

MATAS A/S

Remuneration Report
2020/21

1 April 2020 - 31 Marts 2021

matas

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To our shareholders

Acting on the recommendation of the Remuneration Committee, the Board of Directors is responsible for ensuring an appropriate remuneration structure for the Board of Directors and the Executive Management. The Remuneration Committee prepared its first remuneration policy in 2013 and has since updated it annually to ensure that remuneration is consistent with market standards and regulatory requirements.

The current remuneration policy, adopted by the Company's shareholders at the annual general meeting held on 30 June 2020, is available at investor.matas.dk/governance.cfm.

At the Company's annual general meeting to be held on 28 June 2021, the Board of Directors will present an updated remuneration policy for approval by the shareholders. In several important respects, the remuneration policy has been updated, specified and clarified compared with the 2020 remuneration policy on the basis of, inter alia, dialogue with investors. In 2020/21, the administration of the remuneration policy was unchanged from previous years.

The remuneration policy supports the goal of attracting, motivating and retaining qualified members of the Board of Directors and the Executive Management. The remuneration is designed so as to align the interests of Management and the Company's shareholders and thus to support the achievement of Matas' short-term and long-term strategic goals and to stimulate value creation. The remuneration must also ensure Matas' ability to attract, motivate and retain competent managers, which is critical to the execution of the Company's strategy. The remuneration of other members of Matas' executive team is based on the same principles designed to attract, motivate and retain skilled employees and ensure a strong focus on value creation and strategic progress.

Lars Vinge Frederiksen

Chairman of the Board of Directors and Chairman of the Remuneration Committee

Matas' remuneration policy

As regards the Board of Directors, the remuneration policy allows the provision of a fixed annual fee, while variable or incentive-based remuneration is not permitted.

As regards the Executive Management, the remuneration policy allows the provision of both a fixed base salary and variable remuneration.

The fixed base salary paid to the members of the Executive Management consists of

- a fixed salary
- a pension contribution
- other employee benefits

The variable remuneration paid to the members of the Executive Management consists of

- a short-term incentive programme (STIP) in the form of an annual cash bonus
- a long-term (3-year) incentive programme (LTIP) in the form of performance share units (PSU)

Under the remuneration policy, STIP and LTIP may each amount to up to 100% of the fixed base salary at the date of grant.

The LTIP programme includes both a retention element and a performance element as described in further detail below.

The variable remuneration helps to align the interests of shareholders and the Executive Management. It is intended to reward individual effort and performance and ensure that the aggregate remuneration paid to each member of the Executive Management is in line with market practice of comparable companies. In exceptional cases, the remuneration policy allows for the granting of a cash bonus of up to 150% of each member's annual fixed salary. The long-term incentive programme also contributes to retaining the members of the Executive Management.

To be eligible to participate in LTIP, a member of the Executive Management must acquire shares in the Company for an amount corresponding to up to 50% of his or her fixed base salary.

Matas A/S may terminate an employment relationship with a member of the Executive Management by giving up to 24 months' notice. A member of the Executive Management may terminate the employment relationship by giving at least four months' notice. Termination benefits cannot exceed the aggregate compensation paid to the member of the Executive Management during the last 24 months.

Remuneration of the Board of Directors

Fees paid to members of the Board of Directors

The fee payable to the members of the Board of Directors in the next financial year is approved at the annual general meeting.

The fee payable to board members for financial year 2020/21, as approved by the shareholders in general meeting, is DKK 300,000 per member (2019/20: DKK 300,000). The Chairman receives 2.5 times the annual fee and the Deputy Chairman receives 1.5 times the fee. The chairman of the Audit Committee receives 1.25 times the fee. No separate remuneration is paid for work on the Nomination Committee and the Remuneration Committee. No separate remuneration is paid for board meetings held in another country than the board member's country of residence, but travel expenses are reimbursed.

Total remuneration of the Board of Directors, 2017/18 – 2020/21

The fee paid to board members has not changed since Matas was listed on Nasdaq in June 2013 and may be specified as follows:

(DKK'000)	Board remuneration	Audit Committee	2020/21 Total	2019/20 Total	2018/19 Total	2017/18 Total
Lars Vinge Frederiksen	750	-	750	750	750	750
Lars Frederiksen	450	-	450	450	450	450
Henrik Taudorf Lorensen	225	-	225	-	-	-
Signe Trock Hilstrøm	300	-	300	300	300	225
Mette Maix	300	-	300	300	300	225
Birgitte Nielsen	300	75	375	375	375	375
Christian Mariager**	75	-	75	300	300	300
Ingrid Jonasson Blank*	-	-	-	-	-	75
Total remuneration of the Board of Directors	2,400	75	2,475	2,475	2,475	2,400

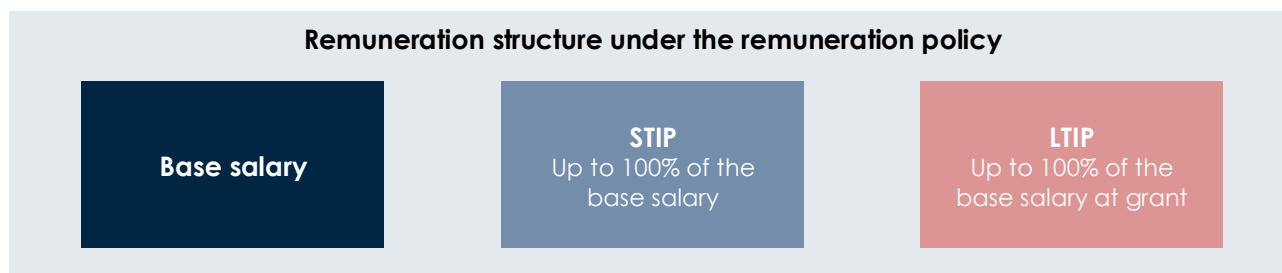
* Resigned on 30 June 2017. ** Resigned on 30 June 2020.

Remuneration of the Executive Management

Components of the remuneration of the Executive Management

The Board of Directors wishes to offer members of the Executive Management a remuneration package which is competitive, promotes short-term and long-term value creation and ensures consistency between the Company's financial performance and the remuneration of the Executive Management. The fixed base salary is the key component of the remuneration package. The short-term incentive programme (STIP) rewards short-term results, typically based on the profit for the year, while the long-term incentive programme (LTIP), which covers a period of three years, rewards long-term value creation.

The Board of Directors finds it important that a significant part of the remuneration package consists of variable components so as to ensure consistency between the Company's performance and the remuneration of the members of the Executive Management.



Base salary of members of the Executive Management

The fixed base salary of the members of the Executive Management consists of a salary, pension contributions and other employee benefits. The pension contribution amounts to 10% of the fixed salary, and other employee benefits comprise a company car, phone, internet and newspaper subscriptions as well as health and accident insurance. The cars made available to members of the Executive Management are leased, and the annual lease payment per vehicle may not exceed DKK 240,000.

The base salary of members of the Executive Management was not adjusted in 2020/21 due to the uncertainty caused by the Covid-19 pandemic.

Short-term incentive programme (STIP) for the Executive Management

Through his or her participation in the short-term incentive programme (STIP), each member of the Executive Management may qualify for a short-term cash bonus if certain annual targets defined by the Board of Directors and supporting the long-term execution of the 'Renewing Matas' strategy are met. Under the remuneration policy, the total STIP bonus may amount to up to 100% (2019/20: 100%) of each member's fixed base salary exclusive of pension contributions at the date of grant, and the targets to be met to qualify for the bonus are related to the Company's financial performance and the achievement of specific personal goals. To be eligible for STIP bonus, certain minimum targets must be met, and bonus is paid once a year in proportion to the targets achieved.

Long-term incentive programme (LTIP) for the Executive Management

The members of the Executive Management also participate in a long-term incentive programme (LTIP), under which they may qualify for a share-based bonus if targets directly related to the execution of the 'Renewing Matas' strategy are met. Under the remuneration policy, each member of the Executive Management may qualify for Performance Share Units (PSUs) of an amount not to exceed 100% (2019/20: 100%) of the fixed base salary exclusive of pension contributions at the date of grant. The PSUs are granted as a percentage of the fixed salary at a value corresponding to the share price at the date of grant. The PSUs vest after three years, and the number of vested PSUs depends on the degree of achievement of two strategic goals related to total revenue and total earnings (EBITDA before special items) in the 3-year period. The long-term incentive programme is described in detail below.

To be eligible for PSUs, a member of the Executive Management must acquire Matas shares for an amount corresponding to at least 50% of his or her fixed base salary. New members of the Executive Management may accumulate such shareholding during the first four years of serving on the Executive Management.

Granting of variable remuneration

As regards the short-term incentive programme (STIP), the performance targets to be met by the CEO are defined by the Board of Directors, while the performance targets to be met by the other members of the Executive Management (currently the CFO) are defined by the Board of Directors and the CEO. The performance targets to be met by the rest of the executive team are defined by the Executive Management. The STIP performance targets for the next financial year are set annually in connection with the budget process.

Incentive-based remuneration may be clawed back if payment of the variable pay component is based on information which subsequently proves to be incorrect.

In addition to the variable remuneration that may be granted to the Executive Management, see above, variable remuneration may also be granted to the rest of the executive team, which at 31 March 2021 consisted of the group of other Matas executives, comprising four people (seven including resigned employees), and the management of Firtal Group, comprising three people.

Granting of STIP for 2020/21 to Matas' management

For financial year 2020/21, a short-term bonus programme (STIP) based on the achievement of defined financial performance targets, including EBITDA before special items, revenue (like-for-like) and inventory value for financial year 2020/21, and a number of discretionary targets has been agreed for the Executive Management and the rest of the executive team. The 2020/21 STIP potential has been set at up to 70% of the base salary.

The objective criteria have all been met, while the discretionary criteria have for the most part been met.

Based on the results achieved, short-term bonus payments for the Executive Management for financial year 2020/21 will total DKK 4.7 million, corresponding to 99% of the maximum short-term bonus (2019/20: DKK 4.1 million and 87% of the maximum short-term bonus), which amount will be paid out upon approval at the annual general meeting of Matas' annual report for 2020/21 and will therefore be included in the financial statements for 2021/22.

Total short-term bonus payments for the rest of the executive team for financial year 2020/21 will amount to approximately DKK 2.7 million (2019/20: DKK 3.3 million). Bonus is calculated and paid out according to the same principles as those applying to the Executive Management.

Granting of LTIP for 2020/21 to Matas' management

As described above, Matas has offered share-based incentive programmes in the form of Performance Share Units (PSUs) to the Executive Management and the rest of the executive team since 2016/17.

PSUs for 2020/21 are calculated and granted according to the following general principles:

- The term of a PSU is three years, after which it vests. The expiry date is thus three years after the date of grant.
- The number of conditional PSUs granted in a given year has been fixed at a value corresponding to 75% of the participant's fixed base salary exclusive of pension contributions at the date of grant.
- The number of PSUs granted is fixed on the basis of the share price at the date of grant.
- The financial performance targets associated with the granting of PSUs are determined once each year at the date of grant based on the budget, as approved by the Board of Directors, for the following financial year.
- Incentive-based remuneration may be clawed back if payment of the variable pay component is based on information which subsequently proves to be incorrect.
- Usual good and bad leaver rules apply.

The current programmes stipulate the following conditions for the vesting of conditional PSUs (to be converted into final PSUs):

- Depending on the achievement of two KPIs, which are each weighted 50%, one based on the EBITDA before special items performance and one on the revenue performance in the period up to and including the third financial year after grant, the number of final PSUs granted may at vesting vary by between 75% and 150% of the number originally granted.
- The PSUs are granted free of charge, and provided that the PSUs vest and do not lapse, each PSU entitles the holder to receive one Matas share at the time of vesting.
 - Provided that the above-mentioned KPIs are met, the PSUs granted will vest after publication of the annual report for the third year after grant.
 - As described above, to participate in the programme, participants must over a four-year period acquire shares in Matas corresponding to a pre-defined share of their gross salary (shareholding obligation).

In addition to the Executive Management, PSUs were granted to the rest of Matas' executive team and to the management of Firtal Group in September 2020.

Vesting of LTIP granted in 2017/18

The long-term incentive programme granted in September 2017 vested on 10 June 2020.

Pursuant to the Remuneration Policy, a total of 76,439 PSUs related to the Company's long-term incentive programme (LTIP) for 2017/18 vested. The PSUs vested in the form of 31,601 shares (value DKK 1.9 million) being granted to CEO Gregers Wedell-Wedellsborg, 14,810 shares (value DKK 0.9 million) being granted to CFO Anders

Skole-Sørensen and 30,028 shares (value DKK 1.8 million) being granted to the rest of the executive team, including resigned managers.

The PSUs were granted free of charge to vest in the form of shares in Matas.

PSUs vested at 75% of the original grant, which means that a total of 25,476 PSUs were cancelled. The PSUs vested represent a total value of DKK 4.7 million based on the closing price at 9 June 2020 of DKK 60.9 per share.

Value of non-vested Performance Share Units (LTIP)

There are currently three ongoing LTIP programmes, initiated in 2018/19, 2019/20 and 2020/21.

The 2018/19 programme was granted in 2018 to vest in May 2021. The programme is partially settled in cash. Depending on the achievement of EBITDA before special items and revenue targets for financial years 2018/19, 2019/20 and 2020/21, the number of final PSUs granted may at vesting vary by between 75% and 150% of the number originally granted. The 2019/20 and 2020/21 programmes will vest in 2022 and 2023, respectively, based on the performance in the three preceding financial years.

The maximum number of PSUs and their value at vesting (150% of the number originally granted) at the time of vesting are shown below. The value is based on the closing price at 31 March 2021 (DKK 83.10).

LTIP programmes	Programme 2020/21	Programme 2019/20	Programme 2018/19
Number of participants			
Executive Management	2	2	2
Other	8	10	9
Total	10	12	11
Number of PSUs granted			
Gregers Wedell-Wedellsborg ¹⁾	47,518	61,365	57,561
Anders Skole-Sørensen	25,007	32,294	30,292
Executive Management, total	72,525	93,659	87,853
Other executives	56,831	88,924	60,512
Total	129,356	182,583	148,365
Executive Management's proportion	56%	51%	59%
Maximum market value at 31 March 2021 (DKKm) ¹⁾			
Gregers Wedell-Wedellsborg ²⁾	5.9	7.6	7.2
Anders Skole-Sørensen	3.1	4.0	3.8
Executive Management, total	9.0	11.7	11.0
Other executives	7.1	11.1	7.5
Total	16.1	22.8	18.5
Executive Management's proportion	56%	51%	59%
Minimal market value at 31 March 2021 (DKKm) ³⁾			
Gregers Wedell-Wedellsborg ²⁾	3.0	3.8	3.6
Anders Skole-Sørensen	1.6	2.0	1.9
Executive Management, total	4.6	5.8	5.5
Other executives	3.5	5.5	3.8
Total	7.1	11.4	9.2
Executive Management's proportion	56%	51%	59%

¹⁾ Calculated as the number of PSUs granted x 150% (maximum number at vesting) x Matas closing price at 31 March 2021 (DKK 83.10). ²⁾ Appointed on 1/11 2017. ³⁾ Calculated as the number of PSUs granted x 75% (minimum number at vesting) x Matas closing price at 31 March 2021 (DKK 83.10).

Total remuneration of the Executive Management, 2018/19 – 2020/21

The total remuneration paid to the Executive Management for financial year 2020/21 was DKK 16.1 million, of which variable remuneration accounted for 49%.

(DKKm)	Fixed salary incl. benefits	Pension contribu- tions	Cash bonus ¹⁾	Total	PSUs ²⁾	Total, including PSUs	Variable share
2020/21							
Gregers Wedell-Wedellsborg	4.9	0.5	2.8	8.1	2.5	10.6	5.3
Anders Skole-Sørensen	2.7	0.2	1.3	4.2	1.3	5.5	2.6
Executive Management, total	7.5	0.7	4.1	12.3	3.7	16.1	7.8
2019/20							
Gregers Wedell-Wedellsborg	4.9	0.5	3.0	8.3	2.4	10.7	5.4
Anders Skole-Sørensen	2.7	0.2	1.3	4.2	1.3	5.5	2.6
Executive Management, total	7.6	0.7	4.3	12.6	3.6	16.2	8.0
2018/19							
Gregers Wedell-Wedellsborg ³⁾	4.8	0.5	1.1	6.3	2.6	8.9	3.7
Anders Skole-Sørensen	2.6	0.2	0.3	3.2	1.4	4.6	1.7
Executive Management, total	7.4	0.7	1.4	9.5	4.0	13.5	5.4
Total							

¹⁾ Paid in the year. ²⁾ Granted in the year (75%). ³⁾ Appointed on 1/11 2017.

Value of actual total remuneration paid to the Executive Management in 2020/21

The total remuneration paid to the Executive Management, comprising the actual remuneration paid in 2020/21 and the value of the remuneration at minimum and maximum achievement of STIP and LTIP for 2020/21, is shown below.

The actual remuneration is calculated as the fixed base salary plus STIP granted for 2020/21 (to be paid out in 2021/22) and the value of PSUs granted in financial year 2020/21 based on the share price at the end of the financial year (DKK 83.10).

The value of the remuneration at maximum and minimum achievement, respectively, is calculated as the fixed base salary plus 100% or 0% STIP achievement plus the value of PSUs granted at vesting in 2023 of either 150% (maximum) or 75% (minimum) of the value granted based on the share price at the end of the financial year (DKK 83.10).

(DKKm)	Actual remuneration paid in 2020/21	Value of remuneration at maximum achievement	Remuneration at minimum achievement
Gregers Wedell-Wedellsborg			
Base salary, inclusive of pension contributions and benefits	5.3	5.3	5.3
Cash bonus (STIP) ¹⁾	3.2	3.2	0.0
Value of PSUs granted (LTIP) ²⁾	3.9	5.9	3.0
Total	12.4	14.5	8.3
Anders Skole-Sørensen			
Base salary, inclusive of pension contributions and benefits	2.9	2.9	2.9
Cash bonus (STIP) ¹⁾	1.5	1.5	0.0
Value of PSUs granted (LTIP) ²⁾	2.1	3.1	1.6
Total	6.5	7.5	4.5
Executive Management, total	18.9	22.0	12.8

¹⁾ Granted in 2020/21, to be paid out in 2021/22. ²⁾ Granted in 2020/21, vesting in 2023.

The distribution between fixed and variable remuneration for the Executive Management is shown below.

(%)	Fixed remuneration	Cash bonus ¹⁾	PSUs ²⁾	Total remuneration
2020/21				
Gregers Wedell-Wedellsborg	50%	27%	23%	100%
Anders Skole-Sørensen	53%	23%	24%	100%
Executive Management, total	51%	26%	23%	100%
2019/20				
Gregers Wedell-Wedellsborg	50%	28%	22%	100%
Anders Skole-Sørensen	53%	24%	23%	100%
Executive Management, total	51%	27%	22%	100%
2018/19				
Gregers Wedell-Wedellsborg ³⁾	59%	12%	29%	100%
Anders Skole-Sørensen	63%	7%	30%	100%
Executive Management, total	60%	10%	30%	100%

¹⁾ STIP paid in the year. ²⁾ LTIP granted in the year (75%). ³⁾ Appointed on 1/11 2017.

Changes in the total remuneration of the Executive Management in the past four years are shown below.

(DKKm)	2020/21	2019/20	2018/19	2017/18
Gregers Wedell-Wedellsborg ¹⁾	(0.2)	2.0	n.a.	n.a.
Terje List	-	-	-	n.a.
Anders Skole-Sørensen	(0.1)	1.0	(0.3)	(0.5)
Executive Management, total	(0.3)	3.0	n.a.	n.a.

¹⁾ Appointed on 1/11 2017.

The granting of STIP and LTIP primarily depends on the achievement of two KPIs, the EBITDA before special items performance and the revenue performance. Changes in these KPIs in the past four years are shown below.

(%)	2020/21	2019/20	2018/19	2017/18
Revenue	12.9%	4.2%	2.2%	(1.3)%
EBITDA before special items	13.9%	(5.5)%	(1.1)%	(10.6)%

It is noted that the financial performance for 2019/20 was adversely impacted by the Covid-19 pandemic, while the pandemic had a favourable effect on the 2020/21 financial performance.

Remuneration of the Executive Management relative to the average salary in Matas Operations

The average salary of a FTE of Matas Operations (HQ) in financial year 2020/21 was DKK 0.6 million. Accordingly, the ratio of the remuneration paid to Matas' CEO and the average salary of a Matas Operations employee was 18 for financial year 2020/21.

(DKKm)	2020/21	2019/20	2018/19	2017/18
Average salary of an employee of Matas Operations	0.6	0.6	0.6	0.5
Ratio of remuneration of CEO to average salary	18	18	13	17

Shareholdings

Shareholdings of the Board of Directors

Shareholdings of the Board of Directors in Matas A/S and changes in shareholdings in 2020/21:

	Shareholding at 1 April 2020 No.	Purchase/sale in the period No.	Shareholding at 31 March 2021 No.	Market value at 31 March 2021 (DKKm)
Board of Directors				
Lars Vinge Frederiksen, Chairman	19,095	0	19,095	1.6
Lars Frederiksen	8,269	0	8,269	0.7
Birgitte Nielsen	3,439	0	3,439	0.3
Henrik Taudorf Lorensen	0	2,000	2,000	0.2
Signe Trock Hilstrøm	0	400	400	0.0
Mette Maix	1,700	0	1,700	0.1

Shareholdings of the Executive Management

Shareholdings of the Executive Management in Matas A/S and changes in shareholdings in 2020/21:

	Shareholding at 1 April 2020 No.	Purchase/sale in the period No.	Shareholding at 31 March 2021 No.	Market value at 31 March 2021 (DKKm)
Executive Management				
Gregers Wedell-Wedellsborg	16,641	31,601	48,242	4.0
Anders Skole-Sørensen	101,126	14,810	115,936	9.6

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