



## **Report on salaries and other remuneration to leading personnel in SmartCraft ASA 2021**

## Introduction

This report on salaries and other remuneration to leading personnel (the “**Report**”) of SmartCraft ASA (the “**Company**”) is based on the requirements set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the “**Companies Act**”) section 6-16 a and 6-16 b, as well as Regulation on guidelines and report on remuneration for leading personnel of 11 December 2021 No. 2730 (the “**Regulation**”). The report is formulated in line with the European Commission’s template for remuneration reports.

Information required by the Norwegian Act relating to Annual Accounts of 17 July 1998 no. 56 (“**Accounting Act**”) section 7-31 b is included in the Company’s annual report for 2021 on page 45-46.

Remuneration to board members is not covered by this Report. Any remuneration to board members is determined by the general meeting in accordance with the Companies Act section § 6-10 and is available on pages 45-46 in the annual report for 2021.

## The guidelines for remuneration that the Company has adopted

The Board of Directors of the Company has prepared and resolved guidelines that govern the determination of salary and other remuneration to executive personnel in the Company (the “**Guidelines**”). The Guidelines have not yet been approved by the general meeting of the Company as the Company was converted to a public company and listed on the Oslo Stock Exchange after the time of its Annual General Meeting in 2021. Consequently, the Company was not required to prepare guidelines in 2021, and the Guidelines were therefore prepared and resolved by the board for the first time on April 25<sup>th</sup> 2022 and will be submitted for approval at the annual general meeting of the Company on May 20<sup>th</sup> 2022. This report, which gives an overview and an explanation of the salaries and other remuneration to leading personnel in 2021 is therefore not based on the Guidelines. However, the Company will for future years base the report on the Guidelines, given that the Guidelines are approved by the annual general meeting on May 20<sup>th</sup> 2022.

Pursuant to the resolved Guidelines, the basic salary for the executive personnel of the Company shall normally be the main element of the salary. The basic salaries will differentiate based on the scope of work, responsibility, and performance. In addition to the basic salary, the Company will use performance-related and personal bonuses that typically vary from 10% to 50% of the annual salary. The Company also has collective pensions schemes, and the executive personnel also receive other benefits such as mobile phone, internet access, insurance, and subsidized training subscriptions.

## The company’s performance

Revenue	EBITDA	EBT
<b>TNOK 270 762</b>	<b>TNOK 80 312</b>	<b>TNOK 48 867</b>

2021 was an eventful year for the SmartCraft Group. With the acquisition of Congrid Oy in December 2020, Homerunbynet Oy in May 2021 and Kvalitetskontroll AS in July 2021 the group has increased its customer base and gained valuable solutions and knowledge. They have all been successfully onboarded in 2021 and are performing according to plan.

The IPO process during the spring of 2021 was successful. The IPO attracted a good mix of both Nordic and international reputable investors and as a result of the shares issued in the IPO SmartCraft Group has a solid balance sheet and is in a net cash position.

With many changes and internal processes that derive from an IPO process, the Group still managed to deliver strong revenue growth and solid EBITDA margins according to plans.

## Remuneration to leading personnel

Table 1 below shows total remuneration the Company's leading persons have been paid or have benefited from being paid by the Company in 2021.

Name of Director (start/end)	Fixed remuneration		Variable remuneration				Pension expence <sup>4</sup>	Total remuneration	Proportion of fixed and variable remuneration
	Base salary <sup>1</sup>	Other benefits <sup>2</sup>	One-year variable <sup>3</sup>	Multi-year variable	Extraordinary items				
Gustav Line (CEO)	TNOK	TNOK	TNOK				TNOK	TNOK	
2021	2 095	12	749	-	-		38	2 894	74% / 26%
Gustav Line (CEO)	TNOK	TNOK	TNOK				TNOK	TNOK	
2020	1 769	9	652	-	-		36	2 527	74% / 26%
Kjartan Bø (CFO)	TNOK	TNOK					TNOK	TNOK	
2021	1 214	22	-	-	-		37	1 273	100% / 0%
Kjartan Bø (CFO)	TNOK	TNOK	TNOK				TNOK	TNOK	
2020	876	9	100	-	-		27	1 012	90% / 10%
Christian Saleki (CTO)	TSEK	TSEK					TSEK	TSEK	
1. June – 31. Dec	631	8	-	-	-		146	786	100% / 0%

1. The basic salary is calculated as fixed pay, holiday pay and deduction made for vacation.
2. Total of reported value related to insurance, car, subsidized training, mobile phone and internet access.
3. One-year variable remuneration is bonuses received during the fiscal year. Bonuses are paid in cash.
4. Variable pension expenses paid during the fiscal year. The pension schemes for senior executives are in accordance with local regulations. There is no extra remuneration related to pension other than what is required by law.

During 2021 the Group senior executive team was extended to also include a Chief Technical Officer (CTO). Christian Saleki was hired as CTO and took up the post from June 1<sup>st</sup> 2021.

## Remuneration paid in relation to the Guidelines

As explained further to the above, the remuneration described in table 1 is not based on the Guidelines as these have not yet been adopted by the general meeting. However, it is the Company's view that the remuneration is still in accordance with the Guidelines as the Guidelines are based on the Company's previous remuneration policy which is also the basis for the determination of the remuneration paid to leading personnel in 2021.

Furthermore, the Company believes that the described fixed remuneration in addition to the variable remuneration, are competitive and fair compared to positions with similar responsibility, workload and complexity in the same markets. The Company is therefore of the view that total paid remuneration contributes to the Company's interests of being able to recruit and keep highly qualified executive personnel, as also described as an important goal for the Company in the Guidelines.

The variable remuneration is based on achieving a certain level of revenue growth and EBITDA margin. The bonuses scale

according to achievement. We believe these are the two main drivers to focus on in order to drive shareholder value. Additionally, a discretionary bonus element is based on specific projects like successful M&As, growth in new markets, new development projects, etc. For 2021 IPO readiness was a discretionary bonus element.

### **Share-/option-based remuneration to leading personnel in the Company**

Currently, SmartCraft has no option based remuneration programs. Potential alternatives option based remuneration programs will be considered in 2022.

## **Total remuneration paid compared to the Guidelines**

A prerequisite for a successful implementation of the Company's business strategy and securing the Company's long-term interests, including sustainability, is that the Company is able to recruit and retain qualified personnel. To achieve this, it is necessary for the Company to offer competitive remuneration.

The Company's remuneration Guidelines enable the Company to offer leading personnel a competitive total remuneration. The total remuneration for leading personnel during 2021 has been in line with the Company's Guidelines for remuneration despite the fact that the Guidelines were resolved and prepared after the remuneration for 2021 was determined. This is the case because the Guidelines are based on the Company's already established remuneration policy, which has contributed to the Company's interests of being able to recruit and keep highly qualified executive personnel for years.

However, for 2022 and for future years, the Guidelines will serve as a base for the determination of the executive personnel's remuneration. That way, the Company believes that the total remuneration will comply with the Company's Guidelines by way of, inter alia, the conditions for variable remuneration stated in the Guidelines being emphasized before such remuneration is determined. Furthermore, the senior executives will only receive the various types of remuneration mentioned in the Guidelines. The Company believes that this will contribute to increased openness and trust among the senior executives. Furthermore, the Company believes that they will be able to continue to offer competitive remuneration compared to similar positions in the market, and that future remuneration therefore will contribute to the Company's interests of being able to recruit and keep highly qualified executive personnel.

## Performance-based remuneration

In table 2 below are the performance-based criteria and actual outcome for the CEO in 2021. He was the only in the senior executive team with performance based remuneration. There is no minimum threshold for the bonus as there are defined measurable targets to be fulfilled related to a specific amount.

### Gustav Line (CEO):

Bonus criteria for 2021	Potential bonus amount in TNOK	Measured performance	Actual reward in TNOK
1 month salary if EBITDA is above budget. 0.5 month salary if EBITDA is above 97%. (Excl Congrid and acquisitions in 2021)	166	104.4% (107.4% adjusted for currency)	166
1 month salary if revenue is above budget. 0.5 month salary if revenue is above 97%. (Excl. Congrid and acquisitions in 2021)	166	98.5% (100.7% adjusted for currency)	166
1 month salary if EBITDA is 4% above budget. (Excl. Congrid and acquisitions in 2021)	166	104.4% (107.4 % adjusted for currency)	166
1 month salary based on IPO readiness	166	IPO 24 <sup>th</sup> June 2021	166
2 months salary discretionary based on initiatives for growth (NPS, technical debt, Congrid performance etc)	333	The acquisitions of HomeRun and Kvalitetskontroll added great value in 2021	333

## Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines

There have not been any exceptions from the decision-making process when establishing Guidelines as the Guidelines were resolved by the board on the April 25<sup>th</sup> 2022 and have yet not been approved by the general meeting. Due to the short time since the Guidelines were prepared and approved by the Board of Directors, no derivation from them have been necessary.

## Information on changes in remuneration and the Company's performance

Table 3 below shows the change in remuneration paid to leading personnel over the past five financial years.

Annual change <sup>1</sup>	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018	2020 vs. 2019	2021 vs. 2020	Figures for 2021
<i>Directors remuneration</i>						
Gustav Line, CEO	N/A	N/A	N/A Started September 2018	16 % TNOK 356	14 % TNOK 369	TNOK 2 895
Kjartan Bø, CFO	N/A	N/A	N/A	N/A Started October 2019	26 % TNOK 261	TNOK 1 273
Christian Saleki, CTO	N/A	N/A	N/A	N/A	N/A Started June 2021	TSEK 786
<i>Group's performance</i>						
Change in revenue	N/A	N/A	107.3% TNOK 80 395	27.5% TNOK 42 240	38.2% TNOK 74 821	TNOK 270 762
Change in EBITDA	N/A	N/A	91.7% TNOK 20 088	48.60 % TNOK 25 078	4.8% TNOK 3 649	TNOK 80 312
<i>Change in average remuneration on a full-time equivalent basis of employees</i>						
Employees of the Company <sup>2</sup>			N/A	N/A	N/A	See comment below 2
Change in average FTE in the Group			143%	19%	40%	161

1. The columns 2021 vs. 2020, 2020 vs. 2019 etc. represents the change in senior executives' remuneration between the previous financial year where the comparative information in the table is to be provided. The annual change is presented as a percentage showing the difference, and in absolute numbers reflecting the total amount of senior executives corresponding to the two financial years being compared.
2. Number of employees in the Company (excluding executive directors)

There have not been other employees in the Company except senior executives until October 1<sup>st</sup> 2021. The average full-time employee in the Company except senior executives in 2021 are 0.4.

There has been no claw back during 2021. Bonuses are determined and approved when the accounts for the previous year are finalized, and payments performed in the commencing period.

## Consideration at general meeting.

This section is not applicable for this Report as there was no report prepared by the Company in the previous year.

## Statement by the Board Of Directors

The Remuneration Report is prepared in accordance with section 6-16 b of the Norwegian public limited companies Act.

The Board of Directors has today considered and adopted the Report on salaries and other remuneration to leading personnel of SmartCraft ASA for the financial year 2021. The Remuneration Report will be presented for an advisory vote at the Annual General Meeting 2022.

Gothenburg April 25<sup>th</sup> 2022

Board of Directors, SmartCraft ASA




Gunnar Haglund  
Chairman



Carl Ivarsson  
Board member



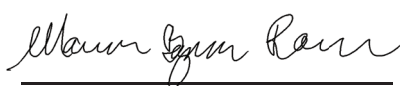
Christina Skogster Stange  
Board member



Bernt Ulstein  
Board member



Allan Engström  
Board member



Marianne Bergmann Røren  
Board member



Maria Danell  
Board member



Gustav Line  
Chief Executive Officer

## Statement by the independent auditor



Til Styret i SmartCraft ASA

### Uavhengig attestasjonsuttalelse om godtgjørelsesordningen

Vi har gjennomgått SmartCraft ASAs rapportering om godtgjørelsesordningen datert 25. april 2022. Gjennomgangen omfatter også den underliggende dokumentasjon som rapporteringen bygger på.

#### *Styrets ansvar*

I henhold til «Forskrift om finansforetak og finanskonsern» av 9. desember 2016 skal foretakets styre fastsette og sørge for at foretaket til enhver tid har og praktiserer en godtgjørelsesordning som skal gjelde for hele foretaket og datterselskaper.

Styret skal sørge for:

- å fastsette særskilte regler for godtgjørelsen av ledende ansatte, for andre ansatte og tillitsvalgte med arbeidsoppgaver av vesentlig betydning for foretakets risikoeksponering og for andre ansatte og tillitsvalgte med tilsvarende godtgjørelse, samt for andre ansatte og tillitsvalgte med kontrolloppgaver.
- at godtgjørelsesordningen er i samsvar med foretakets overordnede mål, risikotoleranse og langsiktige interesser.
- at godtgjørelsesordningen bidrar til å fremme god styring og kontroll med foretakets risiko, og ikke oppfordre til å ta for høy risiko.

#### *Vår uavhengighet og kvalitetskontroll*

Vi er uavhengige av selskapet i overenstemmelse med lov og forskrift og Code of Ethics for Professional Accountants (IESBA Code) og med de etiske kravene som er relevante for vårt oppdrag, og vi har oppfylt våre etiske forpliktelser i samsvar med disse kravene og IESBA Code. Vi anvender ISQC 1 – Kvalitetskontroll for revisjonsfirmaer som utfører revisjon og forenklet revisorkontroll av regnskaper samt andre attestasjonsoppdrag og beslektede tjenester og opprettholder et omfattende system for kvalitetskontroll inkludert dokumenterte retningslinjer og prosedyrer vedrørende etterlevelse av etiske krav, faglige standarder og gjeldende lovmessige og regulatoriske krav.

#### *Revisors oppgaver og plikter*

Vår oppgave er å avgi en uavhengig uttalelse til styret om foretakets gjennomgang og kontroll av godtgjørelsesordningen i samsvar med ovennevnte forskrift.

Vi har utført vårt arbeid i samsvar med internasjonal attestasjonsstandard (ISAE) 3000 – «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon». Denne standarden krever at vi planlegger og gjennomfører kontrollhandlinger for å kunne avgi en uttalelse med betryggende sikkerhet for at foretaket har foretatt en årlig gjennomgang av godtgjørelsesordningen, og at det er utarbeidet en skriftlig rapport om gjennomgangen som er rapportert til styret. Standarden krever videre at vi skal kontrollere utvalgte deler av materialet som den skriftlige vurderingen av godtgjørelsesordningen bygger på, herunder om det er samsvar mellom foretakets vurdering og konklusjon og det underliggende materialet. Etter vår mening er innhentet bevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

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PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 MVA, [www.pwc.no](http://www.pwc.no)  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap





### *Konklusjon*

Vi mener at i det alt vesentlige har:

- foretakets styre utarbeidet retningslinjer og rammer for en godtgjørelsesordning som gjelder for hele foretaket og datterselskaper,
- foretaket utarbeidet en vurdering av praktiseringen av godtgjørelsesordningen, og
- foretaket skriftlig nedfelt vurderingen og konklusjonen av praktiseringen av godtgjørelsesordningen.

Oslo, 25. april 2022

**PricewaterhouseCoopers AS**



Jone Bauge  
Statsautorisert revisor