

Water made by Nature

REMUNERATION REPORT 2021

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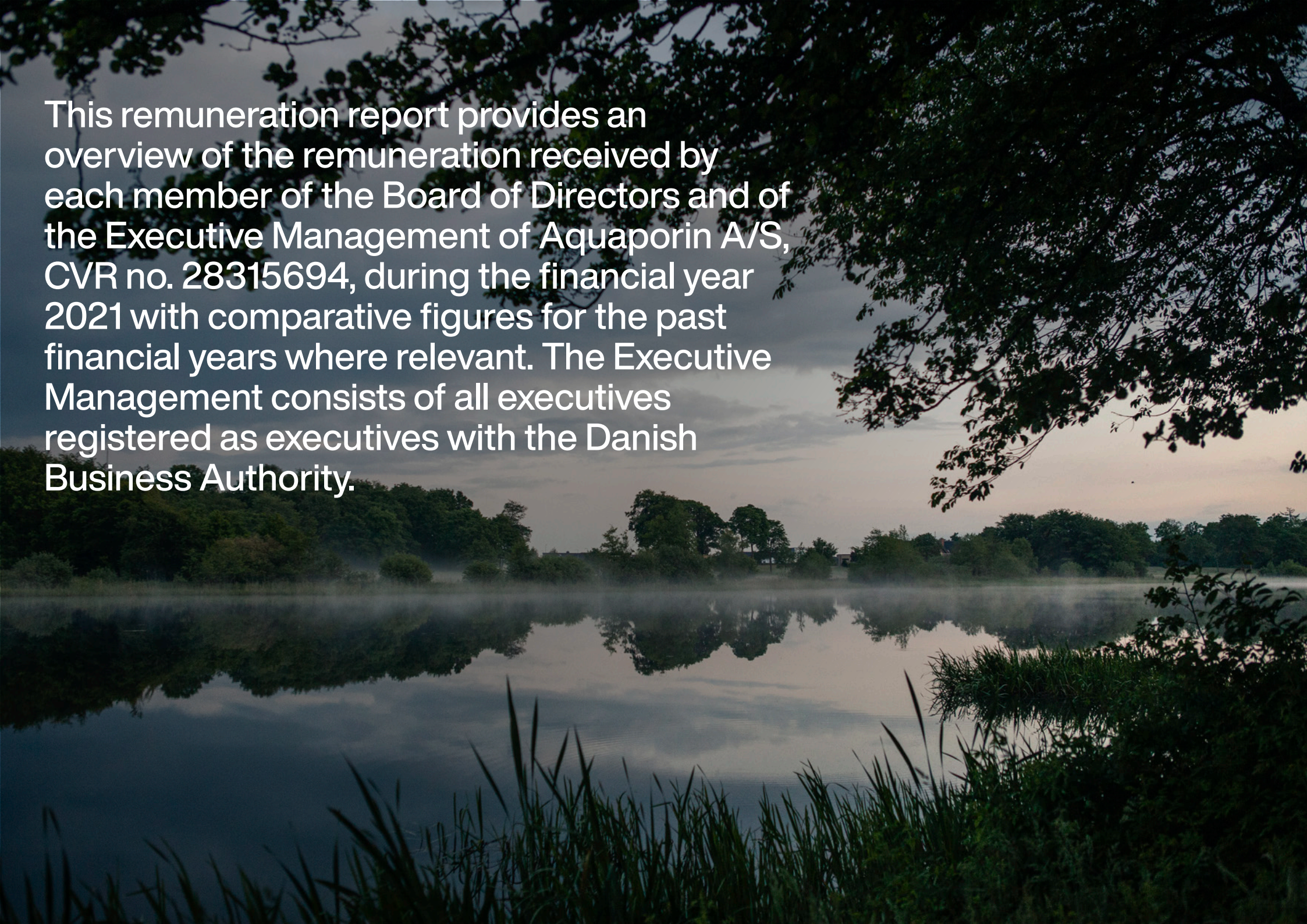
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01

Introduction

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This remuneration report provides an overview of the remuneration received by each member of the Board of Directors and of the Executive Management of Aquaporin A/S, CVR no. 28315694, during the financial year 2021 with comparative figures for the past financial years where relevant. The Executive Management consists of all executives registered as executives with the Danish Business Authority.



1.0 Introduction

1.1 Remuneration policy

The report has been prepared in accordance with section 139(b) of the Danish Companies Act and the European Commission Guidelines on the standardized presentation of the remuneration report under the Shareholders Rights Directive 2007/36/EC, as amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement.

The overall objective of the Remuneration to the Board of Directors and Executive Management is to attract, motivate and retain qualified members to management as the Company's future development and success is dependent on management performance.

The size and composition of remuneration to members of the Executive Management is determined with a view to promote the strategy and value creation of the Company by supporting both the short and long-term strategic goals. The Remuneration Policy seeks to do so by providing a combination of fixed and variable remuneration which may be subject to achievement of certain predefined targets.

There has been no deviation from the Remuneration Policy in the 2021 remuneration of the Board of Directors and Executive Management.

1.2 Overall company performance 2021

2021 was a year defined by Aquaporin's listing on Nasdaq Copenhagen A/S. In connection with the completion and settlement of the Offering, the capital increased by nominally DKK 1,445,087, consisting of 1,445,087 shares of a nominal value of DKK 1 each. This capital increase enables Aquaporin to expand the commercial activities and grow the company.

Business performance for short term and long-term incentive was aligned with the overall expectations for the year and external guidance related to revenue and EBITDA. The performance on revenue was below target and performance on EBITDA on target.

The remuneration of the Executive Management is in compliance with the Remuneration Policy, and the earning of cash bonus and the granted share-based remuneration have been factually based on the realization of the agreed targets (KPIs).





02

Remuneration of the Board of Directors

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2.0 Remuneration of the Board of Directors

2.1 Board of Directors

During 2021, Lei Zhang, Michael Frank and Cai Jianwen resigned from the Board of Directors. Anupam Bhargava and Jianlong Zhuang were elected as new board members.

As per December 31st, 2021, the Board of Directors consists of:

- Niels Heering, Chair
- Søren Bjørn Hansen, Vice Chair
- Anne Broeng, board member
- Lars Hansen, board member
- Weiming Jiang, board member
- Anupam Bhargava, board member
- Jens Denkov, board member
- Jianlong Zhuang, board member

2.2 Remuneration

The Board of Directors' fee is set at a market-conformant level that reflects the competencies and efforts required given the complexity of the Aquaporin Group and the number of Board meetings. Listed mid-cap companies are used as peers.

The remuneration comprises a fixed fee and is not incentive-based. This ensures that the Board of Directors safeguard the company's long-term interests without taking into consideration what this may mean in terms of the value of incentive-based remuneration.

The Company's general meeting in 2021 approved a resolution that, subject to completion of the Offering, the members of the Board of Directors for the financial year 2021 will receive a fixed annual base fee of DKK 250,000 while the Chair receives three times the fixed annual base fee and the Deputy Chair receives two times the fixed annual base fee for their extended duties. Each fee is calculated on a pro rata basis for the remainder of 2021 with effect from the date of admission to trading on Nasdaq Copenhagen being 28 June 2021 (the "Admission").

Members of the Audit Committee will receive a supplementary annual fee of DKK 50,000 and the Chair of the Audit Committee will receive a supplementary annual fee of DKK 100,000. Members of other committees will receive a supplementary annual fee of DKK 25,000 and the Chair of other committees will receive a supplementary annual fee of DKK 50,000.

In respect of the financial year 2020, the board members each received DKK 100,000 in total annual fees from the Group with two times the base fee for the Deputy Chairman and three times the base fee for the Chairman, which however does not include remuneration to the representatives of the Major Shareholders represented on the Board of Directors in this period who waived their board fees for this period. For the financial year 2020, the total amount paid to the Board of Directors amounted to DKK 480,000, as certain members of the Board of Directors waived their fee.

Fixed annual board fees after Admission (DKK 1,000)

Position	Board	Audit Committee	Nomination Committee	Remuneration Committee
Chair	750	100	50	50
Deputy Chair	500			
Member	250	50	25	25



For 2021, the fees have been calculated on a pro rata basis with effect from the date of Admission 28 June 2021. As for 2020, representatives of the Major Shareholders represented on the Board of Directors waived their board fees for the time period before the Admission.

Remuneration of Board Members

(DKK 1,000)

Name & Position Committee Memberships	Joined/ Resigned	Annual Fee 2021	Committee Fee 2021	2021 Total	2020 Total
Niels Heering, Chair Audit (m), Nomination (c), Remuneration (c)	2015	525	75	600	180
Søren Bjørn Hansen, Deputy Chair Audit (m), Nomination (m), Remuneration (m)	2007	250	50	300	-
Anne Broeng Audit (c)	2018	175	50	225	100
Lars Hansen Nomination (m), Remuneration (m)	2015	175	25	200	100
Weiming Jiang	2018	175		175	100
Anupam Bhargava	2021	42		42	-
Jianlong Zhuang	2021	42		42	-
Jens Denkov	2019	125		125	-
Cai Jianwen	2014/2021	83		83	-
Michael Frank*	2007/2021			-	-
Lei Zhang*	2014/2021			-	-
Total		1,592	200	1,792	480

* Did not receive remuneration in 2021 or 2020.



2.3 Shareholdings of the Board of Directors

As of 31 December 2021 the Board of Directors held shares in Aquaporin A/S as shown.

The Board of Directors has a lock-up period of 12 months from the date of the closing of the offering 28 June 2021.

There are no shareholding requirements for members of the Board of Directors.

Board Member shareholdings

Name	Beginning of year	Bought during the year	Sold during the year	End of year	Market value on 31 Dec 2021 (DKK 1,000)
Niels Heering	8,343	2,890	-	11,233	1,247
Søren Bjørn Hansen	8,343	5,657	-	14,000	1,554
Anne Broeng	6,335	1,156	-	7,491	832
Lars Hansen	10,001	15,000	16,000*	9,001	999
Weiming Jiang	3,167	-	-	3,167	352
Anupam Bhargava	-	-	-	-	-
Jianlong Zhuang	-	-	-	-	-
Jens Denkov	-	-	-	-	-
Cai Jianwen	-	-	-	-	-
Michael Frank	-	692	-	692	77
Lei Zhang	-	-	-	-	-

* The shares are sold to fund exercise of warrants and any tax liabilities resulting therefrom



03

Remuneration of the Executive Management

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3.0 Remuneration of the Executive Management

3.1 Executive Management

As per December 31, 2021, the Executive Management of Aquaporin A/S consisted of:

- Peter Holme Jensen, Chief Executive Officer (CEO)
- Matt Boczkowski, Deputy CEO and Chief Commercial Officer (CCO)
- Bo Karmark, Chief Financial Officer (CFO)
- Joerg Hess, Chief Operation Officer (COO)

Matt Boczkowski joined as Deputy CEO and Chief Commercial Officer on March 29th, 2021 and Joerg Hess joined the Executive Management on April 1st, 2021. With effect as of 1st January 2022, Matt Boczkowski was appointed CEO and Peter Holme Jensen was appointed CIO. In January 2022, CFO Bo Karmark resigned, and will stay in his role until the end of July 2022.

3.2 Remuneration

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
- Pension
- A short-term incentive program (cash bonus) – STIP
- A long-term incentive program (stock-based program) – LTIP
- Other benefits cover housing allowance, sign-on fee, school fee, relocation costs, insurance, company car and certain other benefits.

The composition of these components creates a balanced remuneration package reflecting the Company's overall performance as well as individual goals.

Remuneration to the Executive Management is proposed by the Remuneration Committee and subsequently approved by the Board. The Executive Management does not receive any remuneration from subsidiaries of Aquaporin A/S.

In exceptional cases, separate agreements may be entered into with Executive Management, covering sign-on fee and relocation costs. For 2021, Matt Boczkowski received sign on fee of DKK thousand 373 and relocation costs of DKK thousand 224.





Remuneration of Executive Management (DKK 1,000)

Name & Position	Fixed remuneration					Variable remuneration					Total	
	Salary	Pension	Other	Total	%	Cash bonus	Warrants	IPO bonus	Other	Total		%
2021												
Peter Holme Jensen, CEO	2,101	42	116	2,259	40	473	852	2,101	-	3,426	60	5,685
Matt Boczkowski, Deputy CEO and COO*	1,913	140	61	2,114	35	469	842	2,086	597	3,994	65	6,108
Bo Karmark, CFO	1,592	32	76	1,700	40	358	644	1,592	-	2,594	60	4,294
Joerg Hess, COO**	2,039	31	89	2,159	46	342	644	1,592	-	2,577	54	4,736
Total	7,645	245	343	8,233	40	1,642	2,981	7,370	597	12,591	60	20,823

Ratio of remuneration of CEO to average salary 2021

7.79

2020

Peter Holme Jensen, CEO	2,040	40	126	2,206	95	104	-	-	-	104	5	2,310
Bo Karmark, CFO	1,547	29	94	1,670	95	79	-	-	-	79	5	1,749
Joerg Hess, COO**	1,471	29	109	1,609	96	75	-	-	-	75	4	1,684
Total	5,058	98	329	5,485	96	258	-	-	-	258	4	5,743

Ratio of remuneration of CEO to average salary 2020

3.65

* Joined April 1st, 2021

** Joined the Executive Management on April 1st, 2021



3.3 A short-term incentive program (cash bonus) – STIP

To promote specific and measurable results, incentive remuneration in the form of cash bonuses is offered to the Executive Management. The performance criteria are determined by the Board of Directors and includes both financial and non-financial targets related to the strategy and KPIs. The level of achievement of the financial targets is determined through the results as presented in financial reports, and achievements of non-financial targets as assessed by the Board of Directors.

The bonus pay-out level is defined by a target achievement and is capped at a certain percentage of the individual fixed annual salary, with the target of 75% of maximum pay-out level which is set at 50% of the annual fixed salary.

The bonus is based on target achievement on a number of parameters approved by the Board of Directors including financial and commercial KPI's aligned to the strategic priorities of the financial year. Individual KPI's is categorized in three focus areas: organization and strategy, commercial business and sustainability.

In organization and strategy, the KPI's was completion of a successful IPO, develop and expand organization to support growth and adapt or develop systems to support commercial growth. In commercial business, the KPI's was two commercial wins with Drinking Water Key accounts, BWRO Product launch and one major win in Forward Osmosis. In Sustainability, the KPI was align commercial activities with at least one SDG target.

KPI's and performance measures

Weight	Peter Holme Jensen, CEO	Matt Boczkowski Deputy CEO & CCO	Bo Karmark, CFO	Joerg Hess, COO	Score
Financial					
Revenue	40%	40%	40%	40%	Below target
EBITDA	20%	20%	20%	20%	On target
Individual KPI's	40%	40%	40%	40%	
% KPI Achievement of max bonus (target 75%)	60%	60%	60%	57%	



3.4 A long-term incentive program (stock-based program) – LTIP

To promote and achieve long-term goals and strategies, incentive remuneration in the form of warrants is offered to the Executive Management. New warrants are granted based on achievement of KPIs related to revenue and EBITDA.

The performance criteria for 2021 and the level of achievement are explained in table top right.

In connection with the offering, Aquaporin has granted the Executive Management warrants. The exercise price for the warrants comprised by the LTIP has been determined to be DKK 173 per share corresponding to the Offer Price at the IPO in June 2021. The calculated fair value of the share-based compensation is calculated using the Black-Scholes pricing model. The granted warrants correspond to a value of 1/3 of 12 months' fixed salary.

The warrants granted vest after three years. Exercise of the warrants may take place during open trading windows following the publication of the annual report, the half-year interim report and quarterly trading statements in the period from vesting of the warrants until two years after vesting for warrants granted in 2021 and five years after vesting for granted 2019.

KPI's LTIP and performance measures

Weight	Peter Holme Jensen, CEO	Matt Boczkowski Deputy CEO & CCO	Bo Karmark, CFO	Joerg Hess, COO	Score
Financial					
Revenue	70%	70%	70%	70%	Below target
EBITDA	30%	30%	30%	30%	On target
% KPI Achievement of max bonus (target 75%)	30%	30%	30%	30%	

Executive Management warrant holdings

Name & Position	Program	Granted	Earliest vesting	Number of warrants	Exc. Price pr share
Peter Holme Jensen	2021	July 2021	July 2024	11,877	173.00
	*2021	April 2022	April 2025	3,563	173.00
Matt Boczkowski	2021	July 2021	July 2024	11,729	173.00
	*2021	April 2022	April 2025	3,519	173.00
Bo Karmark	2019	July 2019	July 2019	12,000	157.84
	2021	July 2021	July 2024	8,974	173.00
Joerg Hess	2019	July 2019	July 2019	7,500	157.84
	2021	July 2021	July 2024	8,974	173.00
	*2021	April 2022	April 2025	2,692	173.00

* Warrants not granted but calculated based on LTIP KPI's



3.5 IPO cash bonus

In connection with the offering, Aquaporin has granted the Executive Management a cash bonus corresponding to 12 times the monthly fixed salary at the date of the IPO, subject to customary leaver conditions in 2021.

3.6 Claw back

In exceptional cases, the Company is entitled to reduce, withhold or reclaim, in full or in part, variable remuneration that is earned, granted or paid on the basis of information, which subsequently proves to be misstated or if a member of the Executive Management is deemed to have caused a material loss to the Company due to willful misconduct or acted in bad faith in respect of other matters which implied payment of a too large variable remuneration. In the 2021 financial year, no incentive remuneration was reclaimed.

3.7 Termination agreements etc.

Members of the Executive Management are employed on individual contracts, which are generally entered into on an indefinite term with a mutual right of termination. The notice period is 6 months for the members of the Executive Management and 12 months for the Company.



3.8 Shareholdings of the Executive Management

The table to the right sets forth information regarding the shareholdings during 2021.

The Executive Management has a lock-up period of 12 months from the date of the closing of the offering, 28th June 2021.

There are no shareholding requirements for members of the Executive Management.

Executive Management shareholdings (DKK 1,000)

Name	Beginning of year	Bought during the year	Sold during the year	End of year	Market value
Peter Holme Jensen, CEO	159,659	155,000	104,000*	210,659	23,383
Matt Boczkowski, Deputy CEO and CCO	-	1,000	-	1,000	111
Bo Karmark, CFO	4,171	15,000	11,000*	8,171	907
Joerg Hess, COO	-	800	-	800	89

* The shares sold are to fund exercise of warrants and any tax liabilities resulting therefrom.

3.9 Reconciliation against the Annual Report 2021

A reconciliation of total remuneration of the Executive Management listed in table on page 12 in this Remuneration Report, and the total Remuneration for the Executive Management included in note 5.1 in our Annual Report for 2021, is provided in the table bottom right.

The reconciliation of expenses for short-term bonuses is based on timing differences between cash payment and earning year. Reconciliation of expenses for the long-term bonus is due to amortized costs over the vesting period in the annual report.

Reconciliation (DKK 1,000)

	2021
Total remuneration for Executive Management	20,823
Holiday pay	(190)
Long-term bonus	(532)
Total remuneration for Executive Management in note 5.1 in our annual report	20,101



**3.10 Total shareholdings and incentives
of the Executive Management as of 31
December 2021**

Shareholdings and incentive as of 31 December 2021
(DKK 1,000)

	Shareholdings	Warrants
Peter Holme Jensen, CEO	210,659	11,877
Matt Boczkowski, Deputy CEO and CCO	1,000	11,729
Bo Karmark, CFO	8,171	20,974
Joerg Hess, COO	800	16,474



04

Remuneration 2017 – 2021

4.1 Board of Directors remuneration 2017 – 2021	19
4.2 Executive Management remuneration 2017 – 2021	20



4.0 Remuneration 2017 – 2021

4.1 Board of Directors remuneration 2017 – 2021

A summary of the development of remuneration to the Board of Directors for the time period 2017 to 2021 is provided in the table to the right.

(DKK 1,000)	First election year	2020	2021
Niels Heering, Chair	2015	180	600
Søren Bjørn Hansen, Deputy Chair	2007		300
Anne Broeng	2018	100	225
Lars Hansen	2015	100	200
Weiming Jiang	2018	100	175
Anupam Bhargava	2021		42
Annulized			250
Jianlong Zhuang	2021		42
Annulized			250
Jens Denkov	2019		125
Cai Jianwen	2014		83
Annulized			250
Michael Frank	2007		
Lei Zhang	2014		



4.2 Executive Management remuneration 2017 – 2021

A summary of the development of remuneration of the Executive Management for the time period 2017 to 2021 is provided in the table to the right.

Executive Board fixed salary (DKK 1,000)	2020	2021
Peter Holme Jensen	2,206	2,259
% change	3%	2%
Matt Boczkowski		2,114
% change		N/A
Bo Karmark	1,670	1,700
% change	2%	2%
Joerg Hess	1,609	2,159
% change		34%
% change annulized	3%	
Jacob Hagemann	1,151	
% change		
% change annulized	2%	



Financial measures Aquaporin Group

(DKK 1,000)	2020	2021
Total net revenue	5,499	8,922
Growth	-10%	62%
EBITDA	(67,515)	(74,842)
EBITDA margin	N/A	N/A
EBIT b.s.i.*	(85,869)	(93,728)
EBIT margin	N/A	N/A
Average FTE's in group	83	78
Average pay for company employees**	556	614
CEO pay-ratio***	3.65	7.79

*b.s.i. = before special items

**Average yearly salary excluding Board and Executive Management

*** Ratio between CEO salary (excluding warrants) and median FTE compensation



05

The Board of Director's Statement on the Remuneration Report



5.0 The Board of Director's Statement on the Report

The Board of Directors has today considered and adopted the Remuneration Report of Aquaporin A/S for the financial year 2021.

The report has been prepared in accordance with section 139 b of the Danish Companies Act (in Danish "Selskabsloven").

The Remuneration Report will be presented to the Annual General Meeting for an indicative vote.

Copenhagen, 29 March 2022

Board of Directors

Niels Heering
Chairman

Jiang Weiming

Jens Denkov

Søren Bjørn Hansen
Deputy Chairman

Lars Hansen

Jianlong Zhuang

Anne Broeng

Anupam Bhargava



06

Independent Auditor's Report on Remuneration Report



6.0 Independent Auditor's Report on Remuneration Report

To the Shareholders of Aquaporin A/S

We have examined whether the remuneration report for Aquaporin A/S for the financial year 1 January - 31 December 2021 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the remuneration report

The Board of Directors are responsible for the preparation of the remuneration report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors are also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and ethical requirements applicable in Denmark.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the additional requirements applicable in Denmark to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Companies Act, section 139 b, subsection 3.

Copenhagen, 29 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Gert Fisker Tomczyk

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