Directors only consists of four members and that Mr. Lars Boilesen (Chairman), Mr. Christian Jebsen (Member), Howard Bubb (Member), and Henry Wasik (Member) are re-elected for the Board of Directors.

A description of the background and other executive functions held by the candidates proposed to the Board of Directors is attached as Appendix A.

### **Re. 6. Appointment of Auditors**

The Board of Directors proposes that Ernst & Young P/S, CVR.nr: 30 70 02 28, is re-elected as auditors in accordance with the recommendation from the Audit Committee. The Audit Committee has not been influenced by third parties, nor subjected to any contract with a third party restricting the general meeting's choice to certain auditors or audit firms.

### **Re. 7. Authorization to issue a share capital increase of up to nominal DKK 2,076,055.00 of the nominal share capital**

The Board of Directors makes a similar proposal as the previous year for an authorization for a possible targeted capital increase. The authorization will supplant the expired previous authorization in article 5.2 of the Articles of Association of Napatech A/S.

The Board of Directors will use this authorization, (a) if additional investments are needed in the future, (b) if a situation should occur in which it would be beneficial to execute share capital increases with one or more strategic partners, or (c) to complete a merger or acquisition using shares or cash. Additionally, a situation could arise in which it would be beneficial to strengthen the Company's equity. To enable the Company to act quickly, the Board asks the Annual General Meeting to give the Board a power of attorney to increase the Company's share capital by up to nominal DKK 2,076,055.00, in one or more capital increases to named investors chosen by the Board. Such capital increases shall be executed, as determined by the Board of Directors, at market value, and by either cash contribution or contribution of other assets than cash.

The authorization will be without pre-emption right for the existing shareholders. This is to allow the Board of Directors to make efficient use of the authorization. The fact that capital increase will be done at market value helps ensure that existing shareholders will not suffer economic loss in connection with the use of the authorization.

If the proposal is adopted, the following new provision shall be included in the Articles of Association:

## 5. Capital Increase

(...)

### 5.2

*In the period until the annual ordinary general meeting in 2021, the Board of Directors is authorized to increase the share capital one or more times without the right of pre-emption for the existing shareholders and up to a total nominal amount of DKK 2,076,055.00.*

*The increase in share capital shall as determined by the Board of Directors, be at market value and by either cash contribution or contribution of other assets than cash. Contribution cannot be made in part.*

*In connection with an increase in share capital, the following shall also apply: (i) the shares shall be registered in the name of the holder and shall be entered in the company's register of shareholders, (ii) the shares are negotiable instruments, (iii) the articles of association's provisions on shares, including the pre-emptive right in Clause 5.1 and with regard to redemption and transferability, shall apply for the new shares, and thereby no new class of shares is created, and (iv) the new shares will have rights to dividend and other rights from the date of registration of the capital increase.*

*The Board of Directors is authorized to determine additional terms in connection with the capital increase and perform the amendments to the articles of association necessary to carry out the capital increase.*

## **Re. 8. Authorization to issue share options to management and employees in the Napatech Group for up to a total nominal amount of DKK 250,000.00**

As part of its expected Share Option and Incentive Program 2020, the Board of Directors proposes to authorize the Board of Directors until 16 April 2024 to issue share options with the right to subscribe for shares for up to nominally DKK 250,000.00 shares in the Company.

The options shall be awarded to employees and management of companies within the Napatech Group to serve as a force in developing Napatech and create additional shareholder value and intends to award and incentivize outstanding performance and attract and retain strong talent in business-critical functions.

If the proposal is adopted, the following new provision shall be included in the Articles of Association:

### *"7. Share Options.*

(...)

#### *7.6 Authorization to issue share options*

*At an ordinary general meeting in the Company held on 16 April 2020 it was decided to authorize the Board of Directors, before 16 April 2024, to issue share options with the right to subscribe for up to nominally DKK 250,000.00 shares in the Company.*

*The options issued shall be subject to the following terms and conditions:*

*The options shall be awarded to (a) employees, and/or (b) management, of the Company and of companies within the Napatech Group.*

*The share options - and the shares in the Company subscribed for on the basis of the share options - shall be issued/subscribed for without the Company's shareholders having any pre-emption rights.*

*The options shall confer a right to subscribe for new shares of up to nominally 250,000.00 in the Company belonging to the same share class as the existing shares in the Company.*

*The strike price shall be determined by the board of directors, but cannot be less than par value.*

*Instead of issuing new shares the Board of Directors may elect to sell secondary shares to the option holders at the same price. Alternatively, the Board of Directors has the right to pay out a cash amount equivalent to the difference between the strike price and the trading price at the close of business at the OSE of the Napatech share on the date of exercise, multiplied by the number of shares to be issued.*

*Except in cases of payment of the difference of the strike price and the trading price, the exercise price (strike price) must be transferred in full and in cash.*

*If an option or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such option having been issued or (ii) is settled in cash (i.e., the option holder receives cash rather than shares), the shares covered by the option reverts to the pool of nom. DKK 250,000.00 shares and again become available for issuance, meaning that such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares that may be available for issuance under the authorization. If any shares issued pursuant to an option are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the option holder, then the shares that are forfeited or repurchased will revert to and again become available for issuance under this authorization.*

*The shares subscribed for on the basis of the options shall be negotiable instruments. The shares shall be registered in the name of the holder and shall be recorded in the Company's register of shareholders.*

*No shareholder shall be obliged to let their shares be redeemed, in whole or in part, by the Company or anyone else.*

*For the fulfillment of the options, the Board of Directors has been authorized to increase the Company's share capital by up to nominally 250,000.00 shares in the Company and to make the consequential amendments of the articles of association.*

If the proposal is adopted, the Board of Directors expects to utilize the authorization to issue share options to employees and management in the Company and of companies within the Napatech Group on the terms and conditions appearing from Share Option and Incentive Program 2020.

The draft program is attached as Appendix B.

### **Re. 9. Approval of the Company's revised Remuneration Policy**

The Board of Directors proposes that the general meeting approves the Company's revised Remuneration Policy as adopted by the Board of Directors.

The Remuneration Policy has been revised in order to ensure compliance with the new requirements under sections 139 and 139a of the Danish Companies Act.

The revised Remuneration Policy is attached as Appendix C and is available on the Company's website, [www.napatech.com](http://www.napatech.com).

**Re. 10. Any other business**

It will be possible to ask questions to the Board of Directors on any issue relating to the Company pursuant to the Danish Corporate Act article 102.

**Additional information:**

For participation in the AGM, please obtain access card which can be ordered from DNB Bank ASA, [vote@dnb.no](mailto:vote@dnb.no). Access cards need to be ordered no later than on 13 April 2020.

Access cards will be sent by ordinary mail by DNB Bank ASA, Napatech is not accountable for delays in connection with this service. We recommend that access cards are ordered with sufficient time for ordinary mail service.

**Special information due to COVID-19**

Napatech notes that the current and evolving situation concerning the COVID-19 pandemic might make it advisable or necessary to postpone the annual ordinary general meeting. The board of directors will make such determination no later than on the date of the scheduled annual ordinary general meeting.

Napatech recommends that shareholders consider carefully if they, instead of appearing in person at the general meeting, are served by providing postal vote of a joint-proxy pursuant to the procedures stated below and in the company's articles of association.

**The shares of the Company and the right to vote for shares.**

Napatech has a share capital of nominal DKK 20,767,055.00. Each share of nominal DKK 0.25 carries one vote at the AGM.

Voting rights can only be exercised by shareholders or their proxy. To exercise the voting right on a share, the share must be registered, by the registration date, which is 9 April 2020, by name in Napatech A/S shareholder register, or documented at the latest by 9 April 2020 for registration in the shareholder register.

**Adoption requirements.**

For the adoption of proposals, where changes in the Articles of Associations are required, at least 2/3 of the votes cast and the share capital represented at the AGM needs to vote in favor. For adoption of all other proposals on the Agenda, a simple majority of votes is needed.

**Postal vote.**

Shareholders, who are qualified to participate in the AGM, may vote by postal vote, prior to the AGM.

Postal votes must be received by DNB Bank ASA no later than the 13 of April 2020 at 12.00. Once a vote has been received by DNB Bank ASA, it is binding and cannot be revoked.

The shareholders shall return their voting instructions to DNB Bank ASA by e-mail: [vote@dnb.no](mailto:vote@dnb.no) or by ordinary mail to P.O. Box address: DNB Bank ASA, Registrars Department, P.O. Box 1600 Sentrum, 0021 Oslo, Norway, or by hand to DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway.

To ensure proper identification, the shareholder shall put his/her name in capital letters, and sign by the shareholder. If the shareholder is a legal entity, company registration number or similar identification shall be noted.

The form to be used for a postal vote is attached to the notice and is available on the website of the Company, [www.napatech.com](http://www.napatech.com).

**Proxy and counsel.**

Shareholders have the right to attend the AGM by proxy. The proxy-form will be sent to the shareholder by DNB Bank ASA and is available on the website of the Company, [www.napatech.com](http://www.napatech.com).

The proxy can be sent by e-mail to [vote@dnb.no](mailto:vote@dnb.no) or by ordinary mail to P.O. Box address: DNB Bank ASA, Registrars Department, P.O. Box 1600 Sentrum, 0021 Oslo, Norway or by hand to DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway. The Proxy must be received by DNB Bank ASA no later than the 13 of April 2020 at 12.00.

Shareholders or proxy holders may attend the AGM with an advisor.

**Questions.**

Shareholders can prior to the AGM ask questions to the agenda or to the documents to be used at the AGM. Such questions must be received by the Board of Directors no later 9 April 2020. Questions can be sent to Napatech A/S, att.: The Board of Directors, Tobaksvejen 23 A, 2860 Søborg, Denmark.

**Documentation.**

Until and including the day of the annual general meeting the notice for the AGM, the full text of any proposals and appendices, the Annual Report 2019, information on shares, voting rights on the date of the notice, and other documents will be available on the website of the Company, [www.napatech.com](http://www.napatech.com).

For more information, please contact:

Heine Thorsgaard, CFO  
E-mail: [htg@napatech.com](mailto:htg@napatech.com)

## **Appendix A**

### **Candidates for (re-)election to the Board of Directors of Napatech A/S at the Company's annual general meeting 2020**

#### Lars Boilesen for re-election as Chairman:

Mr. Lars Boilesen (b. 1967) has been a member of the Board of Directors since 2017. Holds a bachelor's degree in Business Economics from Aarhus School of Business and a postgraduate diploma from Kolding Business School.

Regarded as independent.

Lars Boilesen has extensive experience in the international software and technology industry. He currently serves as Chief Executive Officer for the Norwegian-listed software company Opera Software ASA (Opera), where he has overseen the sale of the company's browser, privacy and performance apps to a Chinese consortium. He has also been involved in a number of acquisitions, including that of AdColony in 2014. Prior to becoming the CEO of Opera in 2010, Boilesen served as the company's Executive Vice President of Sales & Distribution from 2000 to 2005 and was on the Board of Directors from 2007 to 2009. Boilesen spent several years at Tandberg as head of the Northern Europe and Asian-Pacific markets and as Vice President of Worldwide Sales and Sales Director. He also served as CEO for the Nordic and Baltic Region at Alcatel-Lucent and as Marketing Manager for Eastern Europe in LEGO Group.

#### *Other directorships:*

Chairman of the Board for Cobuilder AS

#### Howard Bubb for re-election as Member:

Mr. Howard Bubb (b. 1954) has been a member of the Board of Directors since 2016. Holds a Bachelor of Science degree, from California Institute of Technology.

Regarded as independent.

Howard Bubb has served as a public company CEO, board member, Fortune 50 executive, venture-backed entrepreneur, professional mentor, and management consultant. Bubb has been consulting since 2009 working with corporate leaders to accelerate new strategies for growth and transformation while developing leadership. Mr. Bubb's experience spans executive positions in global multinational corporations and early stage companies including: Intel, United Technologies, Memorex Telex, Dialogic, Pairgain, Lexar, Netronome and others.

#### *Other directorships:*

No other directorships.

#### Henry Wasik for re-election as Member:

Mr. Henry Wasik (b. 1955) has been a member of the Board of Directors since 2017. Holds a Bachelor of Science degree in Electrical and Electronic Engineering from the University of Bridgeport, and an MBA from the Georgia Institute of Technology.

Regarded as independent.

Henry Wasik brings a significant depth of experience and insight to high technology businesses with a distinguished thirty-year pedigree at the highest levels of the global technology sector. His experience ranges from early-stage startups to running multi-billion dollar global

businesses. His industry background spans multiple markets including semiconductors (Mostek), Enterprise PBXs (Intecom), large scale global carrier network systems (Alcatel/DSC), web-scale data centers (Force10 Networks) and technologically cutting-edge cloud services and software (Joyent).

*Other directorships:*

No other directorships.

Christian Jebsen for re-election as Member:

Mr. Christian Jebsen (b. 1967) has been a member of the Board of Directors since 2019. Holds a B.S. degree in economics and B.A. from Copenhagen Business School.

Is not regarded as independent as he represents the largest shareholder controlling 27.2% of the shares in Napatech A/S.

Christian Jebsen is a partner at Verdane Capital. Prior to Verdane, Jebsen has had a number of executive management positions in listed and unlisted companies including CEO of Kebony AS, CEO of Vmetro ASA, CFO/COO of Opera Software ASA and CEO of Stavdal ASA. Jebsen's professional background also includes seven years of investment banking experience with Nomura International in London and Enskilda Securities (SEB) in Stockholm and Oslo.

*Other directorships:*

Board member of Kitron ASA. Mr. Jebsen has also multiple board positions in portfolio companies of Verdane Capital.

## Appendix B

### NAPATECH SHARE OPTION AND INCENTIVE PROGRAM 2020

#### TERMS AND CONDITIONS

This employee share option and incentive program (herein: the “**Program**”) has been established by the board of directors (herein: the “**Board**”) in accordance with the authorization of the general assembly held on 16 April 2020 and Clause 7.6 of the articles of association of Napatech A/S, Danish company reg. no.: 10109124, (herein: “**NAPATECH**”), to serve as a force in developing NAPATECH, and creating additional shareholder value, and intends to award and incentivize outstanding performance and attract and retain strong talent in business critical functions.

#### 1 CERTAIN DEFINITIONS USED

- 1.1 “**Grant Notice**” means a letter from NAPATECH to the Participant or a written agreement between NAPATECH and the Participant evidencing the terms and conditions of an OPTION. Each Grant Notice will be subject to the terms and conditions of this Program.
- 1.2 “**OPTION**” means any right granted under the Program to receive shares in NAPATECH or value connected to shares in NAPATECH, including a Warrant, a Stock Appreciation Right, or any Other Stock Award.
- 1.3 “**Other Stock Award**” means an award based in whole or in part by reference to the shares in NAPATECH, which is granted pursuant to the terms and conditions of Section 9.1.
- 1.4 “**Stock Appreciation Right**” or “**SAR**” means a right to receive the appreciation on shares in NAPATECH that is granted pursuant to the terms and conditions of Section 5.3.
- 1.5 “**Warrant**” means a right to subscribe for and receive shares in NAPATECH which is granted pursuant to the terms and conditions of Section 5.2.

#### 2 PARTICIPANTS

- 2.1 The OPTIONS shall, as determined by the Board, be granted to (a) employees, and/or (b) management, of NAPATECH and of companies within the Napatech Group (such a grantee herein: a “**Participant**”).

### 3 THE EXTENT OF THE PROGRAM AND SHARE RESERVE

- 3.1 Subject to Section 10, the aggregate number of shares in NAPATECH that may be issued pursuant to this Program shall not exceed 1,000,000 shares of nominally DKK 0.25 in NAPATECH, i.e. a total of nominally DKK 250,000.00 shares (herein: the "**Share Reserve**").
- 3.2 If an OPTION or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such OPTION having been issued or (ii) is settled in cash (i.e., the Participant receives cash rather than shares), the shares covered by the OPTION reverts to the Share Reserve and again become available for issuance under the Program, meaning that such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares that may be available for issuance under the Program. If any shares issued pursuant to an OPTION are forfeited back to or repurchased by NAPATECH because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Program.

### 4 GENERAL RULES ON OPTIONS

- 4.1 Unless the Board has specified otherwise in the Grant Notice:
- 4.1.1 OPTIONS are granted to the Participants at the Board's discretion in such form and according to such criteria and terms and conditions as deemed appropriate by the Board.
- 4.1.2 Granted OPTIONS cannot be transferred or assigned.
- 4.1.3 Grant of OPTIONS is not subject to payment of fees. The value of granted OPTIONS is not included in any calculation of pension, holiday pay or other fees or benefits governed by the level of remuneration.
- 4.1.4 OPTIONS have no attached right to vote at NAPATECH's general meeting, right to dividend or other rights vis-à-vis NAPATECH apart from what is set out in this Program and/or the relevant Grant Notices.
- 4.1.5 Exercise of OPTIONS must take place under due consideration of the insider trading provisions, and the mandatory notification of trade provision, as well as NAPATECH's insider trading rules. If a situation should occur, where the Participant, due to insider trading provisions and rules, cannot receive or trade NAPATECH shares on the last date of the last exercise period and the OPTIONS would otherwise be lost, ordinary exercise of the OPTIONS may take place at a later date specified by the Board.

## 5 GRANT OF WARRANTS AND SARS

- 5.1 Unless as otherwise specified by the Board in the Grant Notice, any OPTION granted hereunder shall be a Warrant.
- 5.2 Unless as otherwise specified by the Board in the Grant Notice, each vested Warrant gives the Participant the right, but not the obligation, to subscribe for one (1) share at the trading price at the close of business at the Oslo Stock Exchange one (1) working day prior to the grant of the Warrant and against payment in cash of the subscription price to NAPATECH; such strike price can never be below par value. The Board may instead of issuing new shares elect to sell secondary shares to the Participants at the same price. Alternatively, the Board can, upon exercise of the Warrant, elect to pay out a cash amount equivalent to the difference between the strike price and the trading price at the close of business at the Oslo Stock Exchange of the NAPATECH share on the date of exercise, multiplied with the number of shares to be issued.
- 5.3 Unless as otherwise specified by the Board in the Grant Notice, each vested SAR gives the Participant the right, but not the obligation, upon exercise to receive an amount equal to the difference between the strike price and the trading price at the close of business at the Oslo Stock Exchange of the NAPATECH share on the date of exercise, multiplied with the number of vested SARs exercised. The amount payable to the Participant upon exercise of a SAR may be paid in shares, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Grant Notice evidencing such SAR.

## 6 VESTINGS AND EXERCISE OF WARRANTS AND SARS

- 6.1 Unless the Board has specified otherwise in the Grant Notice, the Warrants and SARs will vest and become exercisable over three (3) years as follows:
- 33.0% of the granted Warrants and/or SARs will vest twelve (12) months after the grant date;
  - 33.0% of the granted Warrants and/or SARs will vest twenty-four (24) months after the grant date;
  - 34.0% of the granted Warrants and/or SARs will vest thirty-six (36) months after the grant date.
- 6.2 Unless the Board has specified otherwise in the Grant Notice, exercising of the vested Warrants and SARs can take place in year two (2) to year eight (8) and with four exercising periods per year of five (5) working days after presentations of NAPATECH's quarterly interim results. Warrants and SARs that are not exercised in a year can be exercised in the following years until the end of the eight (8<sup>th</sup>) year from the date of issue of the Warrant or SAR. The Board may by notice to the relevant Participants amend the exercising periods at its discretion.

6.3 A Warrant or SAR lapses automatically and without compensation if it has not been exercised by the last date of the last exercise period.

6.4 The Warrants respectively SARs shall be exercised by giving thirty (30) days' written notice to NAPATECH, using the standard form provided by NAPATECH for such purpose and, with respect to Warrants, transferring the applicable strike price in full to NAPATECH. Unless the Board has specified otherwise in the Grant Notice, shares or payments pursuant to exercised Warrants or SARs are issued four times a year within ten (10) days of the quarterly financial reports (cf. NAPATECH's financial calendar).

6.5 Unless the Board has specified otherwise in the Grant Notice and except in cases of payment of the difference of the strike price and the trading price, the exercise price (strike price) must be transferred in full and in cash.

## 7 SETTLEMENT AND TAXES

7.1 NAPATECH shall use its best efforts to issue and transfer shares to the Participant in accordance with ordinary settlement rules, normally within a period of five (5) days.

7.2 Upon exercising an OPTION, the Participant shall transfer the purchase or subscription price (if any) to NAPATECH as further described in the standard form provided by NAPATECH.

7.3 The Participant acknowledges that it must have a VPS account in order to receive shares in NAPATECH.

7.4 All taxes, charges and other transaction costs related to the OPTIONS and their exercise shall be borne by the Participant.

7.5 Profit treated as wages shall not be included in the basis for calculating vacation pay, bonus or pension.

7.6 Withholding of taxes and notification to the tax authorities will be carried out in accordance with rules that apply at the relevant points in time. It may appear from the Grant Notice or standard form that the options are subject to special tax provisions, e.g. the Danish Tax Assessment Act article 7P.

7.7 NAPATECH will have no duty or obligation to any Participant to advise such Participant as to the time or manner of exercising OPTIONS. Furthermore, NAPATECH will have no duty or obligation to warn or otherwise advise such Participant of a pending termination or expiration of an OPTION

or a possible period in which the OPTION may not be exercised. NAPATECH has no duty or obligation to minimize the tax consequences of an OPTION to the Participant.

## 8 THE PARTICIPANTS' ENTITLEMENT TO WARRANTS AND SARs FOLLOWING TERMINATION OF EMPLOYMENT

8.1 Unless as otherwise specified by the Board in the Grant Notice or as follows by applicable mandatory law, the right of a Participant to retain and exercise Warrants and SARs following the Participant's cessation of employment with NAPATECH or a company within the Napatech Group shall be governed by the following:

8.1.1 If the Participant's employment is terminated by the Participant without cause or if NAPATECH (or a relevant company within the Napatech Group) terminates the employment based on a breach of contract by the Participant, all vested Warrants and SARs that are under lock-up (cf. Section 6.2) or are not exercised prior to the date of termination shall lapse automatically and without compensation.

8.1.2 If the Participant's employment terminates due to the Participant's sickness, disability or death, all vested Warrants and SARs that are not exercised within twelve (12) months of the termination date (including if such exercise is not possible due to lock-up provisions) shall lapse automatically and without compensation.

8.1.3 If the Participant's employment terminates for any other reason than those stated in Section 8.1.1–8.1.2, all vested Warrants and SARs that are not exercised within three (3) months of the termination date (including if such exercise is not possible due to lock-up provisions) shall lapse automatically and without compensation.

## 9 OTHER INCENTIVES

9.1 Other forms of options valued in whole or in part by reference to, or otherwise based on, shares in NAPATECH, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100 percent of the fair market value of the common stock at the time of grant) may be granted either alone or in addition to OPTIONS provided for under Section 5. Subject to the provisions of the Program, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

## 10 SPECIAL MATTERS – ADJUSTMENTS

10.1 Unless as otherwise provided by the Board in the Grant Notice:

10.1.1 With regard to employees in subsidiaries of NAPATECH, if NAPATECH should come to own less than 50.0% of the voting shares, directly or indirectly, in the subsidiary in which the Participant is employed, any lock-up period (cf. Section 6.2) shall not apply and the period of exercise for OPTIONS is shortened. The full OPTIONS may be exercised within three (3) months following the finalization of the mentioned transaction and will thereafter lapse automatically and without compensation, unless otherwise decided by the Board. All other restrictions mentioned herein or in the applicable Grant Notice apply in this three (3) months period.

10.1.2 If (a) it is decided to delist the NAPATECH share, or (b) an agreement or agreements are entered into which entail that all the shares in NAPATECH are owned or controlled by one shareholder or two or more shareholders who can be consolidated pursuant to section 6-5, first paragraph, of the Norwegian Securities Trading Act, all OPTIONS (including Warrants and SARs that according to Section 6 cannot yet be exercised) shall be deemed to have been exercised as a cash settlement, cf. for Warrants and SARs Section 5.2 respectively Section 5.3.

10.1.3 If NAPATECH is the continuing company in a merger, no adjustments (including no adjustments to the strike price of the Warrant and SARs and the number of Warrants and SARs allocated) shall be made to OPTIONS. If NAPATECH is a part of a merger and is not the continuing company, the OPTIONS shall, at the election of the Board, lapse automatically and be replaced by OPTIONS (or their economic equivalent) in the continuing company. The number of OPTIONS (or their economic equivalent), the strike price (if any) and their terms shall be based on this Program and the valuation of the companies involved in the merger.

10.1.4 In case of a demerger, the Participants shall be awarded OPTIONS (or their economic equivalent) in (a) all, (b) some or (c) one of the companies of the demerger as decided by the Board. The number of OPTIONS (or their economic equivalent), the strike price (if any) and their terms shall be based on this Program and the valuation of NAPATECH and the companies involved in the demerger.

10.1.5 If it is decided to liquidate NAPATECH, the Participants have the right to exercise all OPTIONS (including Warrants and SARs that according to Section 6 cannot yet be exercised) at a time specified by the Board and on the conditions set out in this Program.

10.1.6 The strike price (if any) of the OPTIONS and the number of OPTIONS allocated shall be adjusted in the event of equity transactions, etc., that have a direct effect on the value of the OPTIONS, such as a share split or reverse split, an increase of the share capital for a share value other than

the marked value, including the issuing of bonus shares or convertible bonds/warrants or a reduction of the share capital of NAPATECH for a share value other than the marked value. However, payment of dividends, any new general employee share based incentives programs, the issuance of shares under this or any other existing or future warrant or share based option programs and NAPATECH's purchase, sale or annulment of its own shares shall not result in any adjustment of the strike price of the OPTIONS or the number of OPTIONS allocated. The Board decides in each case which transactions, etc., shall be adjusted for and how.

## 11 THE SHARES

11.1 Any shares subscribed for or received by exercise of OPTIONS will enjoy the same rights as NAPATECH's existing shares (common stock).

11.2 The shares subscribed or received by the Participants shall be registered in the name of the Participants and entered into NAPATECH's register of shareholders at which time rights attached to the shares shall come into force. The shares shall be negotiable instruments.

11.3 The shares are registered with the Norwegian central securities depository Verdipapirsentralen ASA, and therefore NAPATECH shall not issue any physical share certificates. All rights attaching to the shares shall be notified to Verdipapirsentralen ASA in accordance with the applicable rules.

## 12 GOVERNING LAW AND ARBITRATION

12.1 This Program shall be governed by and construed in accordance with the laws of the Kingdom of Denmark.

12.2 Any dispute arising out of or relating to this program that cannot be settled amicably shall be settled exclusively, finally and binding on the parties by arbitration in Copenhagen administered by The Danish Institute of Arbitration in accordance with the rules of arbitration procedure adopted by The Danish Institute of Arbitration and in force at the time when such proceedings are commenced.

## 13 AMENDMENTS

13.1 The Board is entitled to amend this Program and Grant Notices provided hereunder, including the terms governing grant and exercise of OPTIONS, provided that such amendment does not, overall, reduce the economic value for the Participants of the OPTIONS, or provided that such amendment is required in order to conform to applicable mandatory law.

## Appendix C

### REMUNERATION POLICY OF NAPATECH AS

#### 1 INTRODUCTION

1.1 The following sets out the remuneration policy of Napatech A/S for members of the Nomination Committee, Board of Directors and the Executive Management Board and incorporates guidelines for incentive-pay under section 139 and 139a of the Danish Companies Act. The Executive Management Board includes all executives registered with the Danish Business Authority.

1.2 The overall objectives of Napatech A/S' remuneration policy are:

- To attract, motivate and retain qualified members of the Board of Directors and Executive Management Board,
- To ensure the correlation between management interests and the interests of the company and shareholders, and
- To help promote long-term value creation in the company and thus support the company's business strategy and sustainability.

1.3 The remuneration policy aims at reflecting the overall interests of the shareholders and the Company. The remuneration is designed to align the interests of the management with those of the shareholders as well as to promote and support Napatech's short- and long-term vision. It is the intent that the remuneration is in line with comparable companies, whilst also taking into consideration required competencies, efforts.

1.4 The principles for remuneration evolve over time to align with Napatech's strategy, market practice and shareholders' views to ensure that a consistent and competitive structure is achieved. The remuneration principles set out herein are reviewed regularly to ensure continued competitiveness.

#### 2 DECISION-MAKING PROCESS

2.1 The company's remuneration committee is tasked with assisting the Board of Directors in preparing and revising the remuneration policy. The remuneration policy must be reviewed by the remuneration committee at least once a year.

2.2 If the remuneration committee finds a need to revise the remuneration policy, the remuneration committee prepares a recommendation for consideration and approval by the board of directors. If the Board of Directors approves the recommendation, the revised remuneration policy is submitted to the shareholders for consideration and approval on the company's forthcoming general meeting.

- 2.3 The Remuneration Committee may consult the Executive Management Board when reviewing the remuneration policy, but the Executive Management Board has no decision-making power in relation to the remuneration policy.
- 2.4 As the remuneration of the Board of Directors consists solely of a fixed fee, which is approved by the general meeting, there is no risk of conflicts of interest in connection with the board's work on the remuneration policy.
- 2.5 The Board of Directors may, in special cases where it is necessary to protect the company's long-term interests, derogate from the upper limit for the payment of cash bonus to a member of the Executive Board. This may be, for example, in connection with the hiring of new members of the Executive Board or in special circumstances. In order to depart from the remuneration policy on this point, a recommendation from the remuneration committee must be available and the board must approve the recommendation. The Board of Directors' decision to deviate is in accordance with section 124 (1) of the Companies Act.
- 2.6 The Board of Directors may, in special cases where deemed necessary to safeguard the company's long-term interests, change the relative portion of pension payments. In such cases, for example, it will be possible to offer a new member of the Executive Board a pension scheme where the company pays up to 20% of the member's fixed basic salary. In order to depart from the remuneration policy on this point, a recommendation from the remuneration committee must be available and the board must approve the recommendation. The pension scheme will be able to run until the next general meeting, where the general meeting has the opportunity to decide whether the scheme should be made permanent.

### 3 REMUNERATION OF THE BOARD OF DIRECTORS AND COMMITTEES

- 3.1 The purpose of the remuneration structure for the Board is to be able to attract and retain board members with the desired competencies. In determining the levels, board fees in comparable companies are also considered.
- 3.2 The board members receive a fixed yearly cash amount of 190,000 NOK paid monthly (board basic remuneration).
- 3.3 The Chairman receives a fixed yearly cash amount of 2 x board basic remuneration) paid monthly.
- 3.4 In addition, each sub-committee member receives an additional remuneration of a fixed yearly cash amount of 15% of board basic remuneration per sub-committee membership paid monthly (e.g. per audit committee, remuneration committee, etc.).
- 3.5 All members of the Board of Directors receive reimbursement of reasonable expenses such as travel and accommodation in relation to board meetings as well as relevant education.
- 3.6 All members of the Board not residing in a European Country receive an additional fee of 15,000 NOK when attending board and committee meetings in Europe.

- 3.7 Individual board members may take on specific ad hoc tasks outside their normal duties for and at the instruction of the Board of Directors. In each such case, the Board of Directors shall determine a fixed fee (e.g. per diem) for the work carried out related to those tasks.
- 3.8 Members of the Board of Directors are not able to participate in incentive programs such as bonuses and share-based programs (ref. fixed remuneration).
- 3.9 The Board of Directors' remuneration for the most recent fiscal year is approved at the Annual General Meeting in connection with the Annual Report, and the amount of the Board's basic fees and additional fees for the current financial year is set for approval at the Annual General Meeting.
- 3.10 The elected members of the Board of Directors are elected by the General Meeting for a period of one year, typically at the Annual General Meeting. There are no retention or severance schemes for the company's board members

#### 4 REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD

- 4.1 The remuneration package for members of the Executive Management Board consists of a fixed annual base salary and variable elements consisting of short and long-term incentives. The Board of Directors believes that a combination of fixed and performance-based pay is the best way to attract, retain and motivate the Executive Management Board. In addition to cash-based remuneration, Executive Management Board is aligned with shareholders through participation in share-based option programs. In addition, members of Executive Management may receive a pension contribution and other benefits. In defining the remuneration policy regard is taken to the employment terms provided to Napatech A/S's employees, including that the ratio between remuneration provided to the Executive Management Board respectively other employees does not significantly deviate from similar exchange-listed companies in the Nordics.
- 4.2 The purpose of the fixed basic salary, pension contributions, and other benefits is primarily to provide the individual Executive Board member with a predictable minimum remuneration to be able to attract and retain Executive Management Board members with the desired competencies. This remuneration structure is deemed to be resilient in supporting successful leadership whilst ensuring alignment to shareholder expectations.
- 4.3 The fixed basic salary for each executive member is determined each year based on negotiation. The fixed base salary is expected to amount to between 30 and 80% of the total remuneration, depending on the achievement of the performance criteria, which determine the size of the variable salary.
- 4.4 An employer-paid pension contribution can be provided, which for the Executive Management Board can amount to up to 10% of the total remuneration.
- 4.5 Executive Management Board members have the option of free car and other benefits by agreement. Other goods may amount to up to 10% of the total remuneration. The Executive

Management Board is also offered usual staff benefits such as health insurance, newspaper subscription, free telephone, and Internet subscription.

- 4.6 Members of the Executive Management (and also all or parts of the employees) may be eligible to cash bonus schemes as determined by the Board of Directors; these may consist of an annual bonus which the individual member can receive if specific performance targets for the Company for the relevant year are met. Payments under the short-term cash-based bonus scheme may not exceed a maximum of 150% of the Executive Management Board member's fixed base salary. The cash-based bonus scheme consists of annual allocations of cash bonuses calculated based on the fulfillment of predetermined performance criteria.
- 4.7 In addition, the Board of Directors may in special cases grant or increase the individual bonus member's cash bonus, which will be maximized for an additional 100% of the fixed base salary. The special cases where such a bonus may come into play as a result of achieving specific and extraordinary results or special circumstances that are not included as performance criteria. In cases where a special bonus is awarded, the remuneration report will include a description of the basis for the award.
- 4.8 The purpose of the cash-based bonus is to ensure the Executive Management's focus on the core - primarily short-term - performance criteria in the company's strategy and similarly reward satisfactory results in relation to these performance criteria.
- 4.9 For the total cash bonus, clawback options are used, so that paid bonuses may be recovered if it is subsequently found that the salary has been paid or earned on the basis of information which is incorrect or does not comply with the guidelines, prepared by the Board of Directors. Claw-back in relation to the cash bonus is possible up to 12 months after the actual payment of the cash-based incentive.
- 4.10 Members of the Executive Management (and also all or parts of the employees) may be eligible to participate in share-based incentive programs as determined by the Board of Directors. Vesting period of the warrants and SARs granted will be set at the discretion of the board of directors but will become exercisable over a minimum of three (3) years. Valuation of yearly grants for Members of the Executive Management in accordance with the Black-Scholes method may not exceed a maximum of 100% of the Executive Management Board member's fixed base salary.
- 4.11 Information on the total remuneration granted to Executive Management, in the aggregate, and on an individual basis, including information on key elements of any retention and retirement schemes, is disclosed in the annual report, along with a statement on compliance with this Remuneration Policy.
- 4.12 The Executive Management Board will typically be employed without a time limit, but with the right to a mutual termination, unless a temporary arrangement is involved. Executive members have a notice of termination of up to 12 months on the part of the company, while the members of the management's notice to the company are from 1 to 3 months. In special cases, members of the Executive Management Board can be entitled to severance pay of up to 12 months of remuneration, including all components of the remuneration.

5 OVERVIEW OF REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD

The remuneration of the company's CEO can consist of the following remuneration components: Fixed basic salary, pension contributions, other benefits, short-term cash-based bonus scheme, and long-term share-based remuneration. The individual components may comprise up to the following proportions of the fixed basic salary:

Remuneration component:	Maximum
Fixed basic salary	100 %
Pension contribution	10 %
Other benefits	10 %
Cash-based bonus scheme	150 %
Share-based remuneration	100 %

The remuneration of the company's CFO can consist of the following remuneration components: Fixed basic salary, pension contributions, other benefits, short-term cash-based bonus scheme, and long-term share-based remuneration. The individual components may comprise up to the following proportions of the fixed basic salary:

Remuneration component:	Maximum
Fixed basic salary	100 %
Pension contribution	10 %
Other benefits	10 %
Cash-based bonus scheme	75 %
Share-based remuneration	50 %

The value of share-based remuneration awarded is calculated in the above by the method used for recognition in the annual report.

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This policy has been adopted by the Board of Directors of the Company and is proposed to be approved by the Annual General Meeting on 16<sup>th</sup> April 2020.