

**REMUNERATION REPORT 2021**

for

**SALMON EVOLUTION ASA**

## REMUNERATION OF DIRECTORS OF SALMON EVOLUTION ASA

Subject to advisory vote by the general meeting on 14 June 2022

In accordance with the Norwegian Public Limited Liability Companies Act (the “Act”) section 6-16 b, the Board of Directors of Salmon Evolution ASA (the “Company”) has prepared a report on the salary and other remuneration of the CEO and senior executives of the Company awarded or due in 2021.

This report regards remuneration of the following executive management of 2021:

- Chief Executive Officer (CEO) - position currently held by Håkon André Berg
- Chief Financial Officer (CFO) - position currently held by Trond Håkon Schaug-Pettersen
- Chief Operating Officer (COO) - position currently held by Ingjarl Skarvøy
- Chief Project Officer (CPO) - position currently held by Kamilla Mordal Holo
- Chief Commercial Officer (CCO) - position currently held by Odd Frode Roaldsnes (from Sep 2021)
- Former CCO - Trond Valderhaug until Sep 2021

Hereinafter collectively referred to as the “Executive Management” or separately as each “Executive”. Of the Executive Management, the CEO and CFO are formally employed by Salmon Evolution ASA while the other members of the Executive Management are formally employed by Salmon Evolution Norway AS.

### 1. Introduction, scope and purpose

This remuneration report 2021 provides an overview of remuneration of the Executive Management of the Company in 2021 in relation to the Company’s Remuneration Policy adopted by the general meeting on 19 May 2021. This report has been prepared in accordance with the Norwegian Public Limited Liability Companies Act section 6-16 b.

The Company’s Remuneration Policy is designed to align the interests between Executives and the Company’s shareholders and further stimulate a culture focused on profitability and growth in shareholder values. The Company is dependent on being able to offer remuneration which can attract and retain executives with strong competence.

The purpose of the Remuneration Policy is to set out remuneration components for the Executive Management and providing a framework for remuneration to Executives in accordance with the Company’s business strategy and long-term interests, hereunder long-term sustainability, profitability and long-term growth in shareholder values. The total remuneration of the Executive Management is therefore constructed as a combination of fixed salary and variable compensation.

A competitive fixed salary shall be paid in order to attract and retain high-quality and experienced executives and to provide appropriate remuneration for their important role in the Company. This is required to support the recruitment and retention of executives of the caliber required to implement the Company’s strategy. The variable compensation is designed to achieve good financial results and increase shareholder value while retaining key employees.

Further information on remuneration can be found in the Annual Report 2021 on page 83 and 84. The Company does not currently have a remuneration committee.

The remuneration of Executives in 2021 was in accordance with the Company's approved Remuneration Policy.

## 2. Overview of financial year 2021

### 2.1 Introduction to Salmon Evolution

Salmon Evolution ASA is a Norwegian company headquartered in Molde, Norway and listed on the Oslo Stock Exchange. The Company owns the following subsidiaries (collectively "**Salmon Evolution**" or the "**Group**"):

- Salmon Evolution Norway AS ("**SENAS**", registered in Hustadvika municipality, Norway)
- Salmon Evolution Asia AS ("**SEA**", registered in Hustadvika municipality, Norway)
- Kraft Laks AS ("**Kraft Laks**", registered in Volda municipality, Norway)

Salmon Evolution is a Norwegian land-based salmon farming company focused on extending the ocean's potential by transferring the best preconditions offered by the sea to farm fish on land through its chosen hybrid flow-through system technology (HFS). This secures a truly sustainable production process with controlled and optimal growth conditions and limiting operational and biological risk.

The Group's first production facility is under construction at Indre Harøy, strategically located on the Norwegian west coast with unlimited access to fresh seawater, renewable energy, established infrastructure for salmon farming, and an educated and experienced work force. The entire project is designed for an annual capacity of approx. 31,500 tonnes HOG of. Phase 1 of the project which is currently under construction and with expected completion in Q4 2021, comprises an annual production of 7,900 tonnes HOG. During Q1 2022 parts of the phase 1 facility was completed and operations commenced.

The Company has also entered into a joint venture with Dongwon Industries where the parties will develop, construct and operate a land-based salmon farming facility in South Korea with an annual production capacity of 16,800 tonnes HOG, using Salmon Evolution's chosen HFS technology.

As per 31 December 2021, the Group had 32 full time employees and we expect to further increase the workforce as Group continues to grow.

### 2.2 Full Year results

Operating revenues in 2021 amounted to NOK 12.3 million compared to operating revenues of NOK 0.7 million in 2020. Operating revenues for 2021 were primarily related to revenues from sale of smolt in Kraft Laks, a company acquired by the Company in 2021.

Operating profit for 2021 was NOK -37.8 million compared to NOK -17.7 million in 2020. The increased loss in 2021 is driven by a higher activity level within the Group ahead of production start and completion of phase 1 at Indre Harøy.

Profit for the period in 2021 was NOK -26.4 million compared to NOK -16.8 million in 2020. Profit for 2021 was impacted by a net positive tax effect of NOK 6.5 million relating to change in deferred tax.

### **2.3 Statement of Financial Position**

Total assets were NOK 1,706 million as per 31 December 2021 compared to NOK 893 million as per 31 December 2020. The increase was mainly related to continued progress at the Indre Harøy project.

Cash and cash equivalents were NOK 506 million as per 31 December 2021 compared to NOK 648 million as per 31 December 2020.

Total equity increased to NOK 1,298 million as per 31 December 2021 compared to NOK 788 million as per 31 December 2020, following the completion of equity issues during the financial year. The Group's equity ratio as per 31 December 2021 was 76%.

### **2.4 Highlights of 2021**

- Key events in the Company 2021 that have impact on management remuneration have been the continued progress and project execution at the Indre Harøy project, the establishment of our joint venture in South Korea, the listing on Oslo Stock Exchange, successful equity and debt capital raisings, the acquisition of Kraft Laks and share price appreciation from NOK 6.85 per year end 2020 to NOK 8.60 per year end 2021. Share price appreciation have a direct impact on variable remuneration paid to management through the Company's option program (no options exercised during 2021)
- During 2021 the following additions to the management team were made:
  - Trond Håkon Schaug-Pettersen took on the position as CFO from of 1 January 2021
  - Odd Frode Roaldsnes took on the position as CCO from 1 September 2021, replacing Trond Valderhaug
- The Company's Remuneration Policy was established in 2021 and was adopted by the general meeting on 19 May 2021.
- There have been no derogations from the Remuneration Policy during 2021.

## **3. Total remuneration in 2021 to Executive Management**

### **3.1 Remuneration awarded or due in 2021**

In 2021, the remuneration to Executives consisted in average of 68% fixed salary and 26% variable remuneration and was in line with the guidelines set out in the Remuneration Policy. Pension and other compensation represented an average of 6%. The bonus amount was mainly based on specific achievements such as the continued progress and project execution at the Indre Harøy project, organizational development, the establishment of our joint venture in South Korea, the listing on Oslo Stock Exchange, successful equity and debt capital raisings and the acquisition of Kraft Laks. The total remuneration is designed to increase shareholder value while retaining key employees.

Table 1-3 below gives an overview of the total remuneration paid to the Directors of the Board and the Executive Management in 2021 together with comparative figures for 2020:

**Table 1 - Remuneration of management awarded or due in 2021 (numbers in NOK thousands)**

Name of Director, position	FY	1 Fixed remuneration			2 Variable remuneration		3 Extra-ordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				
Håkon André Berg, CEO	2021	2,329	0	13	2,200	0	0	56	4,598	52%/48%
	2020	1,819	0	22	0	0	0	60	1,901	99%/1%
Trond Håkon Schaug-Pettersen, CFO	2021	2,114	0	285	800	0	0	56	3,255	67%/33%
	2020	0	0	0	0	0	0	0	0	N/A
Ingjart Skarvøy, COO	2021	1,674	0	165	250	0	0	57	2,146	81%/19%
	2020	1,366	0	155	0	0	0	63	1,584	90%/10%
Kamilla Mordal Holo, CPO	2021	1,207	0	23	250	0	0	52	1,533	82%/18%
	2020	1,008	0	11	0	0	0	48	1,066	99%/1%
Odd Frode Roaldsnes, CCO*	2021	513	0	5	0	0	0	18	535	99%/1%
	2020	0	0	0	0	0	0	0	0	N/A
Trond Valderhaug, CCO**	2021	1,328	0	26	0	0	0	56	1,410	98%/2%
	2020	381	0	0	0	0	0	18	400	100%

\*CCO in Salmon Evolution from September 2021

\*\*CCO in Salmon Evolution until September 2021

### 3.2 Fixed remuneration

The fixed salary for executives shall be at market terms and in accordance with the market salary for similar positions in the industry and shall be based on responsibility, competence and performance. The level of the fixed salary shall be reviewed on a regular basis, normally once a year.

Within the framework of the existing agreements, the remuneration to the CEO shall be recommended by the chairman and approved by the board of directors on a yearly basis, while the remuneration to other executives shall be approved by the CEO in consultation with the chairman and presented to the board of directors on a yearly basis.

In 2021, the CEO's fixed salary increased by 28% compared to 2020, reflecting a change in position from CFO to CEO in 2020, general market alignment, increased activity level within the Group and overall responsibility. The fixed salary for the CEO constitutes 51% of the total remuneration, and 77% for the other Executives, which complies with the guidelines set out in the Remuneration Policy.

### 3.3 Variable remuneration

The variable compensation for 2021 consisted of a discretionary bonus payable in cash to each member of the Executive Management.

The following cash bonuses were paid to the Executive Management during 2021:

- CEO Håkon Berg: NOK 2,200,000, equivalent to 94% of the fixed salary
- CFO Trond Håkon Schaug-Pettersen: NOK 800,000, equivalent to 38% of the fixed salary
- COO Ingjart Skarvøy: NOK 250,000, equivalent to 15% of the fixed salary
- CPO Kamilla Mordal Holo: NOK 250,000, equivalent to 21% of the fixed salary

The company cannot demand repayment of variable remuneration unless obvious miscalculations or non-entitled payment have been made.

For information about the variable remuneration and the specific application of the performance criteria, please refer to section 3.6 Application of performance criteria.

### 3.4 Share based remuneration

#### 3.4.1 Share ownership

As of 31 December 2021, the members<sup>1)</sup> of the Executive Management held shares in the Company as set out below:

Name	Total shareholding
Håkon André Berg, CEO <sup>1)</sup>	185,000
Trond Håkon Schaug-Pettersen, COO	190,000
Ingjarl Skarvøy, COO <sup>2)</sup>	1,800,150
Kamilla Mordal Holo, CPO <sup>3)</sup>	60,060

1) Through his wholly owned company Carried Away AS

2) Through his wholly owned company Terra Mare AS

3) Through her wholly owned company C10 Holding AS

#### 3.4.2 Share option program

##### 2020 share option program:

In 2020 the Group granted 1,175,000 options to the Executive Management. These options have been granted at different points in time during the year, and key assumptions are listed in table 2 below. Each option gives the holder the right to subscribe or purchase shares in Salmon Evolution at subscription price of NOK 4.30 per shares for all members of the Executive Management except for the CFO where the subscription price was NOK 6.20 per share due to the timing of his employment start. The options were granted on 25 August 2020 and 28 September 2020 and has an 18-month maturity. The options can be exercised at earliest, 12 months after the grant date. All options were exercised in January 2022 and the new shares were issued in March 2022.

##### 2021 share option program:

On 26 August 2021 the Board of the directors of the Company established a share option program for members of the Company's executive management where total of 7,650,000 share options have been granted. The options will be issued on an annual basis with 1/3 each year, with issue dates being 31 August 2021 (of which 250,000 share options was issued 22 November 2021), 1 June 2022 and 1 June 2023. Issued options vest 50% after year one and 50% after year two. A total of 2,550,000 share options

were issued with a strike price of NOK 9.00 per share, and a total of 5,100,000 options were granted at a strike price equal to the closing price of the Company's shares on Oslo Børs on the last trading day prior to the respective future issue dates + 15%.

The share option agreements contain clauses customary for such agreement, hereunder cancellation of unvested options in case the employee's employment with the Company is terminated, option for the Company to settle exercised option with shares or cash and a cap on maximum profit from each annual allotment of options.

Further, in case of certain corporate changes, hereunder M&A situations, all granted, but yet not issued options under the program, immediately become exercisable at a strike price equal to the strike price for the last option grant plus a premium of 15%, without any limitation as to maximum profit under the program.

The objective of the share remuneration program is to stimulate long-term profitability and value creation as well as being able to attract and retain competent executives.

As of 31 December 2021, the members of the Executive Management held share options in the Company as set out below in table 4:

**Table 2 - Share options awarded or due to the directors for 2021**

	Grant date	Vesting Date	Expiration Date	Quantity Granted	Exercise Price (NOK)
Håkon André Berg, CEO	27.08.2021	01.06.22/ 01.06.23	25.08.2026	1,000,000	9.0
	27.08.2021	01.06.23/ 01.06.24	01.06.2027	1,000,000	N/A
	27.08.2021	01.06.24/ 01.06.25	01.06.2028	1,000,000	N/A
	25.08.2020	25.08.2021	25.02.2022	450,000	4,3
Trond H. Schaug-Pettersen, CFO	27.08.2021	01.06.22/ 01.06.23	25.08.2026	800,000	9.0
	27.08.2021	01.06.23/ 01.06.24	01.06.2027	800,000	N/A
	27.08.2021	01.06.24/ 01.06.25	01.06.2028	800,000	N/A
	28.09.2020	28.09.2021	25.02.2022	375,000	6,2
Ingjarl Skarvøy, COO	27.08.2021	01.06.22/ 01.06.23	25.08.2026	250,000	9.0
	27.08.2021	01.06.23/ 01.06.24	01.06.2027	250,000	N/A
	27.08.2021	01.06.24/ 01.06.25	01.06.2028	250,000	N/A
	25.08.2020	25.08.2021	25.02.2022	100,000	4,3
Kamilla Mordal Holo, CPO	27.08.2021	01.06.22/ 01.06.23	25.08.2026	250,000	9.0
	27.08.2021	01.06.23/ 01.06.24	01.06.2027	250,000	N/A
	27.08.2021	01.06.24/ 01.06.25	01.06.2028	250,000	N/A
	25.08.2020	25.08.2021	25.02.2022	100,000	4,3
Odd Frode Roaldsnes, CCO	22.11.2021	01.06.22/ 01.06.23	25.08.2026	250,000	9.0
	22.11.2021	01.06.23/ 01.06.24	01.06.2027	250,000	N/A
	22.11.2021	01.06.24/ 01.06.25	01.06.2028	250,000	N/A
Trond Valderhaug, CCO	25.08.2020	25.08.2021	25.02.2022	150,000	4,3

### 3.5 Use of the right to reclaim remuneration

No remuneration has been reclaimed in 2021.

### 3.6 Application of performance criteria

The purpose of the Company's variable remuneration for the Executive Management is to stimulate long-term profitability and value creation as well as being able to attract and retain competent executives and employees.

In this respect and as further described in section 3.4.2, the Company has implemented a share option program during 2021.

For 2021 a cash bonus was also paid to the executive management. During 2021 none of the Executive share options were exercisable as per the set vesting schedules. Further, the Executive Management has during 2021 had an extra ordinary high workload and the Company has had a strong performance across multiple categories, both operationally and financially. The Board of Directors therefore found a cash bonus appropriate.

## 4. Total remuneration in 2021 to the Board of Directors

Remuneration to the Board of Directors is determined annually by the General Meeting and consists of a fixed annual fee. In addition, each member of any committee may receive an additional fee for the work performed in such committee. In addition, members of the Board are reimbursed for reasonable and documented business expenses related to the performance of required functions. Such expenses include, but are not limited to, accommodation, transportation, and meals when traveling for Board meetings, if applicable.

The proposals for remuneration of the Board of Directors are prepared by the Nomination Committee.

**Table 3 - Remuneration of directors awarded or due in 2021 (numbers in NOK thousands)**

Name of Director, position	FY	Annual fee	Audit committee	Nomination committee	Total fee	Comment
Tore Tønseth, Chairman	2021	500	0	0	500	
	2020	80	0	0	80	
Kristofer Reiten, Board member	2021	250	0	0	250	
	2020	240	0	0	240	
Glen Bradley, Board member	2021	250	0	0	250	
	2020	140	0	0	140	
Peder Stette, Board member	2021	250	0	0	250	
	2020	140	0	0	140	
Anne Breiby, Board member	2021	250	0	0	250	
	2020	0	0	0	0	
Yun Ki Yun, Board member	2021	208	0	0	208	From September 2020
	2020	0	0	0	0	



Janne-Grethe A. Strand, Board member	2021	42	0	0	42	From March 2021
	2020	0	0	0	0	
Ingvild Vartdal, Board member	2021	42	0	0	42	From March 2021
	2020	0	0	0	0	
Frode Kjøllås, Board member	2021	208	0	0	208	Until March 2021
	2020	140	0	0	140	
Ingjarl Skarvøy, Board member	2021	0	0	0	0	
	2020	100	0	0	100	Until March 2020
Per Olav Mevold, Board member	2021	0	0	0	0	
	2020	100	0	0	100	Until March 2020
Anders Sandøy, Board member	2021	0	0	0	0	
	2020	100	0	0	100	Until March 2020
Frank Småge, Board member	2021	0	0	0	0	
	2020	100	0	0	100	Until March 2020
Jonny Småge, Board member	2021	0	0	0	0	
	2020	0	0	0	0	Until March 2020

## 5. Information about any derogations and deviations from the remuneration policy and procedure for implementation

The Company has not deviated from the guidelines set out in the Remuneration Policy in connection with remuneration granted in 2021.

## 6. Comparative information on the change of remuneration and company performance

**Table 4 - Comparative information on the change of remuneration and company performance (numbers in NOK thousand)**

Name of Director, position	2020	2021	Change%	Change NOK
<b>Directors of the Board</b>				
Tore Tønseth, Chairman	80	500	520%	420
Kristofer Reiten, Board member	240	250	4%	10
Glen Bradley, Board member	140	250	79%	110
Peder Stette, Board member	140	250	79%	110
Glen Bradley, Board member	140	250	79%	110
Anne Breiby, Board member	0	250	N/A	N/A
Yun Ki Yun, Board member	0	208	N/A	N/A
Janne-Grethe A. Strand, Board member	0	42	N/A	N/A
Ingvild Vartdal, Board member	0	42	N/A	N/A
<b>Executive management</b>				
Håkon André Berg, CEO	1,901	4,598	142%	2,697
Trond Håkon S. Pettersen, CFO	0	3,255	N/A	N/A
Ingjarl Skarvøy, COO	1,584	2,146	35%	562
Kamilla Mordal Holo, CPO	1,066	1,533	44%	467
Odd Frode Roaldsnes, CCO*	0	535	N/A	N/A
Trond Valderhaug, CCO**	400	1,410	N/A	N/A
<b>Company's performance</b>				
Annual revenue	704	12,257	N/A	11,553
EBIT	-17,676	-37,841	-114%	-20,165
Profit (Loss)	-16,826	-26,444	-57%	-9,618
<b>Average remuneration per FTE</b>				
Average total salary, Per FTE in Group (excl. executive management)	963	1041	8%	78

\*CCO in Salmon Evolution from September 2021

\*\*CCO in Salmon Evolution until September 2021

To the General Meeting of Salmon Evolution ASA

## Independent auditor's assurance report on report on salary and other remuneration to directors

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Salmon Evolution ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31. December 2021 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. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and 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.

Molde, 24 May 2022

BDO AS

A handwritten signature in blue ink that reads 'Roald Viken'. The signature is written in a cursive style and is positioned above a horizontal line.

Roald Viken

State Authorized Public Accountant