



# **2021 Remuneration Report**

ViroGates A/S

**23 March 2022**

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## **1 Introduction/Statements**

ViroGates A/S, Remuneration Report for the financial year 2021.

This remuneration report (the “Report”) provides an overview of the total remuneration received by each member of the board of directors (“Board”) and of the executive management (“Executive Management”) of ViroGates A/S, CVR no. 25734033, (the “Company”) for the financial year 2021 with comparative figures for the past five financial years. The Executive Management includes the members of the executive management of the Company registered as such with the Danish Business Authority.

The remuneration of the Board and Executive Management during the past financial year has been provided in accordance with the remuneration policy of the Company approved by the annual general meeting on 25 August 2020, which is available on the Company’s website, [www.virogates.com](http://www.virogates.com), (the “Remuneration Policy”). The overall objective of the remuneration is to attract, motivate and retain qualified members of the Board and the Executive Management and to align the interests of the Board and the Executive Management with the interests of the Company and its shareholders. In this context, remuneration should contribute towards promoting the strategy, long-term sustainability and creation of value in the Company by supporting the Company’s long-term and short-term objectives.

The information included in the Report has been derived from the audited annual reports of the Company for the financial years 2017-2021 available on the Company’s website, [www.virogates.com](http://www.virogates.com). All amounts are included in DKK, gross.

The Report has been submitted to the auditor with a view to ensure that information pursuant to section 139 b (3) of the Danish Companies Act appears in the Company’s Report for the financial year 2021.

The Company’s auditor has not found any deficiencies in the information provided in the Report for the financial year 2021.

### **Statement by the board**

The Board has today approved the Company’s Annual Report and Remuneration Report for the financial year 2021.

The Report has been prepared in accordance with section 139 b of the Danish Companies Act and section 4.2.3 in Recommendations on Corporate Governance (“Recommendations”) issued by the Danish Corporate Governance Committee.

In our opinion, the Report provides an overall overview of the remuneration that the individual management members were awarded during or for the benefit of the financial year 2021, and the

Report provides a comprehensive overview of the remuneration that the individual management members received during or for the benefit of the financial year 2021, and the Report explains how the overall remuneration is in accordance with the agreed Remuneration Policy, including how the remuneration contributes towards promoting the business strategy, long-term interests, sustainability and creation of value in the Company by supporting the Company's long-term and short-term objectives.

The Report has been submitted to the auditor with a view to ensure that information pursuant to section 139 b (3) of the Danish Companies Act appears in the Company's Report for the financial year 2021.

The Company's auditor has not found any deficiencies in the information provided in the Report for the financial year 2021.

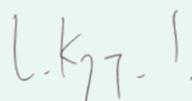
The Report is submitted for an advisory vote at the annual general meeting to be held on 28 April 2022.

Birkerød, 23 March 2022

The Board



Lars Kongsbak  
Chairman of the Board



Lars Krogsgaard  
Board member



Jørgen Thorball  
Board member



Henrik Stender  
Board member

## 2 Overview | Financial performance

The financial results of 2021 are:

- Revenue grew by 43% to TDKK 7,656 (TDKK 5,353 in 2020)
- Net operating expenses of TDKK -24,577 (TDKK -23,898 in 2020)
- Net result of TDKK -17,663 (TDKK -18,736 in 2020)
- Cash and cash equivalents amounted to TDKK 14,859 at year-end (TDKK 33,526 in 2020)

The Executive Management will receive partial short-term incentive remuneration for the year 2021 since the EBITDA target was met, but the revenue target was not met.

Lars Kongsbak, Lars Krogsgaard, Jørgen Thorball, and Henrik Stender were re-elected as board members.

## 3 Remuneration | Board

### 3.1 Fixed annual fee

Members of the Board receive a fixed annual base fee approved by the annual general meeting. This annual base fee shall be in line with market practice of comparable listed companies taking into account the required competencies, effort and scope of work of the members of the Board. The Chairman receives a multiplier of the annual base fee of 2 for the extended duties.

The following fees for the financial year 2021 were approved at the annual general meeting on 27 April 2021:

Board	
Chairman	150,000 DKK (2x base fee)
Member	75,000 DKK (base fee)

Members of the Board may be entitled to additional fees as set out in the Remuneration Policy, including for undertaking specific ad hoc tasks outside the scope of the ordinary tasks of the Board, travel allowance and participation in relevant training.

Name and position	Annual fee	Allowance	Benefits	Ad hoc tasks	Total remuneration
Lars Kongsbak, Chairman	150,000	0	0	0	150,000
Lars Krogsgaard, Board member	75,000	0	0	0	75,000
Jørgen Thorball, Board member	75,000	31,410	0	31,038	137,448

**Table 1 | Remuneration of Board for the financial year 2021 (DKK)**

Name and position	Annual fee	Allowance	Benefits	Ad hoc tasks	Total remuneration	
Henrik Stender, Board member	75,000	0	0	1,600	76,600	
Total	2021	375,000	31,410	0	32,638	439,048
	2020	383,131	58,047	0	72,947	514,125

Henrik Stender received compensation for ad hoc tasks related to regulatory work to comply with the new upcoming European directives. Jørgen Thorball received 1,000 EUR per physical meeting in addition to expenses for traveling to the board meetings.

#### 4 Remuneration | Executive Management

The Board sets and approves the Executive Management's base salary that is based on market practice, the scope and nature of the work, the qualifications required and the performance of each individual executive. In addition, the Company's interest in attracting, motivating and maintaining qualified members of the Executive Management must in general be taken into account.

Members of the Executive Management may also be granted certain non-monetary benefits such as company car as well as other customary non-monetary employee benefits such as insurance, newspaper, telephone and internet access as approved by the Board.

The Board determines the terms governing pension and resignation. The ordinary notice period on the part of the Company cannot exceed 12 months. An executive may terminate his/her employment subject to at least an ordinary notice period of 3 months. The total value of remuneration relating to the notice period, including any severance pay, cannot exceed two years of remuneration, including all remuneration components, of the relevant member of the Executive Management.

The remuneration of the members of the Executive Management is assessed on an annual basis. The remuneration and the remuneration components are set and approved by the Board.

Members of the Executive Management are entitled to an annual remuneration in accordance with the Remuneration Policy, which may consist of the following fixed and variable remuneration components:

- a) fixed base salary,
- b) pension contribution,
- c) short-term incentive remuneration consisting of an annual cash bonus,

- d) long-term incentive remuneration consisting of participation in share option/warrant programs,
- e) termination and severance payments, and
- f) non-monetary employee benefits.

The choice of these components create a well-balanced remuneration package reflecting (i) individual performance and responsibility of the members of the Executive Management in relation to established goals and targets, both in the short and the longer term, and (ii) the Company's overall performance.

The Executive Management's short and long-term incentive schemes are linked directly to the financial targets supporting the Company's strategy. The composition of the remuneration of each individual executive is determined with a view to contribute to the Company's ability to attract and retain competent key employees while, at the same time, ensuring that the Executive Management has an incentive to create added value for the benefit of the Company's shareholders through variable remuneration.

The terms of employment and remuneration for each member of Executive Management are agreed between the individual executive and the Board.

Name and position	Fixed remuneration			Variable remuneration		Extra-ordinary items	Pension contribution	Total remuneration (2021)	Proportion of fixed and variable remuneration (2021)
	Base salary	Other fees	Benefits	Cash bonus <sup>1</sup>	Matching Shares				
Jakob Knudsen, CEO	1,379,400	0	0	137,940	0	0	139,171	1,656,511	83% / 17%
<b>Total 2021</b>	1,379,400	0	0	137,940	0	0	139,171	1,656,511	83% / 17%
<b>Total 2020</b>	1,254,000	0	0	0	0	0	126,458	1,380,458	91% / 9%

#### 4.1 Fixed base salary

The annual fixed base salary is intended to attract and retain competent key employees with a view to contribute to the Company's ability to obtain its short- and long-term targets.

<sup>1</sup> The reported cash bonus payment is based on the 2021 performance to be paid during 2022 as opposed to the previous year's Remuneration Report where bonus was included in the year it was paid.

## 4.2 Pension contribution

Members of the Executive Management are entitled to receive a pension contribution of up to 15 % of the fixed base salary.

## 4.3 Short-term incentive

Members of the Executive Management may receive an annual cash bonus determined at the discretion of the Board. The annual cash bonus is intended to align the individual members' interests with the Company's short-term targets in the Company's strategy and reward satisfactory results in relation to these targets. Payment of the cash bonus thus depends on the achievement of objectives related to the achievement of the Company's budgeted results, financial ratios and other measurable personal results of a financial or non-financial nature all of which reflect and support the Company's short-term objectives.

The size of the bonus may not exceed 30 % of the fixed base salary of the relevant member of the Executive Management.

For the financial year 2021, a total cash bonus of 137,940 DKK will be paid to the Executive Management during 2022, corresponding to 33 % of the maximum pay-out.

**Table 3 | KPI for Cash Bonus to Executive Management 2021**

Name and position	Description of KPI	Relative weighting of KPIs	Actual KPI performance	Achievement of target	Actual award
Jakob Knudsen, CEO	Revenue	50%	7,656 TDKK	Under target	0 DKK
	EBITDA	50%	-18,298 TDKK	On target	137,940 DKK

## 4.4 Long-term incentive

Individual members of the Executive Management may at the discretion of the Board be offered to participate in share option/warrant programs.

Participation in the programs is offered to members of the Executive Management as an element of remuneration in order to ensure that the Executive Management stays focused on value creation and achievement of the Company's long-term objectives.

**Table 4 | Programs of Executive Management**

Name and position	Program	Performance period	Award date	Last vesting date (last expiry date)	Maximum number of warrants	Market value of award at the award date	Number of warrants vested (exercised   expired   outstanding) (30 December 2021)	Market value of outstanding warrants vested (30 December 2021)
Jakob Knudsen, CEO	2015 program	2015-2018	12-08-2015	12-07-2018 (21-08-2023)	54,925	N/A	54,925 (20,852   5,084   28,989)	1,604,230 DKK
	2019 program	2019-2023	18-09-2019	18-09-2023 (18-09-2028)	56,439	0 DKK	26,808 (2,822   0   23,986)	2,567,069 DKK
<b>Total</b>	-	-	-	-	111,364	0 DKK	81,733	4,171,299 DKK

For the financial year 2021, no warrants were allocated to Executive Management. Jacob Knudsen vested 12,699 already allocated warrants during 2021.

#### 4.5 Termination and severance payments

Employment agreements with members of the Executive Management may be ongoing (i.e. without a fixed term) and are subject to a maximum notice of termination of 12 months. The total value of remuneration relating to the notice period, including any severance pay, cannot exceed two years of remuneration, including all remuneration components, of the relevant member of the Executive Management.

#### 4.6 Non-monetary benefits

Members of the Executive Management may be offered non-monetary benefits such as company car as well as other customary non-monetary employee benefits such as insurance, newspaper, telephony and internet access as approved by the Board.

#### 4.7 Claw-back

The Company may decide to reduce or reclaim incentive remuneration in full or in part in cases where a cash bonus or other incentive remuneration is payable or has already been provided to a member of the Executive Management if the basis of data or accounts for such cash bonus or incentive remuneration subsequently prove to have been misstated or if the member of the Executive Management is deemed to have caused a material loss to the Company due to willfull misconduct or gross negligence. In the financial year 2021, no incentive remuneration was reclaimed.

## 5 Remuneration | Comparative overview

The development in the remuneration of the Board and Executive Management over the past five financial years is summarized in the table below.

<b>Table 5   Comparison of remuneration and Company performance over the past five financial years (DKK (%))</b>						
	<b>2021</b>	<b>2021 vs. 2020</b>	<b>2020 vs. 2019</b>	<b>2019 vs. 2018</b>	<b>2018 vs. 2017</b>	<b>2017 vs. 2016</b>
<b>Financial Performance</b>						
Net result before taxes for the Company	-18,964,536	1,017,474 (-5%)	27,120 (0%)	-1,092,665 (6%)	-11,219,097 (146%)	-799,233 (12%)
Net result after taxes for the Company	-17,662,617	1,073,422 (-6%)	60,766 (0%)	-1,810,589 (11%)	-10,999,054 (184%)	-584,263 (11%)
<b>Executive management</b>						
Jakob Knudsen, CEO	1,656,511 <sup>2</sup>	276,053 (20%)	-151,036 (-10%)	-139,525 (-8%)	-85,680 (-5%)	443,559 (34%)
<b>Board</b>						
Lars Kongsbak, Chairman	150,000	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Lars Krogsgaard, Board member	75,000	0 (0%)	0 (0%)	-320,000 (-81%)	320,000 (427%)	0 (0%)
Jørgen Thorball, Board member	137,448	-26,070 (-16%)	41,407 (34%)	27,588 (29%)	n/a	n/a
Henrik Stender, Board member	76,600	700 (1%)	75,900 (-)	n/a	n/a	n/a
<b>Average remuneration of company employees (DKK per FTE)</b>						
Company employees, incl. executive mgn.	815,779	-9,002 (-1%)	-3,524 (0%)	-49,437 (-6%)	212,750 (32%)	n/a
Company employees, excl. executive mgn.	761,718	-4,216 (-1%)	22,997 (3%)	63,979 (9%)	175,993 (35%)	n/a

<sup>2</sup> The reported cash bonus payment is based on the 2021 performance to be paid during 2022 as opposed to the previous year's Remuneration Report where bonus was included in the year it was paid.

## 6 Board's and Executive Management's holding of shares

Amount of shares in the Company owned by members of the Board and Executive Management:

<b>Table 6   Holding of shares</b>								
Name and position	Holding		Changes			Holding		Market value <sup>3</sup> (DKK)
	1 January 2021	Purchased	Vested shares	Exercised options	Sold	30 December 2021	End of year	
<b>Executive Management</b>								
Jakob Knudsen, CEO	9,775	0	0	21,131	27,505	27,505	3,960,720	
<b>Board</b>								
Lars Kongsbak, Chairman	6,968	0	0	0	0	6,968	1,003,392	
Lars Krogsgaard, Board member	325,965	0	0	0	0	325,965	46,938,960	
Jørgen Thorball, Board member	10,204	0	0	5,286	10,204	5,286	761,184	
Henrik Stender, Board member	0	0	0	0	0	0	0	

## 7 Compliance with the Remuneration Policy

The remuneration of the Board and Executive Management for the financial year 2021 is consistent with the framework provided by the Remuneration Policy. There has been no deviation or derogation from the framework provided by the Remuneration Policy.

<sup>3</sup> The market value at the end of the year is based on the official closing price of 144 DKK on 30 December 2021.

## Company Information

### **ViroGates A/S**

Banevænget 13  
DK-3460 Birkerød  
Denmark

CVR No.: 25 73 40 33

Established: 1 November 2000

Registered Office: Rudersdal

Financial Year: 1 January – 31 December

