

## REMUNERATION POLICY OF NAPATECH AS

### 1 INTRODUCTION

- 1.1 The following sets out the remuneration policy of Napatech A/S for members of the Board of Directors and the Executive Management and incorporates guidelines for incentive-pay under section 139 and 139a of the Danish Companies Act. The Executive Management 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,
  - 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 and 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 at the company's forthcoming general meeting.

- 2.3 The Remuneration Committee may consult the Executive Management when reviewing the remuneration policy, but the Executive Management has no decision-making power in relation to the remuneration policy.
- 2.4 As the remuneration of the Board of Directors is based on a fixed fee-approach (allowing for both a fixed amount in cash funds and/or a fixed amount of share options with a fixed exercise price), which is approved by the general meeting, there is no or limited 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 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 Members of the Board of Directors receive a fixed annual base fee. The fee level is assessed each year taking into account market levels of listed companies comparable in size and complexity.
- 3.3 The board members receive a yearly fee of 350,000 NOK.
- 3.4 The Chairman receives a yearly fee of 700,000 NOK.
- 3.5 In addition, each sub-committee member receives an additional remuneration of a yearly fee (28,500 NOK per sub-committee membership) paid monthly (e.g. per audit committee, remuneration committee, etc.).

- 3.6 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.
- 3.7 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) and/or fixed amount of warrants (with a fixed exercise price) (cf. section 3.8 below) for the work carried out related to those tasks.
- 3.8 Members of the Board of Directors may participate in a share-based remuneration program as an alternative to having their (full) board fees paid out in cash funds. Such share-based program will be in the form of warrants with a fixed exercise (strike) price. Each warrant gives the warrant holder a right to subscribe for one share in the Company. Except in respect of ad hoc tasks (cf. section 3.6 above), the number of warrants shall be based on the fixed fees that the member would otherwise be entitled to and the difference between the average closing trading price for the trading week two weeks before notice for the annual general meeting is published and a strike price of these warrants of 0.25 DKK. Except as otherwise authorized by the general meeting and decided by the Board, warrants granted in a given year vest at the earlier of (a) 30 April the following year or (b) the next ordinary general meeting. Except as otherwise authorized by the general meeting and decided by the Board, warrants may be exercised upon their vesting and within two (2) years thereafter. Vesting is contingent upon the member's continued service on the Board of Directors. Any warrants vested prior to cessation of the member's continued service on the Board of Directors shall be exercised within three (3) months thereof. If cessation is due to or caused by a material breach of the member's duties owed to the Napatech A/S as a member of the Board then (A) all vested warrants shall immediately and automatically lapse without compensation and (B) Napatech A/S shall, for a reasonable period following the cessation, be entitled to repurchase all the member's shares obtained through exercise of the warrants at their strike price.
- 3.9 The share-based program is intended to reinforce the alignment of interest between shareholders and the Board of Directors as well as being a necessary part of their compensation to ensure that Napatech A/S is competitive in the international market and to be able to attract and retain highly-qualified members of the Board of Directors on a continuous basis. The typical proportion of share-based remuneration as a relative share of the Board of Directors' compensation is between 0 % - 100%.
- 3.10 The value of warrants at the time of grant may not exceed 400% of the fixed annual base fee at the time of grant. The value shall be calculated using Black-Scholes.
- 3.11 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.
- 3.12 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. Apart from the inherent

incentives in any share-based programs that the Board of Directors may participate in, there are no retention or severance schemes for the company's board members

#### 4 REMUNERATION OF THE EXECUTIVE MANAGEMENT

- 4.1 The remuneration package for members of the Executive Management 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. In addition to cash-based remuneration, Executive Management 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 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 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 can amount to up to 10% of the total remuneration.
- 4.5 Executive Management 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 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 119% of the Executive Management 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 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.
- 4.8 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 that is incorrect or does not comply with the guidelines, prepared by the Board of Directors, or if it is determined that the end-of-year-total bonus is less than the year-to-date payments. Claw-back in relation to the cash bonus is possible up to 12 months after the actual payment of the cash-based incentive.
- 4.9 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. The 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 four (4) 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 member's fixed base salary.
- 4.10 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.
- 4.11 The Executive Management 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 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

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	119 %
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.

**Appendix A1**  
to Remuneration Policy

2024 SPECIAL REMUNERATION PACKAGE FOR THE CHIEF EXECUTIVE OFFICER

The remuneration package for the chief executive officer (Mr. Lars R. Boilesen) (herein: **CEO**) may, in view of the agreed initial annually fixed salary of DKK 2 million and instead of providing for a cash bonus scheme of up to 119% of the fixed base salary pursuant to Clause 4.6 of the Remuneration Policy and a severance pay of up to 12 months of remuneration (including all components of the remuneration) pursuant to Clause 4.11 of the Remuneration Policy, provide for the following:

- i. A one-time 2024 grant of share options vesting and becoming exercisable in equal annual instalments over four years and being exercisable for up to 2,000,000 shares of DKK 0.25, each at a per share strike price reflecting fair market value (as determined by the board of directors on the date of grant), during the five years following each vesting; provided, however, (a) that the vesting and exercise period may be accelerated in case of a change of control in Napatech A/S so that the share options can and/or must be exercised in connection with completion of the change of control, (b) vesting is dependent on the CEO being employed in his position at such time, and (c) the terms as provided by the 22 February Extraordinary General Meeting in Napatech A/S are abided (including that any options granted shall be granted with a three year lock-up as of the date of grant, meaning that neither the options nor the shares subscribed by exercising the options may, during the three year-period from the date of grant, be transferred or assigned to any third-party, provided, however, that the board of directors may allow for such transfer or assignment, in full or in part, in connection with (a) the delisting of Napatech A/S's shares, (b) a sale or other transfer of shares in Napatech A/S in one transaction or series of related transaction representing more than fifty percent (50%) of the issued and outstanding shares of Napatech A/S, (c) a merger or similar wherein Napatech A/S is the discontinuing company, (d) a merger or similar wherein Napatech A/S is the continuing company but the shares outstanding immediately prior to the event are converted or exchanged to other property whether it is in the form of securities, cash funds, or other, (e) a demerger or similar of Napatech A/S, (f) a solvent liquidation or similar of Napatech A/S, or (g) the death of the relevant management member).

Such share options amounting to maximum 450% in share-based remuneration, instead of the 100% provided in Clause 4.9 and 5 of the Remuneration Policy.

- ii. Other goods (e.g. compensation for travel/living expenses) amounting to maximum 20%, instead of the 10% provided in Clause 4.5 and 5 of the Remuneration Policy.
- iii. A deviation Clause 3.8 of the Remuneration Policy's provision for the accelerated exercise period with respect to vested share options and similar earned while serving as a member of

the board of directors,<sup>1</sup> meaning that such vested share options must be exercised within their usual exercise period.

- iv. Termination by the CEO must be with six months' notice and by the Napatech A/S with eighteen months' notice, instead of the 1-3 months' and 12 months' notice, respectively, provided in Clause 4.11 of the Remuneration Policy.

At the time of employment, the Black-Scholes value of the proposed warrants for the first year of employment was calculated to be around 240% of the fixed basic salary and 150% for the second year of employment, while the cash-based bonus scheme at the same time is 0%. This is to be compared with a combined value of 229% compared to the fixed basic salary for the cash-based bonus scheme and the share-based remuneration component in the existing remuneration policy. As the Black-Scholes value of the warrants is subject to change due to the development of the Napatech share price up until the date of the Extraordinary General Meeting, and taking the historic volatility of the Napatech share into account, the maximum of the share-based remuneration component in this appendix proposed to be 450% for the following year.

The Board of Directors believe that this combination will best serve to retain and motivate the CEO as well as to align the CEO with shareholders and take into account both Napatech A/S's short-term but especially also long-term development, goals and success.

The provisions in the Remuneration Policy (as may be amended from time to time) shall otherwise apply.

#### OVERVIEW OF REMUNERATION COMPONENTS

The remuneration of the company's CEO can, pursuant to this Appendix A1 to the Remuneration Policy, 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	20 %
Cash-based bonus scheme	0 %
Share-based remuneration	450 %

-ooo0ooo-

This policy has been approved by an Extraordinary General Meeting on February 22, 2024.

<sup>1</sup> Quote of the relevant text in Clause 3.8 of the Remuneration Policy: "(...) Any warrants vested prior to cessation of the member's continued service on the Board of Directors shall be exercised within three (3) months thereof. (...)"