



agilyx<sup>®</sup>

2022 Remuneration Report

# Introduction

Pursuant to section 16-6a of the Norwegian Public Limited Companies Act (PLCA), the Board of Directors (Board) of Agilyx ASA (Company) is required to prepare a policy with procedures and guidelines for remuneration and other benefits to the Chief Executive Officer and the other members of Agilyx's Executive Management.



## Remuneration

The Remuneration Policy for Agilyx’s Executive and Management members was proposed by the Board of Directors and approved by the Annual General meeting (AGM) in 2022. The approved policy remains valid until the AGM adopts a new policy, until any material changes to the policy occur or until the expiration of the four-year limit as identified in the PLCA, Section 16-6a (5). The Board continues to review the competitiveness of its remuneration and reserves the option to update and modify the Remuneration Policy as needed to remain competitive. The policy guidelines are published on the Agilyx website at Agilyx.com. This Remuneration Report has been set up in compliance with the guidelines approved in 2022, and applicable legislation.

The purpose of the remuneration policy is to provide a strong framework for executive remuneration that contributes to achieve Agilyx ASAs (“Company”) business strategy, long-term interest and ensure the company is run sustainably, for continuous creation of long-term shareholder value. The key elements of the group strategy are long-term growth for the Company, cost performance and sustainability. The policy is in line with recognized principles of corporate governance, and the remuneration principles shall be transparent, understandable, and meet general acceptance internally in the Company, among the Company’s shareholders and with the public. The remuneration principles for variable compensation are linked to the Company goals, and as such supports the Company strategy, long term-interest, and financial sustainability. The aim of the remuneration offered to the Executive Management set out in the Guidelines is to attract executives with the experience and competence required by the Company, retain employees with important expertise and leadership qualities, and motivate the management through incentives to contribute in the long-term to reach the Company’s business goals. The terms aim to be balanced in relation to experience, responsibilities, and performance. The total compensation offered to Executive Management shall be competitive, both nationally and internationally.

The Company’s Executive Management includes:

- the CEO
- Group Management Team
- Senior members of the corporate staff

The policy also applies to Employee members of the Board.

# Remuneration Policy

The Board is responsible for paying remuneration and other benefits in accordance with the Remuneration Policy adopted by the AGM. The Board is directly responsible for the determination of the CEO's salary and other benefits, in accordance with the latest AGM Guidelines. The CEO is, in consultation with the Chair of the Board, responsible for the determination of the salary and other benefits for the Company's other Executive Management, in accordance with the latest AGM Guidelines.

This remuneration policy (the "**Policy**") has been established in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations for remuneration of the Executives and Senior Management of Agilyx ASA ("**Agilyx**" the "**Company**") and its subsidiaries (including on the date of adoption, Agilyx Corporation, Agilyx GmbH, Agilyx ApS, and Agilyx, together with the Company the "**Agilyx Group**"). This Policy was recommended by the Company's Board of Directors ("**Board**") to the General Meeting of the Company ("**General Meeting**") and subsequently approved on May 19, 2022. This Policy is reviewed at least annually as more detailed below and (subject to any changes as part of the annual review) applies for a period of four (4) years.

The Company has to the best of its ability considered salary and employment conditions for Executives and Senior Management of the Company when preparing the Policy, by including information on Executive's and Senior Management's total income, forms of remuneration and other pay components to form the Board's basis for evaluating whether the Company's pay practices, guidelines and limitations set forth in the Policy are adequate and reasonable.

## Overview of Remuneration

This Policy declares that the remuneration of Executives and Senior Management will include fixed salary; (cash) bonuses; allocation of options; pension schemes (where applicable); severance arrangements; and/or benefits and other forms of remuneration, or any other special compensation, in each case in addition to the base salary, as further described below:

**Salary:** The fixed salary determination is based on the competitive market rate of the positions level of responsibility, performance, and contribution to the success of the Agilyx Group over time.

**(Cash) Bonuses:** Bonuses are a form of variable compensation that is discretionary and based on both the Agilyx Group's and the individual's performance, usually during an annual period or for a specific accomplishment. Short-term incentive bonuses are designed to be based on aligned and pre-set goals to



be accomplished during a short-term period (usually annually). Recognition bonuses are provided to recognize key accomplishments supporting the strategic goals of the business. Other bonus incentives may be used to encourage employees as part of the recruitment process and/or as participation, retention or other performance measures that align accomplishments with the goals of the business.

**Allocation of Options:** Agilyx has established the allocation of options for Executives and Senior Management within the organization. These options are considered to provide a long-term incentive to key individuals that focus on and are allocated based on the individuals level of responsibility, performance, and continued contribution to the success of the Agilyx Group over extended time. All options issued by the Company (“**Options**”) are granted under and in accordance with the Agilyx ASA Stock Incentive Plan dated 4 June 2020 (as amended by resolutions of the Board dated on April 22, and May 19, 2021), (the “**Plan**”). The Plan covers certain employees in mostly senior positions and has the following main terms:

Granted Options are generally vested or earned during a period of three (3) to four (4) years according to a pre-determined schedule. 3-year vesting is either 20%, 30% 50% over the 3-year vesting period or 1/3, 1/3, 1/3 over a 3-year vesting period. 4-year vesting is 25%,25%, 25% & 25% over a 4-year period. Vesting requires continued employment or association with the Group. May 19.

Options vested can be exercised at each anniversary year which is each year after the Options are granted and must be exercised at the latest, ten (10) years after the award. The exercise strike price is normally defined by the share closing price at the Oslo Børs at the date when the Options are awarded. The Board is authorized in special cases to waive the requirement for full or partial vesting or determine deviating vesting structures

The Board may consider granting performance-related remuneration in the form of restricted stock units or other similar financial instruments instead of or in addition to share options. Such decision will be made by the Board on a case-by-case basis and will be subject to similar terms as the existing share option program of the Group.

**Pensions:** Where required by law or in compliance with local regulations, pension schemes may be included as part of the remuneration plan.

**Severance Arrangements:** The severance arrangement for Executives or Senior Management shall not exceed a period of six (6) months. The CEO severance arrangement shall not exceed an amount equal to twelve (12) months’ base salary. Executives and Senior Management (including the CEO) shall not be eligible for severance payment in the event that he or she voluntarily terminates employment.

**Benefits and Other Forms of Remuneration:** In addition to fixed and variable pay, there may be opportunities to use benefits, identified items of value or other forms of compensation incentives to align or recognize performance. The total value of these benefits and other forms of remuneration shall be modest and only account for a limited portion of the total remuneration package.

The Company's Compensation Committee ("**Compensation Committee**") oversees the total remuneration of the Agilyx Group's Executives and Senior Management. This oversight ensures that remuneration is structured to attract, engage, and retain high caliber Executives and Senior Management with the skills and experience necessary to sustain the development of the Agilyx Group and support the delivery of the Agilyx Group's strategic priorities while taking due account of the market's best practices.

In addition to the Compensation Committee, the Board reviews the Policy and executive remuneration levels to ensure alignment, effectiveness and manage any potential conflicts of interest that may occur during the setting of business goals and remuneration plans.

### **Remuneration Governance**

The purpose of the Policy is to provide transparent governance regarding the Agilyx Group's remuneration strategy and established to attract and retain Executives and Senior Management necessary to sustain a strong and growing performance-oriented culture, enabling the entire Agilyx Group to accomplish its business strategies, long-term interests, and financial capacity:

- Provide a Safe, Healthy and Ethical Workplace
- Mission-driven Business Development
- State-of-the-Art Technological Innovation
- Engaged Partner and Member Networks
- Strong Financial Performance
- High-performance Operations
- Reliable Shareholder Value

To successfully accomplish these strategies, the Compensation Committee believes that a significant portion of the remuneration package should be linked to both Agilyx Group and individual performance while ensuring that an appropriate balance is struck between fixed and variable pay, short-term variable pay and the delivery of long-term variable rewards in options.

The remuneration design shall align the interests of the Executives and Senior Management with those of the Company's investors by rewarding such aligned performance in meeting the Agilyx Group's business strategy and goals. Remuneration packages will be designed to be competitive to market compensation as compared to similar organizations without a negative perception nor damage to the Agilyx Group's/Company's reputation.

#### **Total Remuneration**

The Compensation Committee recommends the remuneration of the CEO for the Board for approval. Additionally, the Compensation Committee provides the approval for remuneration of the CEO's direct reports based on the recommendation of the CEO and Vice President, Human Resource. Details of compensation are contained in the Company's Annual and Half Year Report and are published in the Company's annual Remuneration Report.

#### **Remuneration Policy Periodic Review**

The Compensation Committee will review this Policy at least annually to ensure that these policies neither encourage nor reward inappropriate operational risk-taking that may be to the detriment of investors' interests and that this Remuneration Policy is, therefore, compatible with the Company's goals and general risk policies. The Compensation Committee recommended the Policy to the Board, who in turn recommended the Policy to the General Meeting. The General Meeting is satisfied that the Policy's structure is appropriate for its purposes.

#### **Consideration of employment conditions elsewhere in the Company**

Whilst the Company does not formally consult with employees on matters of executive remuneration, it does consider the general basic salary increase for the broader employee population when determining the annual salary review for the Executives and Senior Management. The Compensation Committee is also made aware of employment conditions within the Agilyx Group, including a general overview of variable pay plan outcomes. The Board, however, is the decision-making body for the Plan and any other options plans. The Compensation Committee also considers environmental, social and governance issues, and risk when reviewing executive pay structure.

**Consideration of investors' views**

The Compensation Committee considers investor feedback received each year. This feedback is then considered as part of an annual review of this Remuneration Policy.

In addition, the Compensation Committee seeks to proactively engage directly with major investors and their representative bodies and takes their views seriously.



## Financial performance of the Agilyx Group in 2022

The Agilyx financial performance for 2022 is represented in the following financial statements. These financial statements include the Agilyx ASA Parent and Consolidated Income Statement, the Agilyx Parent and Consolidated Balance Sheet, and the Agilyx ASA Parent and Consolidated Statement of Cash Flow.

### Agilyx ASA Parent and Consolidated Income statement

For the Period Ended December 31 (Amounts in USD)

Parent			Group		
2021	2022	Note	2021	2022	
-	-	2	Operating revenue and operating expenses	4,889,227	16,457,319
-	-	3	Revenues	4,825,819	15,884,357
-	-		Cost of revenues		
			<b>Gross margin</b>	<b>63,408</b>	<b>572,962</b>
-	-		Research costs	2,252,214	3,528,553
-	-		Sales and marketing	1,097,922	1,831,796
792,270	1,941,294		General and administrative	13,172,488	17,095,874
<b>792,270</b>	<b>1,941,294</b>	3 & 4	<b>Total operating expenses</b>	<b>16,522,624</b>	<b>22,456,223</b>
<b>(792,270)</b>	<b>(1,941,294)</b>		<b>Operating loss</b>	<b>(16,459,216)</b>	<b>(21,883,261)</b>
			<b>Financial income and financial expenses</b>		
-	-	9	Impairment of investment in associate	(948,272)	(2,539,270)
1,331,559	1,267,458	13	Fair value gain (loss) on financial instruments	1,331,559	1,267,458
-	-		Interest expense	(199,635)	(104,277)
7,354	45,866		Other financial income	799,999	48,749
(23,111)	(159,442)		Other financial expense	(92,158)	(174,053)
<b>1,315,802</b>	<b>1,153,882</b>		<b>Net financial items</b>	<b>891,493</b>	<b>(1,501,393)</b>
<b>523,532</b>	<b>(787,412)</b>		<b>Profit (loss) before tax</b>	<b>(15,567,723)</b>	<b>(23,384,654)</b>
-	-		<b>Income tax expense</b>	-	-
<b>523,532</b>	<b>(787,412)</b>		<b>Profit (loss) for the period</b>	<b>(15,567,723)</b>	<b>(23,384,654)</b>
-	-		<b>Other comprehensive profit (loss) for the period</b>	-	-
<b>523,532</b>	<b>(787,412)</b>		<b>Total comprehensive profit (loss) for the period</b>	<b>(15,567,723)</b>	<b>(23,384,654)</b>
			Loss for the period attributable to:		
			Equity holders of the parent	(14,609,256)	(22,008,657)
			Non-controlling interest	(958,467)	(1,375,997)
				<b>(15,567,723)</b>	<b>(23,384,654)</b>

## Agilyx ASA Parent and Consolidated Balance Sheet

As of December 31 (Amounts in USD)

ASSETS					
Parent				Group	
2021	2022	Note	Non-current assets	2021	2022
-	-	6	Intangible assets	4,398,430	4,002,430
-	-	7	Property, plant and equipment	835,117	1,619,988
-	-	8	Right of use asset	974,460	708,848
31,484,467	52,197,722	16	Shares in subsidiaries	-	-
-	-		Other non-current assets	35,802	89,624
<b>31,484,467</b>	<b>52,197,722</b>		<b>Total non-current assets</b>	<b>6,243,809</b>	<b>6,420,890</b>
			<b>Current assets</b>		
-	-	10	Accounts receivable	1,669,890	2,652,383
-	-		Inventory	157,770	1,687,126
6,939	6,939		Prepaid expenses and other current assets	<b>368,125</b>	<b>367,873</b>
11,307,524	5,007,823		Cash and cash equivalents	19,570,154	13,671,319
<b>11,314,463</b>	<b>5,014,762</b>		<b>Total current assets</b>	<b>21,765,939</b>	<b>18,378,701</b>
<b>42,798,930</b>	<b>57,212,484</b>		<b>TOTAL ASSETS</b>	<b>28,009,748</b>	<b>24,799,591</b>

## Remuneration of the Board of Directors

The Nomination Committee proposes an annual fee for members of the Board of Directors, for approval in the AGM. In 2022 the AGM approved the annual fees from 5/2/21 – 4/30/22. The Annual Board member fee is not linked with any performance indicators. Audit committee members received an additional fee for the audit committee participation. The fees were adjusted as shown in the tables.

<b>Board Comp - 5/1/21 - 4/30/22</b>					
	<b>Annual Fee (Includes Committee</b>		<b>Committee Chair Annual Fee</b>		<b>Totals</b>
Peter Norris	NOK	350,000.00	NOK	100,000.00	<b>NOK 450,000.00</b>
Preben Rasch-Olsen	NOK	200,000.00			<b>NOK 200,000.00</b>
Catherine Keenan	NOK	200,000.00	NOK	37,500.00	<b>NOK 237,500.00</b>
William Caesar	NOK	200,000.00			<b>NOK 200,000.00</b>
Carolyn Clark	NOK	345,000.00			<b>NOK 345,000.00</b>
Ranjeet Bhatia	NOK	200,000.00	NOK	50,000.00	<b>NOK 250,000.00</b>
<b>Total Annual Fees</b>	<b>NOK</b>	<b>1,495,000.00</b>	<b>NOK</b>	<b>187,500.00</b>	<b>NOK 1,682,500.00</b>

## Remuneration of the Board of Directors

As of 4/30/2023, the members of the Board of Directors hold the following number of shares and made such transactions during the period of time from 5/1/22-4/30/23:

<b>Board Comp - 5/1/22 - 4/30/23</b>					
		<b>Annual Base Fee</b>		<b>Committee Chair Annual Fee</b>	<b>Totals</b>
Jan Shecher (Chair)	NOK	350,000.00	NOK	50,000.00	<b>NOK 400,000.00</b>
Peter Norris	NOK	300,000.00			<b>NOK 300,000.00</b>
Catherine Keenan (ESG Chair)	NOK	300,000.00	NOK	50,000.00	<b>NOK 350,000.00</b>
Martha Crawford (Comp Chair)	NOK	300,000.00	NOK	50,000.00	<b>NOK 350,000.00</b>
Carolyn Clark (Audit Chair)	NOK	300,000.00	NOK	50,000.00	<b>NOK 350,000.00</b>
Ranjeet Bhatia	NOK	150,000.00			<b>NOK 150,000.00</b>
Steen Jakobsen	NOK	300,000.00			<b>NOK 300,000.00</b>
Fredrik Sneve - (Nomination)	NOK	80,000.00			<b>NOK 80,000.00</b>
Tor Svelland (Nomination)	NOK	80,000.00			<b>NOK 80,000.00</b>
<b>Total Annual Fees</b>	<b>NOK</b>	<b>2,160,000.00</b>	<b>NOK</b>	<b>200,000.00</b>	<b>NOK 2,360,000.00</b>

## 2022 Remuneration of Executive Management

Agilyx's remuneration scheme is structured and linked with the Company strategy, goals, long-term interest and aim for financial sustainability, as outlined in the Remuneration guideline.

The Company offers remuneration and benefits to the Executive Management consisting of components including fixed salary, annual cash bonus, long-term share option scheme, pension contribution and benefits in kind.

### 2022 Salary

The 2022 salary for executives and management aims to support the Company's ability to attract and retain leaders that will contribute in the long-term to reach the Company's business goals. The salary of each executive and management team member was assessed in consideration of current trends in local labor markets, the results achieved, and individual performance and contributions to the development of the Company. Ongoing continuous improvement in this process will include the development of a market-based compensation evaluation process and a standardized performance management system with the aim to utilize an objective and globally consistent salary benchmark and methodology.

### 2022 Annual bonus

The annual bonus program is based on pre-defined and measurable targets, linked with Agilyx's strategy and goals for long-term growth, cost performance and sustainability. The annual bonus program is cash-based and payment under the bonus program is calculated for each individual based on actual achievement of the set targets. The bonus consists of both company targets and individual targets. In 2022, the group targets were related to earnings, financial performance, individual contributions in meeting company goals and departmental initiative targets as well as an increased focus on environmental, health and safety and continuous improvements in multiple areas. The group targets were partially achieved.

## Remuneration Paid to Executive Management

The below table shows total Executive Management remuneration paid in 2022 including fixed base salary in 2022, other benefits paid in 2022, share-based compensation awarded in 2022.

<b>SENIOR OFFICERS AND MEMBERS OF THE EXECUTIVE BOARD REMUNERATION - 2022</b>				
	<b>Salary</b>	<b>Other benefits</b>	<b>Share-based compensation</b>	<b>Total</b>
Timothy Stedman, Group CEO	433,177	231,410	211,066	875,653
Chris Faulkner, CTO	236,900	58,840	68,314	364,054
Russell Main, CFO	257,500	62,277	38,828	358,605
Mark Barranco, SVP Engineering & Education	262,649	57,328	119,274	439,251
Joe Vaillancourt, Cyclyx CEO	360,500	310,882	-	671,382
Louise Byrant, SVP Investor Relations	55,785	40,400	10,097	106,282
Isabel Charlotte Hacker, General Council	324,883	103,369	124,488	552,740
Carsten Larsen, CCO	268,152	29,497	268,817	566,466
Stephen Hamlet, VP Human Resources	78,269	8,065	11,682	98,016
Kate Ringier, VP Communications & Government Affairs	211,932	56,374	77,703	346,009
				<b>4,378,458</b>



## Stock Option Plan

The 2020 plan became effective as of 4 June 2020. Prior to this date Agilyx Corp had implemented a 2009 Stock Incentive plan.

The 2009 plan was considered null and void after the effective date of the 2020 plan but was replaced with new options in the new plan.

The result was a modification of the options granted to each relevant counterparty which resulted in accelerated vesting. The result was beneficial (i.e., a higher fair value) to the employees since the service conditions were shortened for each counterparty. The total value of the modified grants was \$216,535. Management calculated the total compensation cost for each new tranche and will be recognizing the new compensation cost straight-lined over the new vesting periods. Estimated volatility is calculated based on the historical volatility of similar entities whose share prices are publicly traded. The total number of shares that may be issued under this plan - 15,000,000 shares. If an option expires, terminates, or is cancelled, the unissued shares subject to that option shall again be available under the Plan. The options outstanding have a range of exercise prices from \$0.06 to \$4.68.

The following information is relevant in the determination of the fair value of options granted during the year under the equity share based remuneration schemes operated by the Group.

	All employees		Key management personnel	
	2021	2022	2021	2022
Equity-Settled				
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Share price at grant date (Weighted Average)	\$1.09	\$1.02	\$0.68	\$1.05
Exercise Price (Weighted Average)	\$1.17	\$2.62	\$0.68	\$2.75
Contractual Life (Weighted Average)	7.87	6.12	7.5	6.15
Expected Volatility (Weighted Average)	33%	32%	35%	33%
Expected Dividend Growth Rate	0%	0%	0%	0%
Risk Free Interest Rate (Weighted Average)	1.07%	2.84%	1.03%	2.90%

## STOCK OPTION PLAN

### Stock Option Activity

	Number of shares	Weighted average exercise price	Weighted average contractual term (years)	Aggregate intrinsic value
<b>Balance at January 1, 2021</b>	<b>12,182,400</b>	<b>\$0.75</b>	<b>8.39</b>	<b>50,556,190</b>
Share authorized				
Options granted	1,793,750	\$3.52		
Options exercised	(2,192,946)	\$0.12		8,706,073
Options forfeited/expired	(350,580)	\$ 4.94		
<b>Balance at December 31, 2021</b>	<b>11,432,624</b>	<b>\$1.17</b>	<b>7.81</b>	<b>33,223,561</b>
Share authorized				
Options granted	1,815,000	2.62		
Options exercised	(769,509)	0.28		
Options forfeited/expired	(188,899)	2.30		
<b>Balance at December 31, 2022</b>	<b>12,289,216</b>	<b>\$1.40</b>	<b>7.71</b>	<b>26,343,495</b>
<b>Options vested and expected to vest at December 31, 2022</b>	<b>12,289,216</b>	<b>\$1.40</b>	<b>7.71</b>	<b>26,343,495</b>
<b>Options Exercisable</b>	<b>7,078,142</b>	<b>\$0.83</b>	<b>5.62</b>	<b>18,231,441</b>

## SHARES AND OPTIONS HELD BY THE CEO AND MEMBERS OF THE BOARD OF DIRECTORS

Name	Title	Options and Warrants Granted	Shares Owned	Note
Timothy Stedman	CEO	2,893,900	86,842	1)
Ranjeet Bhatia	GM and board member	-	92,700	2)
Jan Secher	Board member	100,000	-	3)
Steen Jakobsen	Board member	75,000	-	4)
Peter Norris	Board member	100,000	156,645	5)
Martha Crawford	Board member	75,000	-	6)
Carolyn Clarke	Board member	75,000	-	7)
Catherine Keenan	Board member	75,000	-	8)

### Note

1. The CEO has received options to purchase shares as a part of the total compensation package. The exercise price for each share is \$1.06. Additionally, Mr. Stedman has personally acquired 86,842 shares. The options granted expire on August 17, 2030.
2. Mr. Bhatia is a member of the board, represents Saffron Hill Ventures and controls 92,700 shares.
3. Mr. Secher is the chair of the board and was granted 100,000 options with an exercise price of \$2.19.
4. Mr. Jakobsen is a member of the board, represents Saxo Bank and was granted 75,000 options with an exercise price of \$2.19.
5. Mr. Norris is a member of the board, represents Vigin Group Holdings Limited, controls 156,645 shares and was granted 75,000 options with an exercise price of \$2.19 and has 25,000 warrants exercisable as ordinary shares having a calculated fair value of \$2.58 per share.
6. Mrs. Crawford is a member of the board and was granted 75,000 options with an exercise price of \$2.19.
7. Mrs. Clarke is a member of the board and was granted 75,000 options with an exercise price of \$2.19.
8. Mrs. Keenan is a member of the board and was granted 75,000 options with an exercise price of \$2.19.



# Terms for Termination and Deviations from the policy

## Termination terms

The Company has individual agreements on termination payments upon dismissal with the CEO and some members of the Executive Management. As part of the general terms for Termination Payments, the Board may require the individual to immediately step down from the position, and/or assign alternative job content for the duration of the notice period and the Termination Payment period. No Termination payments were applied during 2022.

## Deviations from policy

The Compensation Committee may propose material changes to the remuneration policy with appropriate dialogue with the Board and the Company's major investors (as appropriate and/or legally permissible) in advance. Moreover, this policy can be deviated if required by regulatory requirements, material changes in the Group structure or ownership, if the CEO is to be changed, or if there are situations where the long-term interests or the viability of the Group require it. Any such material changes or deviations shall be approved in advance by the Board and described in the annual remuneration report produced at the end of the year in accordance with the Norwegian Public Limited Companies Act Section 6-16b.

There were no deviations made during 2022.