Remuneration policy

Guidelines for remuneration of management board members, senior executives and other staff until the 2026 annual general meeting

Approved by the General Meeting of Pryme N.V. on June 4th, 2024
in general alignment with the Dutch Corporate Governance Code

A. Main objectives

Pryme N.V. with its subsidiaries ("the Company" or "Pryme") needs to be able to attract and retain executives and managers with the competence and motivation to deliver on the short- and long-term objectives of the Company. The remuneration guidelines are designed to encourage a focus on long-term value creation for shareholders and other stakeholders. The Supervisory Board ensures that the remuneration guidelines and their implementation are linked to current performance as well as the strategic goals and objectives of Pryme. The guidelines are intended to reflect the responsibilities and demands of the various roles and reward management and staff with a fair, transparent, balanced and competitive remuneration package.

To achieve these objectives Pryme has set out a set of remuneration guidelines that allow for a combination of fixed base salary, short-term incentives linked to the operational and financial performance of the company and long-term incentives that reward the development of the value of Pryme shares.

The balance of these compensation elements is tailored to the circumstances of Pryme as a scale-up company, where cash is scarce but which has significant value creation potential which will translate in material share price appreciation. Management and staff must believe in and work towards realizing this potential, and recognize that as a young company operating in an immature market we represent a higher risk and higher reward opportunity than mature companies in established markets.

B. Structured compensation framework

Pryme is a startup company with a small workforce. Although the Company has ambitions to have a comprehensive compensation framework, it has not adopted such a framework as this would provide little benefit to the overall goals and objectives of the Company at this stage. Once the Company reaches critical size it will adopt a more comprehensive framework including ranges for the various functions and levels in the organization. In the meanwhile, the Company distinguishes three broad categories in terms of remuneration structure and levels - i) the CEO, ii) the CEO direct reports and members of the management board, and iii) all others.

C. Contractual relationship

Pryme engages executives and managers as employees or as contractors under management company contracts. The contractual form of the executive's or manager's engagement is independent of the employee's or the contractor's right to participate in the Company's variable compensation schemes.

D. Description of compensation elements

i. Fixed Annual Base Pay
   The fixed annual compensation ('base pay') shall reflect the responsibilities and demands of the role and performance over time. Pryme offers fixed compensation levels which are competitive, but not market leading.

ii. Short Term Incentive Plan (‘STI’)

The objective of the cash-based variable short-term incentive plan (‘bonus’) is to ensure management focus on realizing defined annual business goals leading to longer term value-creation. Eligible participants are members of management as nominated and recommended by the Management Board and Compensation Committee and approved by the Supervisory Board. Payment of a cash bonus shall be tied to performance against objective financial and non-financial goals set on an annual basis by the Supervisory Board. The on-target bonus level shall be set at a percentage of base salary depending on seniority, see below. The Supervisory Board shall assess the extent to which the annual goals are met at the end of the year. The on-target bonus level for the year shall be multiplied by a performance factor of 0.5 – 1.5 depending on achievement against the annual goals. If performance is below a predefined threshold level, no bonus shall be paid out. The Supervisory Board shall have the discretionary power to adjust the bonus pay-out up- or downward if it feels that the outcome is unreasonable due to exceptional circumstances during the performance period, including any serious incidents.

iii. Long Term Incentive Plan (‘LTI’)

The objective of the equity-based variable long-term incentive plan is to encourage the long-term commitment and retention of eligible executives, management and staff, and to drive and reward sound business decisions for the long-term health and value of the company. Eligible participants are members of management and staff as nominated and recommended by the Management Board, recommended by the Compensation Committee and approved by the Supervisory Board. Compensation under the LTI plan shall be in the form of Pryme equity, using one or a combination of time vested Share Options (‘SO’) and Restricted Share Units (‘RSU’).

Pryme believes that a meaningful level of compulsory share (or combination of SO and RSU) ownership is the most effective incentive and alignment tool for senior management. A minimum share ownership level depending on seniority shall therefore be set as well as an RSU and share option vesting schedule of between 2 and 4 years.

The LTI plan shall include specific terms on termination of employment, including forfeiture of non-vested shares in case of termination for cause such as gross negligence and willful misconduct.

The LTI plan shall be approved annually by the Supervisory Board and submitted for adoption by the Annual General Meeting. Further terms of the LTI plan are described in the notice to the 2024 Annual General Meeting which shall constitute an integral part of this statement.

iv. Total Target Remuneration

The total target remuneration for an individual is established through a combination of the elements described above under i) ii) and iii). The more senior roles shall have a higher proportion of performance based short-term and long-term variable pay in relation to fixed base pay to reflect the larger impact of these roles, with the following indicative (allowing for minor adjustments including Supervisory Board discretion to agree a reduction in fixed base pay on a case by case basis along with increased variable pay under the LTI plan) split for the categories defined in section B of these guidelines:

a) For the CEO, a target compensation consisting of 50% base pay, 20% from the STI plan, and 30% from awards under the LTI plan.
b) For the CEO direct reports and members of the management board, a target compensation consisting of 65% base pay, 15% from the STI plan, and 20% from awards under the LTI plan.
c) For the remaining participants in the LTI and STI, a target compensation consisting of 80% base pay, 10% from the STI plan, and 10% from awards under the LTI plan.

The STI and LTI plans shall be designed, implemented and adjusted to drive strong operational and financial performance against business goals and the effective execution of Company strategy. The STI plan shall provide management incentives to deliver defined business goals for each year. The STI program is thus a flexible tool to drive management focus on the specific priorities for the Company. The LTI plan shall provide management incentives to drive long-term value creation for the Company and its business, taking stakeholders interests into account.

v. Fringe Benefits

Remuneration may include customary benefits in kind such as car allowance or company car, coverage of telephone and internet costs as well as newspaper subscriptions. Other benefits in kind as deemed appropriate by the Company may also be granted from time to time, subject to such benefits not being of unusual nature in light of common market practice and the benefits otherwise being in accordance with the principles set out in these guidelines.

vi. Extraordinary compensation

Executives and managers in the Company may be granted additional compensation in extraordinary circumstances on an ad-hoc basis. This may include, inter alia, 'sign-on' bonuses for new executives and managers, compensation for loss of remuneration with a former employer or increased responsibilities for a specific period.

vii. Terms of employment agreements

a) Terms and termination

- Employment agreements are permanent. Notice periods for employment contracts for executives shall be from 3 to 6 months depending on the level of the position and conditional upon applicable law.
- Management company contracts for contractors are for definite or indefinite periods. Notice periods for management company contracts for contractors shall be from 3 to 6 months depending on the level of the position and conditional upon applicable law.
- The position of CEO has a 6-month notice period, regardless of whether the agreement is in the form of a management company contract or an employment contract.

b) Severance payments

- Pryme does not have a policy related to severance payments. Pryme complies with legal requirements and, if applicable, union requirements. Any agreement for severance payments shall be dependent on local regulations and defined on a case-by case consideration for the specific employee.
- There shall be no severance payments for contractors under management company agreements.

c) Arrangements for early retirement

Pryme does not have a policy related to early retirement. The Company complies with legal requirements and, if applicable, union requirements.

d) Conditions for termination of employment

Pryme does not have a policy related to termination of employment. Employment and management company contracts shall contain specific clauses on gross negligence and willful misconduct, confidentiality and intellectual property. The Company complies with legal requirements and, if applicable, union requirements.

e) Pension plans

- The Company has facilitated pension plans for employees as viewed as appropriate by the Company's Supervisory Board and as described in the Company's Remuneration report published in the 2023 Annual Report.
- Managers that are engaged through management company contracts shall not be entitled to any pension contributions.
- In some jurisdictions all compensation to employees qualify for pension contributions. If an employee is hired in a jurisdiction where STI and LTI benefits qualify for the pension contribution basis, such STI and LTI benefits shall be reduced so that the overall cost to the company is no higher than the STI and or LTI benefit would have been without the pension contribution effect.

E. Revision of guidelines

These guidelines are submitted for adoption by the 2024 General Meeting of the Company as recommended of the Compensation Committee and the Supervisory Board. Upon the approval of the 2024 Annual General Meeting, these guidelines shall be valid for a period of up to 2 years until the Annual General Meeting of 2026.

The Compensation Committee and Supervisory Board will propose remuneration guidelines to the annual general meeting at 2-year intervals, provided that revisions may be proposed more frequently at the discretion of the Compensation Committee and the Supervisory Board when considered necessary.

F. Deviations from the guidelines

The Supervisory Board may authorize exceptions from the guidelines in the event that the Company should undergo significant changes, such as mergers or demergers, consolidation or split of shares, acquisition, or divestitures or in the event that the Company is significantly impacted by events that were not foreseen when the guidelines were adopted and implemented. The Supervisory Board may further establish extraordinary incentives in connection with reorganizations, larger acquisitions, divestitures, and similar transactions in order to facilitate the strategic objectives of the Company and the guidelines. Such remedies shall be limited in time.

Any deviations from the guidelines shall be described in the Company's remuneration report the following year.

G. The process for determination of compensation and benefits

The 'grandfather principle' shall apply for the determination of compensation and benefits. In this context the 'grandfather principle' means that the supervisor of the direct manager shall approve decisions relating the subordinate of the direct manager as defined in the operational organization structure.

a) Compensation and benefits for the CEO and members of the Management Board shall be managed by the Supervisory Board based on recommendations from the Compensation Committee.
b) For the CEO direct reports, compensation and benefits shall be proposed by the CEO and approved by the Compensation Committee.
c) Compensation and benefits for other managers and staff are determined in accordance with the 'grandfather principle'.

H. Change of control clauses

There is a general change of control clause for all share, restricted share unit or share option awards. In the event of a change of control, all awarded but unvested shares, restricted share unit or share options shall immediately vest.

I. Adjustments to the STI and LTI variable compensation

a) In the event of major acquisitions, mergers, divestitures or similar changes to the Company, then the STI plan annual goals may be adjusted by the CEO subject to approval by the Supervisory Board.
b) In the event of a corporate transaction involving the Parent Company including without limitation items such as a split or combination of shares, issuance of subscription rights, extraordinary dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares the Supervisory Board may modify the terms of awards not yet vested in such manner as the Supervisory Board may determine as reasonable under the circumstances in order to facilitate that the LTI participants realize some or all of the benefits intended to be granted to them under the LTI plan.

J. Conflict of interests

Compensation Committee members and members of the Supervisory Board shall abstain from deliberation, consideration and decision in case of a real, potential or perceived conflict of interest.

K. Repayment

Pryme has not implemented any procedures relating to repayment of compensation and benefits. The award of equity under the LTI plan shall be subject to 'claw back' terms to recover any variable remuneration awarded on the basis of substantially incorrect financial and other data. Claims for repayment shall be subject to applicable law.

L. Remuneration to the Supervisory Board

The remuneration to the members of the Supervisory Board is decided by the shareholders in the General Meeting. Any deviations from the remuneration levels or principles approved by the General Meeting will need shareholder approval.