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Subsequent to the original publication of this report, the following additions have been made:

Page 8: Comment related to compliance with compensation policy

Page 10: Note showing target fulfillment of executive management group members

REMUNERATION REPORT 2020

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Remuneration Report
Fiscal Year 2020
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DEAR READER,

I welcome you to read Asetek's first remuneration report. The report describes in detail the various components of the remuneration paid to our Board of Directors and the Executive Management. Also, it has references over to the Remuneration Policy, which will be up for voting at the annual general meeting to be held in April.

Debating and evaluating remuneration levels and plans is not a new discipline at Asetek. But it is new to us to report it at this level of detail to a broader stakeholder group. We will be developing both our policy framework and the reporting as we move along. We will be seeking valuable input from our shareholders and advisors and incorporate the feedback into our deliberations.

We see Asetek as a global player, and although we officially became a Mid Cap company on the Oslo Stock Exchange in January 2021, we still consider Asetek a significant, high-growth technology company. In 2020 alone, the revenue grew by 34%. We have two, soon to be three, individual business segments, all with a clear potential for revenue and market share increase.

To realize the growth expectations strong and visionary leadership at both Board and Management levels is needed. One of our essential strengths is that we have the founder of the company still at the helm. His visionary view of the markets and technology is instrumental in developing new products and business segments as well as applying the competencies of the team to a fast-changing reality. I believe having the founder around is of significant value to Asetek's long term success.

To support our growth ambitions and value creation we need a remuneration structure that clearly values top line and business growth as well as operational excellence. And although we do not want to be the leader in executive salaries, we would rather pay a higher price for reaching stretch goals, than risking that we do not meet the goals at all.

This is reflected, primarily, in our long-term incentive plans. We use an option plan, where the recipient is not awarded unless our share price increases. This principle is applied throughout the company, and has had a significant, motivating impact over the years. We believe this is in the best interest of Asetek and its shareholders at this point.

However, we are constantly benchmarking us against the market and we carefully listen to our stakeholders to be able to adapt our policies according to the needs.

Thank you for your interest in Asetek,

Jukka Pertola,

Remuneration Committee Chairman

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 2020.

2020 has been a particularly strong year, with an increase in revenues of 34% to a record $72.8 million and record profits. Several new customers have been added and a majority of the predetermined goals defined by the Board of Directors for Executive Management have been met or exceeded. During the year, Executive Management successfully negotiated the acquisition of two companies that are expected to strengthen Asetek's intellectual property and product offerings.

The compensation paid during the year reflects the positive results and the increased complexity of the company.

The Company has consulted with several major shareholders as well as a leading proxy advisor during the development of its Remuneration Policy. Feedback from these consultations will help form the Remuneration Policy going forward.

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 long-term sustainability. Therefore, members of the Executive Management receive a combination of fixed salary and incentives which promote and support value creation to the company's business on both a short- and a long-term basis as well as the long-term sustainability of the company and to the broader employee group.

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

The underlying principles are described in the Remuneration Policy approved by the Board of Directors and published on the Company's website. An updated version of the Policy has been submitted to the Annual General Meeting for approval at the meeting to be held on April 22, 2021.

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

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

5-YEAR OVERVIEW

	Note	2020	Annual change	2019	Annual change	2018	Annual change	2017	Annual change	2016	Annual change
		kUSD		kUSD		kUSD		kUSD		kUSD	
Board of Directors members:											
Jukka Pertola, chairman	1	**56**	1%	**40**							
Chris J. Christopher, vice chairman	2	**40**	1%	**40**	21%	**33**	0%	**33**	34%	**25**	
Jørgen Smidt	3	**40**	1%	**40**							
Jørgen Smidt	3					**0**	0%	**0**	0%	**0**	
Maria Hjorth	4	**40**	1%	**38**							
Erik Damsgaard	5	**40**	1%	**29**							
Nomination Committee members:											
Ib Sønderby				**5**							
Executive Management members:											
André Sloth Eriksen, CEO	6	**1,283**	9%	**1.174**	18%	**998**	-9%	**1,101**	39%	**790**	
Peter Dam Madsen, CFO	6	**443**	13%	**392**	-12%	**448**	1%	**442**	24%	**355**	
John Hamill, COO	6, 7	**636**	41%	**450**	-22%	**579**	-35%	**891**	96%	**455**	
Parent company results:											
Income before tax		**46**	388%	**-16**	-107%	**238**	-112%	**-1,987**	188%	**-689**	
Comprehensive income		**200**	315%	**-93**	-97%	**-96**	-95%	**-1,781**	158%	**-691**	
Group results:											
Revenue		**72,750**	34%	**54,334**	-19%	**67,314**	16%	**58,194**	14%	**50,921**	
Income before tax		**9,426**	548%	**1,454**	-70%	**4,870**	225%	**1,499**	-70%	**4,992**	
Comprehensive income		**11,587**	1181%	**-1,072**	-131%	**3,503**	-39%	**5,728**	-38%	**9,182**	
Average remuneration on a full time equivalent basis, excluding Executive Management:											
Company employees	8	-		-		-		-		-	
Group employees		**101**	-3%	**104**	-4%	**109**	15%	**94**	13%	**83**	
DKK/USD, Index (2016: 100)		**105**	3%	**101**	-5%	**107**	4%	**103**	3%	**100**	

1. Mr. Pertola joined the board of directors as an independant director on April 10, 2019
2. Mr. Christopher joined the board of directors as an independant director on January 23, 2012
3. Mr. Smidt joined the board on January 30, 2012, and changed status to become an independant board member on January 12, 2019
4. Ms. Hjorth joined the board of directors as an independant director on January 14, 2019
5. Mr. Damsgaard joined the board of directors as an independant director on April 10, 2019
6. The Executive Management group did not receive any increases in base salaries during 2020
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

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 2020 was USD 40,000, which was unchanged compared to 2019. The chairman of the Board of Directors receives USD 55,000.

In addition to the above, Asetek pays for travel and accommodation in connection with the board meetings.

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.

Up until and including 2017, Board members received warrants as a significant component of their compensation. As such, one individual board member still holds warrants.

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

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

	Shares at December 31, 2019	Acquired during the year	Disposed during the year	Shares at December 31, 2020
Jukka Pertola	22,500			22,500
Chris J. Christopher	73,600	3,822	-9,000	77,422
Jørgen Smidt	16,600			16,600
Maria Hjorth		6,357		6,357
Erik Damsgaard	15,660			15,660
Board of Directors	**128,360**	**10,179**	**-9,000**	**138,539**

The following members of the current Board of Directors hold warrants in Asetek A/S

	Expiration ofwarrant/ option	Warrants at December 31, 2019	Acquired during the year	Disposed during the year	Warrants at December 31, 2020
Chris J. Christopher:					
Warrants @NOK10.60 (2015)	Aug '22	15,654			15,654
Warrants @NOK19.50 (2016)	Apr '23	14,757			14,757
Warrants @NOK36.50 (2013)	Oct '20	12,822		-12,822	0
Warrants @NOK40.10 (2014)	Apr '21	11,000			11,000
Warrants @NOK76.25 (2017)	Apr '24	4,400			4,400
Board of Directors		**58,633**	**0**	**12,822**	**45,811**

REMUNERATION OF THE EXECUTIVE MANAGEMENT

Overall remuneration model

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

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

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

Fixed base salary

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

Pension

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

Cash bonus

Cash bonus schemes may consist of an annual bonus, which the individual member of the Executive Management can receive if specific 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 typically 30% of the annual fixed salary, but this target level can vary between 20% to 60% of base 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 2020.

For 2020, 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 2020.

Compliance with policy

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

Text added subsequent to initial publication of report

Long-term share-based schemes

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

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

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

In 2020, Executive Management members were granted options. The total value of the grants was USD 0.4 million. In total in 2020, Asetek granted options representing a value of DKK 0.7 million. The programs related to Executive Management represented 56%.

Remuneration to the Executive Management, 2020

		Base salary	Cash bonus	Pension contribution	Other short term benefits	LTI compensation grants	Total	Fixed vs. variable
André Sloth Eriksen, CEO	**kUSD**	**580**	**353**	**52**	**70**	**228**	**1,283**	55/45
%		45%	28%	4%	5%	18%	100%	
Peter Dam Madsen, CFO	**kUSD**	**288**	**29**	**23**	**31**	**72**	**443**	77/23
%		65%	7%	5%	7%	15%	100%	
John Hamill, COO	**kUSD**	**247**	**294**	**0**	**22**	**72**	**636**	42/58
%		39%	46%	0%	4%	11%	100%	

Executive Management members did not receive any increase in their base salaries during 2020.

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 2020, the companywide goals comprised goals within the areas of revenue and gross margins. For each goal, there were pre-defined targets, and claw-back is possible.

In addition to the companywide goals, the Executive Management members have pre-defined personal strategic and tactical goals as components in their cash bonus model. Specific goals are not disclosed as the Remuneration Committee has assessed that this could harm the company's competitive position.

The paid-out cash bonuses are all within the framework determined by the Remuneration Policy.

	Minimum bonus kUSD	Maximum bonus kUSD	Actual pay-out, of maximum	Actual cash bonus kUSD	Bonus, of total compensation
André Sloth Eriksen, CEO	0	353	100%	353	28%
Peter Dam Madsen, CFO	0	29	100%	29	7%
John Hamill, COO	0	329	89%	294	46%

	André Sloth Eriksen		Peter Dam Madsen		John Hamill	
	Goal fulfillment	Target weight	Goal fulfillment	Target weight	Goal fulfillment	Target weight
Financial goals	Goals are met or exceeded	67%	Goals are met or exceeded	25%	Goals are met or exceeded	67%
Non-financial goals	Goals are met	33%	Goals are met	75%	Goals are partially met *)	33%
Actual pay-out, of maximum	100%		100%		89%	

*) 1 out of 4 non-financial goals not met.

Note added subsequent to initial publication of the report

Long term Incentives

Included in the remuneration to the Executive Management team were the below option grants. The options were all granted on April 21, 2020 at an exercise price of NOK 38.33 each, corresponding to the average of the closing price of the share on the day of the grant and the following business day.

They are vesting over 4 years and have a lifetime of 7 years.

Exercise of the options is contingent upon employment at the time of exercise.

To reduce the dilution of the issued shares, Mr. Eriksen in 2020 agreed with the Board to convert 50% of his contractually entitled options-grant into a cash bonus, thereby giving up any future upside. This conversion was a derogation from the Remuneration Policy, which the Board of Directors deemed to be in the best interest of the Company's long-term interests and those of it's shareholders.

	Options granted	Aggregate value kUSD	Cash pay-out kUSD	LTI, of total compensation
André Sloth Eriksen, CEO	67,950	117	111	18%
Peter Dam Madsen, CFO	42,075	72		17%
John Hamill, COO	42,075	72		11%

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, 2019	Acquired during the year	Disposed during the year	Shares at December 31, 2020
André Sloth Eriksen, CEO	231,411	103,405		334,816
Peter Dam Madsen, CFO	89,381	7,025		96,406
John Hamill, COO	66,900	15,000		81,900
Executive Management	**387,692**	**125,430**	**0**	**513,122**

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

	Expiration of warrant/option	Warrants/Options at December 31, 2019	Acquired during the year	Exercised/ cancelled during the year	Warrants/Options at December 31, 2020
André Sloth Eriksen, CEO:					
Warrants @NOK10.60 (2015)	Aug '22	92,333		92,333	0
Warrants @NOK19.50 (2016)	Apr '23	106,799		106,799	0
Options @NOK 24.70 (2019)	Sep '26	106,200			106,200
Warrants @NOK 36.50 (2013)	Oct '20	101,523		101,523	0
Options @NOK 38.33 (2020)	Apr '27		67,950		67,950
Warrants @NOK 40.10 (2014)	Apr '21	24,750		24,750	0
Options @NOK 46.30 (2018)	Oct '25	52,300			52,300
Warrants @NOK 76.25 (2017)	Apr '24	130,981			130,981
Peter Dam Madsen, CFO:					
Warrants @NOK10.60 (2015)	Aug '22	50,875			50,875
Warrants @NOK19.50 (2016)	Apr '23	49,837			49,837
Options @NOK 24.70 (2019)	Sep '26	61,750			61.,750
Warrants @NOK 36.50 (2013)	Oct '20	37,800		37,800	0
Options @NOK 38.33 (2020)	Apr '27		42,075		42,075
Warrants @NOK 40.10 (2014)	Apr '21	10,313			10,313
Options @NOK 46.30 (2018)	Oct '25	26,500			26,500
Warrants @NOK 76.25 (2017)	Apr '24	44,215			44,215
John Hamill, COO:					
Warrants @NOK10.60 (2015)	Aug '22	61,080			61,080
Warrants @NOK19.50 (2016)	Apr '23	40,117			40,117
Options @NOK 24.70 (2019)	Sep '26	61,750			61,750
Warrants @NOK 36.50 (2013)	Oct '20	32,500		32,500	0
Options @NOK 38.33 (2020)	Apr '27		42,075		42,075
Warrants @NOK 40.10 (2014)	Apr '21	8,621			8,621
Options @NOK 46.30 (2018)	Oct '25	30,200			30,200
Warrants @NOK 76.25 (2017)	Apr '24	40,401			40,401
Warrants @NOK 113 (2017)	Oct '25	59,599			59,599
Executive Management		**1,230,444**	**152,100**	**395,705**	**986,839**

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors has considered and approved the remuneration report for the financial year 2020 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

23 February 2021

REGISTERED MANAGEMENT:

André Sloth Eriksen
Chief Executive Officer

Peter Dam Madsen
Chief Financial Officer

BOARD OF DIRECTORS:

Jukka Pertola, Chairman

Chris J. Christopher, Vice Chairman

Maria Hjorth

Jørgen Smidt

Erik Damsgaard

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