

# SKAKO

Remuneration report 2020 for SKAKO A/S

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## 1. Management's Statement - Remuneration Report

### Management's Statement

The Board of Directors has today considered and adopted the Remuneration Report of SKAKO A/S for financial year 2020.

The Remuneration Report is prepared in accordance with section 139 b of the Danish Companies Act.

The Remuneration Report is submitted to the General Meeting for an indicative vote.

Faaborg, 19 March 2021

### Board of Directors

Jens Wittrup Willumsen  
Chairman

Christian Herskind Jørgensen  
Deputy chairman

Carsten Krogsgaard Thomsen

Lars Tveen

Sophie Louise Knauer

## 2. Independent Auditor's Report on Remuneration Report

To the Shareholders of SKAKO A/S

We have examined whether the remuneration report for SKAKO A/S for the financial year 1 January - 31 December 2020 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 is 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 is 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 are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and additional requirements under Danish auditor regulation 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.

Odense, 19 March 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 3377 1231

Gert Fisker Tomczyk  
State Authorised Public Accountant  
Mne9777

Mikael Johansen  
State Authorised Public Accountant  
Mne23318

### 3. Introduction

In 2020 the Board of Directors (in its role as Remuneration Committee) reviewed the remuneration policy of Executive Management to ensure the framework remains appropriate for our business model and that it supports our future ambitions.

The Board of Directors found that the remuneration policy supports the achievement of SKAKO's strategy.

The remuneration policy sets out the principles and framework for the full remuneration paid to members of the Board of Directors and the Executive Management of SKAKO. Executive Management includes all executives registered with the Danish Business Authority.

The overall objectives of the Remuneration Policy are:

- Attracting, retaining, and motivating qualified members of the Board of Directors and Executive Management.
- Ensuring alignment between the interests of the members of the Board of Directors and Executive Management, and those of the shareholders.
- Promoting the long-term interests and sustainability of SKAKO and supporting SKAKO's strategy in the short and long term.

The remuneration of the Board of Directors is comprised of a fixed fee.

The remuneration of the Executive Management is comprised of the following remuneration components:

- Fixed base salary
- Pension contributions
- Standard employee benefits, including a company car
- Cash bonuses (the Short-term Incentive Program (STIP))
- Share-based payments (the Long-term Incentive and Retention Program (LTIRP))

The fixed annual base salary is designed to attract, retain, and motivate qualified individuals with professional and personal competences required to support SKAKO's performance and business strategy. The fixed annual base salary is set to ensure that the total remuneration package is competitive and reasonable compared to relevant benchmarks.

Pension contributions are made to enable members of Executive Management to build up an income for retirement.

Other benefits are added to ensure that overall remuneration is competitive and aligned with local practice. Other benefits comprise of car, phone etc.

## 4. Business performance in 2020 and incentive outcomes

In 2020 SKAKO's overall financial performance has been significantly impacted by the Covid-19 pandemic. Therefore, results in 2020 have not reached the expectations the Board of Directors had to 2020 prior to the spread of Covid-19. However, this has to a large extent been beyond managements control, and it is the Board of Directors opinion that Executive Management has shown a very positive performance under the given circumstances.

Therefore, the Board of Directors have awarded management with a cash bonus aligned with the obtained results in 2020.

This is in line with SKAKO A/S' remuneration policy.

### 4.1 Performance under the Short-Term Incentive Program (STIP)

In 2020 SKAKO's overall financial performance has been significantly impacted by the Covid-19 pandemic. Therefore, results in 2020 have not reached the expectations the Board of Directors had to 2020 prior to the spread of Covid-19. However, this has to a large extent been beyond managements control, and it is the Board of Directors opinion that Executive Management has shown a very positive performance under the given circumstances.

Therefore, the Board of Directors have awarded management with a cash bonus aligned with the obtained results in 2020.

This is in line with SKAKO A/S' remuneration policy.

### 4.2 Performance under the Long-Term Incentive and Retention Program (LTIRP)

The LTIRP program currently consists of warrants granted in 2016 and 2017. The program is tied to exercise share prices of DKK 72,4 and DKK 92,4. With a share price of DKK 49.8 on 31 December 2020, the program currently does not hold a value to Executive Management.

The Board of Directors are aware that the current LTIRP does not hold any value to Executive Management which is why a new program is being prepared for launch in March 2021. The new program seeks to align the long-term incentives of Executive Management with those of the shareholders in SKAKO A/S. The new warrants program does not appear on the remuneration report for 2020.

This is in line with SKAKO A/S' remuneration policy.

## 5. Remuneration for the Board of Directors

2020 thousand DKK	Board fee	Comittee fee	Special fee	Fee subsidiaries	Other	Total
Jens Wittrup Willumsen*	400	-	-	-	-	400
Christian Herskind Jørgensen**	200	-	-	-	-	200
Carsten Krogsgaard Thomsen***	150	50	-	-	-	200
Lars Tveen	150	-	-	-	-	150
Sophie Louise Knauer	150	-	-	-	-	150
<b>Total</b>	<b>1.050</b>	<b>50</b>	-	-	-	<b>1.100</b>

\* Chairman and member of the audit committee

\*\* Deputy chairman

\*\*\* Chairman of the audit committee

The Board of Directors only receives a fixed fee. The fixed fee amounts to 150 tDKK in 2020 (150 tDKK in 2019). The chairman of the Board of Directors receives 2.66 times the fixed fee, and the deputy chairman receives 1.33 times the fixed fee. The chairman of the audit committee receives 0.33 times the fixed fee in addition to the fixed fee, while other members of the audit committee do not receive a fee.

The fee for the Board of Directors and participation in committees was established on the general assembly on 22 April 2020.

This is in line with SKAKO A/S' remuneration policy.



## 6. Remuneration for the Executive Management

Remuneration for members of the Executive Management is proposed by the Chairmanship and approved by the Board of Directors.

The individual remuneration packages are evaluated annually against relevant benchmarks of Danish and other Nordic companies similar to SKAKO in size and complexity.

The remuneration package consists of a fixed annual base salary and variable elements consisting of short (STIP) and long-term incentives (LTIRP). In addition, members of Executive Management receive a pension contribution and other benefits. This remuneration structure is deemed to be resilient in securing successful leadership in SKAKO whilst securing alignment with shareholder expectations.

### 6.1 Total remuneration for Executive Management:

2020 thousand DKK	Fixed salary				Variable salary			Total
	Base salary	Pension	Other benefits	Total	Cash bonus (STIP)	Share based incentive (LTIRP)	Total	
Steffen Kremmer, Managing Director SKAKO Concrete	1.623	199	131	1.954	206	-	206	<b>2.160</b>
As % of total	75%	9%	6%	90%	10%	0%	10%	100%
Lionel Girieud, Managing Director SKAKO Vibration	1.551	216	36	1.803	47	-	47	<b>1.850</b>
As % of total	84%	10%	2%	97%	3%	0%	3%	100%
<b>Total</b>	<b>3.174</b>	<b>415</b>	<b>167</b>	<b>3.757</b>	<b>254</b>	<b>-</b>	<b>254</b>	<b>4.010</b>
<b>As % of total</b>	<b>79%</b>	<b>10%</b>	<b>4%</b>	<b>94%</b>	<b>6%</b>	<b>0%</b>	<b>6%</b>	<b>100%</b>

This is in line with SKAKO A/S' remuneration policy.

## 6.2 Cash bonus (STIP)

In 2020 SKAKO's overall financial performance has been significantly impacted by the Covid-19 pandemic. Therefore, results in 2020 have not reached the expectations the Board of Directors had to 2020 prior to the spread of Covid-19. However, this has to a large extent been beyond managements control, and it is the Board of Directors opinion that Executive Management has shown a very positive performance under the given circumstances.

Therefore, the Board of Directors have awarded management with a cash bonus aligned with the obtained results in 2020.

This is in line with SKAKO A/S' remuneration policy.

## 6.3 Share based incentives (LTIRP)

Shared based incentives consists of a warrants programs.

### 6.3.1 Warrants programs

No warrants have been granted in 2020.

Two warrant programs have been granted in 2016 and 2017:

Warrants	Number of warrants 1		Forfeited	Exercised	Number of warrants 31	
	January 2020	Granted			December 2020	
<b>Steffen Kremmer</b>						
Granted 2016		0	0	0	0	0
Granted 2017		0	0	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Lionel Girieud</b>						
Granted 2016	20.000		0	0	0	20.000
Granted 2017	20.000		0	0	0	20.000
Granted 2020		0	0	0	0	0
<b>Total</b>	<b>40.000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>40.000</b>

## 7. Comparative four-year summary

thousand DKK	2020	%-change YoY	2019	%-change YoY	2018	%-change YoY	2017
<b>Board of Directors</b>							
Jens Wittrup Willumsen	400	0%	400	0%	400	0%	400
Christian Herskind Jørgensen	200	0%	200	0%	200	0%	200
Carsten Krogsgaard Thomsen	200	0%	200	0%	200	0%	200
Lars Tveen	150	0%	150	0%	150	0%	150
Sophie Louise Knauer (from april 2020)	150	N/A	-	N/A	-	N/A	-
Samuel Waldorph Andreassen (until april 2020)	-	N/A	150	0%	150	0%	150
Total Board of Directors	1.100	0%	1.100	0%	1.100	0%	1.100
<b>Executive management</b>							
Lionel Girieud, managing director Vibration	1.850	-6%	1.962	20%	1.635	-19%	2.022
Steffen Kremmer, managing director Concrete (from 25 November 2019)*	2.160	3%	212	N/A	-	N/A	-
Søren Pedersen, managing director Concrete (until 25 November 2019)*	-	N/A	1.703	-8%	2.058	-12%	2.337
Peter Thomsen, Group CFO (Until 28 May 2018)	-	N/A	-	N/A	1.455	N/A	-
Jacob Have, Group CFO (until 31 March 2018)*	-	N/A	-	N/A	403	-9%	1.777
Total Executive Management*	4.010	-1%	3.877	-30%	5.551	-10%	6.136

\* Percentage change computation is based on an annualised remunerations

thousand DKK	2020	%-change YoY	2019	%-change YoY	2018	%-change YoY	2017
<b>The Group and divisions results</b>							
<b>Concrete:</b>							
EBIT**	7.672	491%	1.298	-51%	2.658	N/A	- 18.931
After tax	4.223	42%	2.981	384%	616	N/A	- 18.263
<b>Vibration:</b>							
EBIT**	11.797	-37%	18.863	20%	15.665	-10%	17.495
After tax	9.958	-27%	13.620	2%	13.375	-9%	14.730
<b>Group:</b>							
EBIT**	17.220	-4%	18.005	10%	16.403	N/A	- 3.894
After tax	12.908	-9%	14.246	12%	12.698	N/A	- 6.160

\*\* After special items

thousand DKK	2020	%-change YoY	2019	%-change YoY	2018	%-change YoY	2017
<b>Average employee remuneratiuon based on FTE</b>							
Concrete	699	-3%	724	13%	638	-10%	708
Vibration	494	-15%	579	0%	578	1%	571
Group***	577	-12%	655	7%	613	-5%	646

\*\*\*There are no FTE's employed in the parent company. All FTE's are employed in the divisions.

## 8. Summary of Board of Directors and Executive Managements share holdings in SKAKO A/S

	Status	Movements				Status
	1 January 2020	Buy	Vested	Exercised warrants	Sale	31 December 2020
<b>Board of Directors</b>						
Jens Wittrup Willumsen*	419.876	-	-	-	-	419.876
Christian Herskind Jørgensen*	502.000	7.000	-	-	-	509.000
Carsten Krogsgaard Thomsen	16.001	3.254	-	-	-	19.255
Lars Tveen	6.104	-	-	-	-	6.104
Sophie Louise Knauer	-	-	-	-	-	-
<b>Total</b>	<b>943.981</b>	<b>10.254</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>954.235</b>
<b>Executive Management</b>						
Steffen Kremmer	1.236	-	-	-	-	1.236
Lionel Girieud	5.166	-	-	-	-	5.166
<b>Total</b>	<b>6.402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.402</b>
<b>Total</b>	<b>950.383</b>	<b>10.254</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>960.637</b>

\* Owns 50 % of the company Frederik 2 ApS, which own in total 800.000 shares in SKAKO A/S. The shares have been allocated with 50 % for each participant.

## 9. Deviations from the Remuneration Policy

There have been no deviations from the Remuneration Policy in 2020

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