



REPORT ON SALARIES AND OTHER  
REMUNERATION TO SENIOR EXECUTIVE  
MANAGEMENT IN SMARTCRAFT 2023



## INTRODUCTION

This report on salaries and other remuneration to Senior Executive Management (the “**Report**”) of SmartCraft (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 2023 on page 57-58.

## 1. 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 senior executive personnel in the Company (the “**Guidelines**”). The Guidelines was approved by the annual general meeting of the Company on the 28th of April 2023. This report, which gives an overview and an explanation of the salaries and other remuneration to senior executive management in 2023 is based on the Guidelines.

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

### 1.1 Key changes in the composition of senior executive management

Katja Widlund was promoted to Chief Marketing Officer (CMO) for SmartCraft with effect from January 2023. Before January 2023 she served as Marketing Manager for one of the subsidiaries. Details on the serving senior executive management can be found in table 2.

## 2. REMUNERATION TO BOARD OF DIRECTORS

The remuneration of the Board of Directors is determined by the Annual General Meeting based on a proposal from the Nomination Committee. At the Annual General Meeting in 2023, the Nomination Committee proposed board fees for the period from the Annual General Meeting in 2022 to the Annual General Meeting in 2023.

<i>Amounts in NOK (thousands)</i>	<b>Board fee</b>	<b>Audit Committee fee</b>	<b>Remuneration Committee fee</b>	<b>Total</b>
Gunnar Haglund	350	40	10	400
Christina Skogster Stange	175	-	-	175
Bernt Ulstein	175	-	10	185
Maria Danell	175	-	-	175
Carl Ivarsson	Refrained	Refrained	-	-
Marianne Bergmann Røren	175	40	-	215
Allan Engström	Refrained	-	Refrained	-

### 3. REMUNERATION TO SENIOR EXECUTIVE MANAGEMENT

The purpose of the remuneration of senior executive management is to strengthen the Company's ability to create long-term value by supporting business strategy and to ensure that the Company is run in a sustainable manner. The Board of Directors determines the remuneration of the CEO and the Guidelines. The CEO determines the remuneration of other members of senior executive management but shall discuss changes with the remuneration committee.

#### 3.1 Base salary

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.

Table 2 below shows total remuneration the Company's senior executive management have been paid or have benefited from being paid by the Company in 2023 and 2022 for comparison. It also shows the respective relative proportions both of fixed and variable remuneration in the reported financial year.

Total compensation Senior executive management	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense <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				
<b>Gustav Line (CEO)</b>	TNOK	TNOK	TNOK			TNOK	TNOK	
2023	2 530	10	879	-	-	85	3 503	75% / 25%
2022	2 313	10	998	-	-	40	3 361	70% / 30%
<b>Kjartan Bø (CFO)</b>	TNOK	TNOK	TNOK			TNOK	TNOK	
2023	1 685	10	167	-	-	83	1 945	91% / 9%
2022	1 370	10	-	-	-	40	1 420	100% / 0%
<b>Christian Saleki (CTO)</b>	TSEK	TSEK	TSEK			TSEK	TSEK	
2023	1 346	97	50	-	-	265	1 781	97% / 3%
2022	1 269	84	-	-	-	265	1 618	100% / 0%
<b>Katja Widlund (CMO)</b>	TSEK	TSEK	TSEK			TSEK	TSEK	
2023	1 211	88	75	-	-	190	1 563	95% / 5%

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.

### 3.2 Share-/option-based remuneration

Currently, SmartCraft has no option based remuneration program. To align the interest of the senior executive management and other key employees of the SmartCraft Group with those of the shareholders of SmartCraft it was established an equity-based investment program (the "LTIP") in July 2022. The participants in the LTIP have acquired ordinary shares in an incorporated investment company (SMCRT MGMT 1 AS) that holds less than 1% of a subsidiary (SmartCraft Software AS) holding the shares in all operational companies of the group. The offered signing price for each share is based on an estimated fair value of the group at the time of purchase. The fair value estimation uses an Volume-Weighted Average Price (VWAP) as quoted on the Oslo Stock Exchange measured over a period of 10 trading days prior to the transaction day and adjusted for business activities, assets and liabilities not related to SMCRT MGMT 1 AS. SmartCraft ASA holds preference shares in SMCRT MGMT 1 AS equal to 80 % of the shares issued, with a preferred right to distributions up to a preferred return of 10% p.a. Distributions in excess of the preferred return shall be allocated pro rata to the ordinary shares. SmartCraft ASA will also be eligible to hold ordinary shares as participants who exit the program are obligated to sell their shares to SmartCraft ASA. As of December 31st 2024 SmartCraft ASA hold ordinary shares equal to 1%.

Table 3 shows number of shares that was acquired by senior executive management as part of the LTIP

Number of shares held	In LTIP	In SmartCraft ASA
Gustav Line (CEO)	500 000	2 078 025
Kjartan Bø (CFO)	750 000	298 000
Christian Saleki (CTO)	380 000	18 149
Katja Widlund (CMO)	331 043	70 809
Other key employees	2 919 669	Not disclosed

### 3.3 Performance-based remuneration

In 2023 performance-based remuneration ("PBR") has been defined for all members of the senior executive management. The performance-based salary can vary from 3,5% to 50% of the annual base salary depending on role. There is no minimum threshold for the bonus as there are defined measurable targets to be fulfilled related to a specific amount.

The Board of Directors sets the annual PBR scorecard for the CEO, including the goals and targets, respective weights, and pre-defined performance scale. The CEO sets the scorecard that applies for the rest of the management. The PBR scorecard should always include a financial, an ESG, and a discretionary element to align with the Company's strategy and remuneration guidelines. All PBR are short term, defined as no more than one year.

Table 4 shows the performance- based criteria and outcome for the CEO for 2023



Bonus criteria for 2023	Potential bonus amount in TNOK	Measured performance	Actual reward in TNOK
Organic ARR growth 15%	200	13.6 %	-
Organic ARR growth 15-19.5%	400	13.6 %	-
Increased Adjusted EBITDA – R&D capex 1 pp (organically)	200	Increase 0.1 pp	10
Acquired companies' revenue 0-30 MNOK	100	MNOK 15.0	50
Establishing metrics and reporting in line with CSRD framework	100	Established reporting structure and finalizing report for 2023	100
Discretionary	200	Based on the excellent performance in a challenging macro environment the remuneration committee proposed an additional discretionary element	400

There has been no claw back during 2023. Bonuses are determined and approved when the accounts for the fiscal year are finalized, and payments performed in the commencing period.

#### 4. DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION GUIDELINES AND FROM THE PROCEDURE FOR IMPLEMENTATION OF THE GUIDELINES

According to the remuneration policy the Board of Directors may decide to deviate from the guidelines in individual cases, provided it is necessary to protect the long-term interest and financial capacity of the group or safeguard the viability of the group. There have been no deviations in 2023.

#### 5. THE COMPANY'S PERFORMANCE FOR THE FINANCIAL YEAR 2023

2023 has been about handling a challenging macro environment while at the same time continuing business as usual. The Group acquired the Swedish solution Coredination in July 2023, which was successfully onboarded and is performing according to plan. As the Group is growing in offered solutions and teams, the new country management structure is performing well. The Group focuses on connecting the dots, tying the different solutions together for a more complete offering to each customer and upsell potential.

SmartCraft has a solid balance sheet and is in a net cash position and has delivered results in accordance with guiding since the IPO in June 2021.

Revenue	EBITDA	EBT
<b>TNOK 401 654</b>	<b>TNOK 165 721</b>	<b>TNOK 136 268</b>

## 6. INFORMATION ON CHANGES IN REMUNERATION AND THE COMPANY'S PERFORMANCE

Table 4 below shows the change in remuneration paid to leading personnel over the past five financial years.

Annual change <sup>1</sup>	2019 vs. 2018	2020 vs. 2019	2021 vs. 2020	2022 vs. 2021	2023 vs. 2022	Figures for 2023
<b>Senior Executive Managements remuneration</b>						
Gustav Line, CEO	N/A Started September 2018	16 % TNOK 356	14 % TNOK 369	16 % TNOK 467	4 % TNOK 142	TNOK 3 503
Kjartan Bø, CFO	N/A	N/A Started October 2019	26 % TNOK 261	12 % TNOK 147	37 % TNOK 525	TNOK 1 945
Christian Saleki, CTO	N/A	N/A	N/A	N/A Started June 2021	10 % TSEK 163	TSEK 1 781
Katja Widlund, CMO	N/A	N/A	N/A	N/A	N/A Started January 2023	TSEK 1 563
<b>Group's performance</b>						
Change in revenue	107 % TNOK 80 395	28 % TNOK 42 240	38 % TNOK 74 821	23 % TNOK 62 661	21 % TNOK 68 231	TNOK 401 654
Change in EBITDA	92 % TNOK 20 088	49 % TNOK 25 078	5 % TNOK 3 649	60 % TNOK 48 107	29 % TNOK 37 302	TNOK 165 721
<b>Average remuneration on a full-time employee</b>						
Other employees in the Group (FTE)	N/A	10 % TNOK 49	7 % TNOK 42	4 % TNOK 23	5 % TNOK 31	TNOK 711
Average FTE in the Group	143 % 57	19 % 18	40 % 46	14 % 22	3 % 6	189

1. The columns 2022 vs. 2021, 2021 vs. 2020 etc. represents the change in senior executive management's 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 executive managements corresponding to the two financial years being compared.

## 7. CONSIDERATION AT GENERAL MEETING

In agreement with the Board of Director's proposal the Annual General Meeting April 28th, 2023, passed the following resolution: "The board of directors' proposed guidelines for salary and other remuneration to leading personnel are approved". The resolution was passed with 100% of the represented shares voting for.

The remuneration report for 2023 will be presented at the Annual General Meeting in 2024.



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## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REPORT ON SALARY AND OTHER REMUNERATION TO DIRECTORS

To the General Meeting of SmartCraft ASA

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that SmartCraft ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### Our Independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

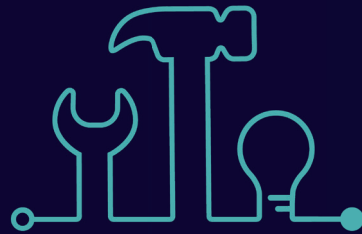


Oslo, 10 April 2024  
ERNST & YOUNG AS

A handwritten signature in blue ink, appearing to read 'A. Bristol'.

Alexandra van der Zalm Bristol  
State Authorised Public Accountant





**SmartCraft**