

Short term incentives

The Company firmly believes that performance-based variable cash salaries for the Senior Executives have a motivational effect and that their implementation is beneficial for the Company and its shareholders in order to reach the Company's business strategy, long-term interests, and sustainable business practices. Roles that have the highest direct impact on the Company's short-term performance, such as the Chief Executive Officer and the Chief Revenue Officer, have a higher share of short-term incentives to their overall compensation than the other Senior Executive roles.

The variable cash salaries are aligned with long-term targets. Pexip has defined a set of long-term targets on Annual Recurring Revenue and profitability, which form the basis for the annual business plan and forms the basis of the variable performance-based salary for Senior Executives as follows:

- Annual Recurring Revenue, where achieving 90~~85~~% of target yields 0% achievement and achieving the annual target yields 100% achievement.
- Development in EBITDA plus capitalized R&D, where 60% of plan yields 0% achievement, and results according to the annual target yields 100% achievement.
- ~~Development in Operating Expenses including capitalized R&D, where spend of 130% of plan yields 0% achievement, and spending according to the annual target yields 100% achievement.~~

For both elements, under- and over-performance are rewarded on a linear scale. The plan is capped upwards at 200% of the plan.

The Board can adjust targets during the year as well as introduce additional KPIs should it deem it necessary due to changes in market conditions or company performance.

The Company may demand variable cash salary refunded to the same extent it may demand fixed cash salary refunded following the expiry of the employment, typically in the event of erroneous payments or breach of contractual obligations.

Long term shared based incentives

The purpose of the long-term share-based incentives (SBI) is to support the alignment between the executive management and shareholder interest and ensure the retention of key talent in Pexip.

The SBI has two parts;

- Part one of the SBI provides a cash amount to eligible executives, who must invest the net amount after tax in Pexip shares within one month after the grant and retain the shares for a minimum of 3 years. After the lock-up, executives are free to keep or sell the shares at their discretion. The conditions for the cash amount are equal to the variable performance-based salary.
- Part two of the SBI is based on share options. The share options will have a strike equal to the volume-weighted average of the past seven days before the award. ~~The share options were granted in May 2022 and shall vest on 31 December 2024, with a two-year exercise period following vesting.~~ Vesting is contingent on continued employment in the Company per December 31, 2024. In case of a change of control event in the Company, the Company has the right but not the obligation to trigger immediate vesting and exercise upon the event. In the case of extraordinary share price development, there is a

break of 50%. The total amount of outstanding share options and RSUs for the company shall not exceed the sum of shares held by the company and the maximum board authorization to issue shares for employee incentive agreements, regardless of vesting year. After vesting, the share options may be exercised before December 31, 2026.

The SBI were granted in May 2022, following the approval of the Remuneration Guidelines.