

REMUNERATION REPORT 2022

for

SALMON EVOLUTION ASA

REMUNERATION OF DIRECTORS OF SALMON EVOLUTION ASA

Subject to advisory vote by the general meeting on 7 June 2023

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 2022.

This report regards remuneration of the following executive management of 2022:

- Chief Executive Officer (CEO) - position held by Håkon Andre Berg until October 2022. Position currently held by Trond Håkon Schaug-Pettersen (from Oct 2022)
- Chief Financial Officer (CFO) - position held by Trond Håkon Schaug-Pettersen at year end 2022. Position currently held by Trond Vadset Veibust (from April 2023)
- 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
- Technical Director (TD) - position currently held by Henriette Nordstrand (from Sep 2022)

Hereinafter collectively referred to as the “Executive Management” or separately as each “Executive”. The whole Executive Management are formally employed by Salmon Evolution ASA.

1. Introduction, scope and purpose

This remuneration report 2022 provides an overview of remuneration of the Executive Management of the Company in 2022 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 2022 on page 85 and 86. The Company does not currently have a remuneration committee.

The remuneration of Executives in 2022 was in accordance with the Company's approved Remuneration Policy.

2. Overview of financial year 2022

2.1 Introduction to Salmon Evolution

Salmon Evolution ASA is a Norwegian company headquartered in Elnesvågen, 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 International AS ("SE International", registered in Hustadvika municipality, Norway)
- Salmon Evolution Dale AS ("Dale", registered in Volda municipality, Norway)
- Salmon Evolution Sales AS ("SE Sales", registered in Ålesund 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. Phase 1 of the project was completed mid April 2023, and comprises an annual production of 7,900 tonnes HOG. During 2022 parts the phase 1 facility was completed and operations commenced in March 2022.

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. Salmon Evolution has also initiated a process with the aim of establishing a land-based salmon farming operation in North America.

As per 31 December 2022, the Group had 60 full time employees and expect to further increase the workforce as the Group continues to grow.

2.2 Full Year results

Operating revenues in 2022 amounted to NOK 47.7 million compared to operating revenues of NOK 12.3 million in 2021. Operating revenues for 2022 were primarily related to revenues from sale of smolt to an external customer as well as sale of salmon in connection with the harvest of the first generation of salmon produced at Indre Harøy.

Operating profit for 2022 was NOK -74.7 million compared to NOK -37.8 million in 2021. The increased loss in 2022 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 2022 was NOK -32.7 million compared to NOK -24.4 million in 2021. Profit for 2022 was impacted by net positive financials of NOK 30.2 million.

2.3 Statement of Financial Position

Total assets were NOK 2,306 million as per 31 December 2022 compared to NOK 1,706 million as per 31 December 2021. The increase was mainly related to continued progress at the Indre Harøy project.

Cash and cash equivalents were NOK 279 million as per 31 December 2022 compared to NOK 506 million as per 31 December 2021.

Total equity increased to NOK 1,564 million as per 31 December 2022 compared to NOK 1,298 million as per 31 December 2021, following the completion of equity issues during the financial year. The Group's equity ratio as per 31 December 2022 was 68%.

2.4 Highlights of 2022

- Key events in the Company 2022 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 and successful equity and debt capital raisings. Share price appreciation have a direct impact on variable remuneration paid to management through the Company's option program.
- During 2022 the following additions to and changes in the management team were made:
 - Håkon André Berg left his position as CEO from October 2022
 - Trond Håkon Schaug-Pettersen took on the position as interim CEO from October 2022, replacing Håkon André Berg
 - Henriette Nordstrand took on the position as Technical Director from 1 September 2022
- 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 2022.

3. Total remuneration in 2022 to Executive Management

3.1 Remuneration awarded or due in 2022

In 2022, the remuneration to Executives consisted in average of 82% fixed salary and 18% variable remuneration and was in line with the guidelines set out in the Remuneration Policy. The bonus amount was mainly based on specific achievements such as the continued progress and project execution at the Indre Harøy project. 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 2022 together with comparative figures for 2021:

Table 1 - Remuneration of management awarded or due in 2022 (numbers in NOK thousands)

Name of Director, position	FY	1 Fixed remuneration			2 Variable remuneration		3 Extra-ordinary items	4 Pension expense	5 Remuneration before share based options	6 Executed share based options	7 Total paid remuneration 2022	8 Proportion of fixed and variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable						
Håkon André Berg, CEO*	2022	2,722	0	208	0	0	0	67	2,997	1,238	4,235	69%/31%
	2021	2,329	0	13	2,200	0	0	56	4,598	0	4,598	52%/48%
Trond Håkon Schaug-Pettersen, CEO & CFO**	2022	2,228	0	246	0	0	0	67	2,541	585	3,126	81%/19%
	2021	2,114	0	285	800	0	0	56	3,255	0	3,255	75%/25%
Ingjart Skarvøy, COO	2022	1,844	0	162	0	0	0	67	2,073	275	2,348	88%/12%
	2021	1,674	0	165	250	0	0	57	2,146	0	2,146	88%/12%
Kamilla Mordal Holo, CPO	2022	1,482	0	8	100	0	0	67	1,657	275	1,932	81%/19%
	2021	1,207	0	23	250	0	0	52	1,533	0	1,533	84%/16%
Odd Frode Roaldsnes, CCO	2022	1,533	0	17	0	0	0	67	1,617	0	1,617	100%/0%
	2021	513	0	5	0	0	0	18	535	0	535	100%/0%
Henriette Nordstrand, TD***	2022	380	0	22	0	0	0	29	431	0	431	100%/0%
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trond Valderhaug, CCO****	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2021	1,328	0	26	0	0	0	56	1,410	N/A	1,410	100%/0%

*CEO in Salmon Evolution until October 2022

**CEO in Salmon Evolution from October 2022

***TD in Salmon Evolution from September 2022

****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 2022, the CEO's fixed salary increased by 17% compared to 2021, reflecting general market alignment, increased activity level within the Group and overall responsibility. The fixed salary for the CEO constitutes 69% of the total remuneration, and 90% for the other Executives, which complies with the guidelines set out in the Remuneration Policy.

3.3 Variable remuneration

The variable compensation for 2022 consisted of a discretionary bonus payable in cash to one member of the Executive Management.

The following cash bonuses were paid to the Executive Management during 2022:

- CPO Kamilla Mordal Holo: NOK 100,000, equivalent to 7% 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 2022, the members of the Executive Management held shares in the Company as set out below:

Name	Total shareholding
Håkon André Berg, CEO ¹⁾ until October 2022	450,000
Trond Håkon Schaug-Pettersen, CFO ²⁾ , and CEO from October 2022	400,000
Ingjarl Skarvøy, COO ³⁾	1,800,150
Kamilla Mordal Holo, CPO ⁴⁾	160,060

1) Through his wholly owned company Carried Away AS

2) Through his wholly owned company Troha Invest AS

3) Through his wholly owned company Terra Mare AS

4) Through her wholly owned company C10 Holding AS and private

3.4.2 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 was 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 in 2021, 2,550,000 share options were issued with a strike price of NOK 10.06 per share in 2022 with the remaining share options to be issued in 2023 at a strike price equal to the closing price of the Company's shares on Oslo Børs on the last trading day prior to 1 June 2023 + 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.

In connection with the resignation of CEO Håkon André Berg in October 2022 a total of 1,500,000 unvested share options were cancelled.

As per 31 December 2022 a total of 5,150,000 share options were granted including 1,550,000 share options to be issued on 1 June 2023.

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 2022, 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 2022

	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	500,000	9.0
Trond H. Schaug-Pettersen, CEO & 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	10.06
	27.08.2021	01.06.24/ 01.06.25	01.06.2028	800,000	N/A
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	10.06
	27.08.2021	01.06.24/ 01.06.25	01.06.2028	250,000	N/A
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	10.06
	27.08.2021	01.06.24/ 01.06.25	01.06.2028	250,000	N/A
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	10.06
	22.11.2021	01.06.24/ 01.06.25	01.06.2028	250,000	N/A

*CEO in Salmon Evolution until October 2022

**CEO in Salmon Evolution from October 2022

3.4.3 Expired share options in 2022

In January 2022 all 1,625,000 options under the 2020 program were exercised at an average strike price of NOK 4.8 (including both management and key employees). The management of the Company exercised options as follows:

	Grant date	Vesting Date	Expiration Date	Quantity Granted	Exercise Price (NOK)
Håkon Andre Berg, CEO*	25.08.2020	25.08.2021	25.02.2022	450,000	4,3
Trond H. Schaug-Pettersen, CEO & CFO**	28.09.2020	28.09.2021	25.02.2022	375,000	6,2
Ingjær Skarvøy, COO	25.08.2020	25.08.2021	25.02.2022	100,000	4,3
Kamilla Mordal Holo, CPO	25.08.2020	25.08.2021	25.02.2022	100,000	4,3

*CEO in Salmon Evolution until October 2022

**CEO in Salmon Evolution from October 2022

3.5 Use of the right to reclaim remuneration

No remuneration has been reclaimed in 2022.

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 implemented a share option program in 2021. No further programs were implemented in 2022.

4. Total remuneration in 2022 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 2022 (numbers in NOK thousands)

Name of Director, position	FY	Annual fee	Audit committee	Nomination committee	Total fee	Comment
Tore Tønseth, Chairman	2022	500	0	0	500	
	2021	500	0	0	500	
Kristofer Reiten, Board member	2022	250	0	0	250	
	2021	250	0	0	250	
Glen Bradley, Board member	2022	250	125	0	375	
	2021	250	0	0	250	
Peder Stette, Board member	2022	250	0	0	250	
	2021	250	0	0	250	
Anne Breiby, Board member	2022	250	0	0	250	
	2021	250	0	0	250	
Yun Ki Yun, Board member	2022	250	0	0	250	
	2021	208	0	0	208	
Janne-Grethe A. Strand, Board member	2022	250	250	0	500	
	2021	42	0	0	42	From March 2021
Ingvild Vartdal, Board member	2022	250	0	0	250	
	2021	42	0	0	42	From March 2021
Frode Kjølås, Former board member	2022	0	0	75	75	Nomination committee from May 2021
	2021	208	0	0	208	Until March 2021

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 2022.

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

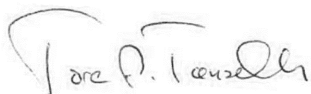
Table 4 - Comparative information on the change of remuneration and company performance (numbers in NOK thousand)

Name of Director, position	2020	2021	Change% 2020-2021	2022	Change% 2021-2022	Change NOK
Directors of the Board						
Tore Tønseth, Chairman	80	500	520%	500	0%	0
Kristofer Reiten, Board member	240	250	4%	250	0%	0
Glen Bradley, Board member	140	250	79%	375	50%	125
Peder Stette, Board member	140	250	79%	250	0%	0
Anne Breiby, Board member	0	250	79%	250	0%	0
Yun Ki Yun, Board member	0	208	N/A	250	20%	42
Janne-Grethe A. Strand, Board member	0	42	N/A	500	1090%	458
Ingvild Vartdal, Board member	0	42	N/A	250	495%	208
Executive management						
Håkon André Berg, CEO*	1,901	4,598	142%	2,997	-35%	-1,601
Trond Håkon S. Pettersen, CFO**	0	3,255	N/A	2,541	-22%	-714
Ingjarl Skarvøy, COO	1,584	2,146	35%	2,073	-3%	-73
Kamilla Mordal Holo, CPO	1,066	1,533	44%	1,657	-8%	-124
Odd Frode Roaldsnes, CCO	0	535	N/A	1,617	202%	1,082
Henriette Nordstrand, CCO***	0	0	N/A	431	N/A	N/A
Company's performance						
Annual revenue	704	12,257	N/A	47,681	289%	35,424
EBIT	-17,676	-37,841	-114%	-62,931	-66%	-25,090
Profit (Loss)	-16,826	-26,444	-57%	-32,726	-24%	-6,279
Average remuneration per FTE						
Average total salary, Per FTE in Group (excl. executive management)	963	1041	8%	1,004	-4%	-37

*CEO in Salmon Evolution until October 2022

**CEO in Salmon Evolution from October 2022

***TD in Salmon Evolution until September 2022



Tore Tønseth (Chair)



Trond Håkon Schaug-Pettersen (CEO)



Trond Vadset Veibust (CFO)