

SAF Tehnika JSC
Remuneration Report
for the year ended
June 30, 2023

SAF TEHNIKA JSC
REMUNERATION REPORT
FOR THE YEAR ENDED JUNE 30, 2023

Introduction

The remuneration report of the Board and Council of the joint stock company "SAF Tehnika" (hereinafter referred to as the Company) for the year ended June 30, 2023, has been prepared in accordance with the remuneration policy of the Board and Council, which was developed in accordance with the requirements of Section D Chapter III¹ of the Financial Instruments Market Law, which introduced Directive (EU) 2017/828 of the European Parliament and of the Council in the Republic of Latvia as regards the encouragement of long-term shareholder engagement.

The remuneration report has been drawn up by the Board of the Company. The remuneration report is checked by a sworn auditor and is reviewed and approved at the shareholders' meeting together with other components of the Company's annual report.

1. Remuneration of the Company's Board and Council members is based on the following basic principles:

1.1. Members of the Board and Council of the Company do not receive special remuneration for the performance of their duties as members of the Board or Council.

1.2. For members of the Board/Council who have an employment relationship with the Company in any other position, remuneration is included in the salary. The right to reclaim or defer compensation is not provided for. If a member of the Board/Council has an employment or other civil relationship with the Company, remuneration includes salary and other payments or benefits to a member of the Board/Council. The part of remuneration resulting from employment relationship or other civil relations may vary, for example, in case of granting bonuses, extras, health insurance, etc.

The determination of the management remuneration takes into account the professional skills of each member of the Board, the level of responsibility for the work process and resources, as well as the Company's overall financial indicators based on annual results, budget and sales forecasts, sales promotion.

The remuneration report includes information for the reporting year, as well as comparative information for the year ended on June 30, 2022, which was the first year when such remuneration report was prepared.

The remuneration report for the reporting year ending on 30 June, 2022 was approved at the shareholder's meeting on 6 December 2022. The decision was adopted, with 1 920 702 votes "in favour", 0 votes "against", 0 votes "abstentions".

Remuneration of members of the Board

The fixed remuneration of the members of the Board includes the salary and change in accruals for unused vacations and may include other benefits and privileges not related to the performance of job duties or tasks, such as health insurance, private use of the Company's car or mobile communication device within certain limits, as well as subsistence (food) allowance in accordance with the concluded collective agreement, etc.

Variable remuneration may consist of the following costs in monetary form:

- annual bonuses based on the results of the previous reporting year of the Company;
- individual payouts for special achievements or events.

Remuneration of members of the Council

The fixed remuneration of the members of the Council includes the salary and change in accruals for unused vacations and may include other benefits and privileges not related to the performance of job duties or tasks, such as health insurance, private use of the Company's car or mobile communication device within certain limits, as well as subsistence (food) allowance in accordance with the concluded collective agreement, etc.

Members of the Council do not receive additional payments for work on the Audit Committee. Members of the Council who do not have an employment relationship with the Company do not receive special remuneration for performing the duties of members of the Council.

Term of office of the Council is from November 20, 2021 to November 20, 2024.

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Remuneration of members of the Board and Council and other benefits paid or payable for the financial year 2022/2023 is presented below:

Name, Position	Fixed Remuneration			Variable Remuneration EUR	Total Remuneration EUR	Fixed / Variable Remuneration %	
	Salary EUR	Other Benefits EUR	Total EUR				
Normunds Bergs Chairman of the Board	85 420	4 095	89 515	23 590	113 105	79%	21%
Didzis Liepkalns Chief Technical Officer, Member of the Board	54 837	1 237	56 074	15 348	71 421	79%	21%
Zane Jozepa Head of Finance and Administrative Department, Member of the Board	67 656	7 427	75 083	19 460	94 543	79%	21%
Jānis Bergs Vice President of Sales and Marketing, Member of the Board	2 108	734	2 841	-	2 841	100%	0%
Jānis Bergs Vice President of Sales and Marketing, Member of the Board (another company of the Group)	178 353	26 869	205 222	164 797	370 019	55%	45%
Total Board remuneration	388 374	40 362	428 735	223 195	651 929	66%	34%
Juris Zieme Head of Production, Chairman of the Council	62 227	6 631	68 858	17 605	86 463	80%	20%
Andrejs Grišāns Head of Production, Vice-Chairman of the Council	44 081	4 552	48 633	12 752	61 385	79%	21%
Aira Loite Director of Digital Trans formation, Member of the Council	60 837	1 054	61 891	16 583	78 474	79%	21%
Total Council remuneration	167 145	12 237	179 382	46 940	226 322	79%	21%

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Remuneration of members of the Board and Council and other benefits paid or payable for the financial year 2021/2022 is presented below:

Name, Position	Fixed Remuneration			Variable Remuneration EUR	Total Remuneration EUR	Fixed / Variable Remuneration %	
	Salary EUR	Other Benefits EUR	Total EUR				
Normunds Bergs Chairman of the Board	74 683	3 669	78 352	12 580	90 932	86%	14%
Didzis Liepkalns Chief Technical Officer, Member of the Board	58 449	941	59 390	17 540	76 930	77%	23%
Zane Jozepa Head of Finance and Administrative Department, Member of the Board	63 190	7 381	70 571	20 216	90 787	78%	22%
Jānis Bergs Vice President of Sales and Marketing, Member of the Board	253	342	595	-	595	100%	0%
Jānis Bergs Vice President of Sales and Marketing, Member of the Board (another company of the Group)	159 584	17 413	176 997	283 895	460 892	38%	62%
Total Board remuneration	356 159	29 746	385 905	334 231	720 136	54%	46%
Juris Ziema Head of Production, Chairman of the Council	61 783	6 092	67 875	19 475	87 350	78%	22%
Andrejs Grišāns Head of Production, Vice-Chairman of the Council	43 954	5 509	49 463	13 630	63 093	78%	22%
Aira Loite Director of Digital Trans formation, Member of the Council	47 837	625	48 462	10 661	59 123	82%	18%
Total Council remuneration	153 574	12 226	165 800	43 766	209 566	79%	21%

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Average remuneration of full-time employees (excluding members of the Board and Council)

	2022/2023	2021/2022	2020/2021
	EUR	EUR	EUR
Salary	7 441 444	6 043 483	4 906 009
Average number of employees	205	184	179
Average remuneration per employee	36 344	32 185	27 433

Salary is presented by the accrual method.

Management remuneration

	2022/2023	2021/2022	2020/2021
	EUR	EUR	EUR
Fixed remuneration of members of the Council	179 382	165 800	98 574
Variable remuneration of Members of the Council	46 940	43 766	26 302
Total remuneration of members of the Council	226 322	209 566	124 876
Fixed remuneration of members of the Management Board	428 736	385 905	306 955
Variable remuneration of members of the Management Board	223 194	334 231	651 661
Total remuneration of members of the Management Board	651 930	720 136	958 616

Performance results

	2022/2023	2021/2022	2020/2021
	EUR	EUR	EUR
Revenue from contracts with customers	32 040 313	29 135 280	20 983 223
Profit before tax	3 622 335	5 803 336	3 176 647
Profit of the reporting year	3 117 404	5 754 239	3 176 647

Please see other performance results in the respective year's annual report.

Number of shares and share options granted and offered and the main conditions for the use of options, including the price and date of their use, and their changes (if any)

None

Information on cases where a variable part of remuneration has been reclaimed

None

Temporary derogations applied, including an explanation of the nature of the exception and an indication of the specific components of the remuneration policy for which the temporary derogation has been applied

None