



 **EMBLA MEDICAL™**

REMUNERATION REPORT

2024





REMUNERATION REPORT

This Remuneration Report outlines the remuneration of the Board of Directors and Executive Management in 2024. The remuneration is based on the Remuneration Policy, which was approved at the Annual General Meeting on 13 March 2024.

Governance

The Board established a Remuneration Committee in 2022, which is composed of the Chair of the Board and the Chair of the Audit Committee. According to the Remuneration Committee's terms of reference, its main objective is to prepare recommendations to the Board in relation to the Remuneration Policy and remuneration for the Board, the President and CEO and other members of the Executive Management.

Main Activities in 2024

A new Remuneration Policy was approved at the Annual General Meeting held on 13 March 2024.

Very limited changes were made to the Policy between years. References to an old share option program were deleted, relevant dates were updated and a small change was made to the size and relativity of the remuneration components.

Remuneration Principles

Embla Medical has a competitive compensation structure in place to retain employees, encourage individual performance, and reach objectives that are in the interest of the shareholders. The Embla Medical compensation philosophy is to attract, motivate and retain talented employees and offer remuneration that reflects the market value of the job, considering the job's complexity and responsibilities.

Embla Medical aims to attract and retain exceptional employees for the long-term. To the extent possible, the remuneration of managers and other employees shall be harmonized and fair, considering their responsibilities, local trends, performance and other relevant factors.

Pay programs, practices, and pay targets are comparable within the industries and geographies where Embla Medical competes for talent. Remuneration consists of a fixed salary, pension contribution, bonuses, other benefits and share based incentives, which are reviewed regularly against external benchmarks.

Overall Group Performance 2024

In 2024, our financial performance was strong driven by continued good performance in EMEA and our Prosthetics, Neuro Orthotics and Patient Care segments. Full year sales amounted to USD 855 million, organic growth was 6% and the EBITDA margin was 20%.

The remuneration to the Board of Directors, the President and CEO and the Executive Management is based on, and fully in line with, the Embla Medical Remuneration Policy. Furthermore, when taking the overall group performance in 2024 into account, the Board of Directors considers the remuneration to be fair.

Remuneration of the Board of Directors

The Board of Directors fee is approved annually at the Annual General Meeting. The Board of Directors' remuneration is a fixed board fee and is not based on incentives. The Chair receives a fee that is 3 times the base board fee and the Vice Chair receives a fee that is 2 times the base board fee. Members of the Audit Committee receive an additional base fee and the Audit Committee chair receives a fee that is 2 times the additional base fee. There are no fees for members of the Remuneration and Nomination Committee. Members of the Board of Directors do not receive short or long-term incentives.

The Board of Directors will propose to the Annual General Meeting 2025 an approximately 3% increase of the base fee in Board remuneration for 2025.

Annual Fees to the Board of Directors

USD'000	Board	Audit Committee
Member	37,000 (Base Fee)	7,250 (Base Fee)
Vice Chair	74,000 (2x Base Fee)	N/A
Chair	111,000 (3x Base Fee)	14,500 (2x Base Fee)

Remuneration Paid to Individual Members of the Board of Directors

USD'000	2024			2023			2022		
	Board Member Fee	Audit Committee Fee	Total	Board Member Fee	Audit Committee Fee	Total	Board Member Fee	Audit Committee Fee	Total
Niels Jacobsen, Chair of the Board	111	0	111	108	0	108	103	N/A	103
Svafa Grönfeldt, Vice Chair	74	0	74	72	0	72	62	N/A	62
Arne Boye Nielsen	37	15	52	36	14	50	41	N/A	41
Guðbjörg Edda Eggertsdóttir	-	-	-	36	7	43	41	N/A	41
Alberto Esquenazi	37	7	44	36	7	43	41	N/A	41
Caroline Vagner Rosenstand	37	7	44	-	-	-	-	-	-
Tina Abild Olesen	37	0	37	-	-	-	-	-	-



Remuneration of the President and CEO and the Executive Management

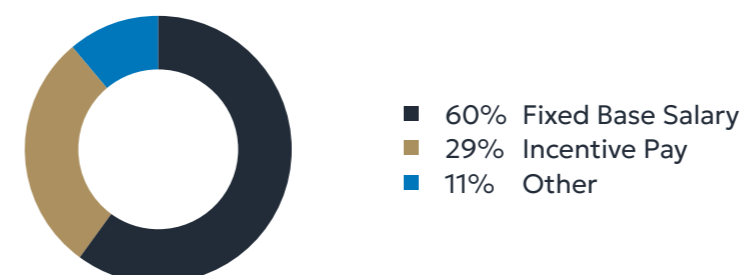
At the Annual General Meeting on 13 March 2024, a new Remuneration Policy was adopted. The remuneration for the President and CEO and the Executive Management comprises of a fixed salary, bonus for short-term performance, performance share units (from 2024) and share options (until 2024, vesting 2027) for long-term performance, pension contribution and other benefits, such as car, phone, internet connection, etc.

The objective is to compose a remuneration package that attracts, retains and engages qualified members of the Executive Management to drive the Embla Medical strategy in a sustainable way.

Remuneration Elements

Element	Description
Base Salary	Fixed cash base salary.
Short-term cash-based incentive	One-year cash bonus based on specific relevant financial and non-financial targets. Cannot exceed 67% of the base salary.
Long-term cash-based incentive	<p>Long-term incentives for Executive Management at Embla Medical are provided through yearly granted performance share units (PSUs). These PSUs are linked to predefined performance metrics and have a three-year vesting period. Upon vesting, the PSUs convert to Embla Medical shares on a 1:1 ratio. The performance metrics, which include financial, business, and non-financial targets, are aligned with Embla Medical's long-term strategy and sustainability, with financial metrics weighing at least 75%.</p> <p>The metrics and targets are set at the beginning of the year, and performance is assessed at the start of the following year based on published financial reports and other relevant documents. PSUs are granted in the first quarter after the performance year, with their value for the President and CEO ranging from 30% to 90% of their annual fixed salary, and for other executives, from 20% to 60%.</p> <p>The share price used to calculate the number of PSUs is the volume-weighted average share price on Nasdaq Copenhagen during the first five trading days after the publication of Embla Medical's consolidated financial statement for the performance year. The market value of the PSUs will fluctuate during the vesting period based on Embla Medical's share price. Executives must remain employed with the company at the end of the three-year vesting period, subject to certain good leaver provisions. Additionally, executives are required to hold their Embla Medical shares, net of taxes, for two years following vesting to align their interests with those of the shareholders.</p>
Other benefits	Standard benefits such as company car, phone, internet connection etc.

Composition of the Executive Management Remuneration in 2024



2024	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President and CEO ⁽ⁱ⁾	576	225	128	25	172	1,126
Executive Management (6.6 FTE's) ⁽ⁱⁱ⁾	2,558	814	368	41	701	4,483
Total	3,134	1,040	496	66	873	5,609

2023	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President and CEO ⁽ⁱ⁾	576	385	85	27	107	1,180
Executive Management (7 FTE's) ⁽ⁱⁱ⁾	2,465	859	309	32	727	4,416
Total	3,042	1,243	395	59	834	5,597

At the beginning of December 2023 Lukas Märklin took over as Chief Operating Officer (COO) from Egill Jonsson who retired after 27 years in the company. Beginning of August 2024 the company announced an organizational change where the Executive Management team changed from seven to six. In November 2024, Hildur Einarsdóttir, the Executive Vice President of Research & Development, announced that she will be leaving the company at beginning of 2025. The search for a new EVP of R&D is underway.

(i) Shares owned by Sveinn Sölvason 68,342 (2023: 68,342)

(ii) Shares owned at year end by Executive Management 81,991 (2023: 999,595)

Long-Term Incentives Issued to the Executive Management

Embla Medical's share option program, approved by the Annual General Meeting in March 2021, expired in March 2024 and will not be renewed. The share option program has been replaced by the PSU program described on page 4.

	Number of shares	Grant year	Exercise year	Exercise price (in DKK)	Share price at grant date (in DKK)	Weighted average remaining contr. life in months
Issued to Executive Management:						
Sveinn Sölvason, President and CEO	250,000	2021 - 2023	2024 - 2026	29.9-44.6	29.2-43.6	6
Executive Management (4 persons)	466,400	2021	2024	44.6-44.5	43.2-43.6	0
Executive Management (5 persons)	450,000	2022	2025	28.5-41.7	29.5-44.0	6
Executive Management (3 persons)	200,000	2023	2026	27.9-34.2	27.5-34.6	19
Total	1,366,400					
PSU/RSU issued to Executive Management:						
Sveinn Sölvason, President and CEO	94,579	2024	2027	33.3	33.3	27
Executive Management (5 persons)	251,483	2024	2027	33.3	33.3	27
Total	346,062					

Clawback

Embla Medical has the option to reclaim, in whole or in part, any earned, paid or vested variable remuneration payments that have been based on false, misleading, insufficient or incorrect data, or if the recipient acted in bad faith in respect of other matters, which resulted in too high variable remuneration or variable remuneration which would otherwise not have been paid. The option to claw back is valid for up to 12 months after payout or vesting of the variable remuneration.

In 2024, there was no legal or factual basis on which to reclaim incentives for current or former executives.

Pension and Termination

Pension contributions are paid in accordance with applicable laws and employment agreements. No pension liabilities are undertaken, unless required by law. No special retirement agreements are made, but mutual termination clauses in employment agreements apply. Termination clauses do not exceed twenty-four months.

Board of Directors Statement on the Remuneration Report

Today the Board of Directors has considered and approved the Remuneration Report of Embla Medical for the Financial Year 2024.

It is the opinion of the Board of Directors that the Remuneration Report is in accordance with the [Remuneration Policy](#).

Reykjavík, 4 February 2025

Board of Directors

Niels Jacobsen

Chair of the Board of Directors

Svafa Grönfelt

Vice Chair of the Board of Directors

Arne Boye Nielsen

Member of the Board of Directors

Alberto Esquenazi

Member of the Board of Directors

Caroline Vagner Rosenstand

Member of the Board of Directors

Tina Abild Olesen

Member of the Board of Directors



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