

## HIDDEN SOLUTIONS ASA

### THE BOARD OF DIRECTORS' STATEMENT ON REMUNERATION TO SENIOR MANAGEMENT

#### ANNUAL GENERAL MEETING 2019

*Pursuant to section 6-16a of the Norwegian Public Limited Liability Companies Act, the board of directors of Hiddn Solutions ASA (the "**Company**", together with its subsidiaries the "**Group**") shall prepare a statement regarding remuneration to senior management.*

*The statement shall include guidelines for determination of salary and other remuneration, including stating the main principles of the Company's senior management remuneration policy during the coming financial year. The statement shall also include an account of the remuneration policy carried out during the preceding financial year.*

#### **1. KEY PRINCIPLES FOR REMUNERATION OF SENIOR MANAGEMENT IN THE COMING FINANCIAL YEAR**

##### **1.1 Introductory note**

The board of directors has prepared the following statement on guidelines and main principles for the stipulation of salaries and other remuneration for the CEO and other senior management. The statement was approved by the board of directors on 7 June 2019 and will be presented to the Annual General Meeting of Hiddn Solutions ASA on 28 June 2019.

##### **1.2 Main principles regarding remuneration to senior management**

###### **1.2.1 General principles**

The main principle applied in determining salary for senior management within the Group shall be that the executives are offered competitive salary terms in line with market levels within the Group's industry, which aim to attract and retain qualified executives that are necessary to fulfil the Group's objectives and go forward with the Group's strategy.

Remuneration to senior management shall also be linked to value creation for shareholders and the Company's earnings and performance, based on quantifiable factors that the senior executives can influence. Such variable remuneration aims to motivate the executives in their work and may be carried out through individual bonus arrangements and share options as further described below.

###### **1.2.2 Bonus arrangements**

The Company does not have any general bonus arrangement for senior management and no existing individual bonus arrangements are expected to entail bonus payments during 2019, see note 5 to the Group's annual accounts for further information.

The Company may establish individual bonus arrangements with senior executives. As a general rule, such bonuses shall be based on performance measurements that are appropriate and reasonable for the position of the individual senior executive and shall take into consideration the general principles stated in section 1.2.1 above.

###### **1.2.3 Share-based compensation**

Performance based compensation is granted by share options to the senior management of the Company and other key employees within the Group. The share option program provides additional incentives towards creating long-term shareholder value.

The share options vest over a period of three years from the date the options were granted, with one third of the options vesting after each year. Each option vested gives the holder a right to one ordinary share in the Company. The maximum number of options vesting in any year shall not exceed three (3) percent of all shares outstanding in the Company. Notwithstanding the foregoing, the board of directors may determine other option vesting schedules if deemed appropriate.

The strike price of the options will be set at a fair market price at the time of the grant (the "**Subscription price**"), however adjusted for any dividends paid before exercise.

The board of directors determines the expiration date of options granted, however no options may be exercised following the five (5) year anniversary of the date the options were granted. Expired options will lapse without no compensation to the holder.

The options may be settled by the Company in cash. The options have a cap price of three times the Subscription Price. In case the market price of the Company's shares at the time the options are exercised exceeds the cap price, the excess value will be paid to the Company by the option holder.

For further information, please refer to note 6 to the Group's annual accounts. Due to the undergoing bankruptcy proceedings in Hiddn Security AS, non-vested options of 2,030,000 elapsed. Total outstanding options as of the date of this statement is 2,580,000

### **1.3 Other remuneration to senior management**

In addition to fixed salary, senior management may receive other benefits in kind such as telephone, laptop, internet subscriptions and newspaper subscriptions.

The members of senior management participate in the Group's defined contribution pension schemes applicable for all employees within the Group.

The CEO is entitled to six months' severance pay. The board may enter into severance pay arrangements with other senior executives as deemed appropriate, however, always taking into consideration the executives responsibilities and position within the Company or Group.

## **2. KEY PRINCIPLES FOR REMUNERATION OF SENIOR MANAGEMENT DURING THE PREVIOUS FINANCIAL YEAR**

The Company's remuneration of the CEO and senior management is conducted in accordance with the guidelines presented above. For further information, please refer to note 5, note 6 and note 21 o the Group's annual accounts.

\*\*\*

7 June 2019

The board of directors of Hiddn Solutions ASA