

# Remuneration Report 2022.

This remuneration report has been prepared by the Board of Directors (the “Board”) of Electromagnetic Geoservices ASA (the “Company” or “EMGS”) in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16b and the associated Regulation of 11 December 2020.

## Introduction, scope and purpose

This remuneration report provides an overview of remuneration payable (and/or paid) to the executive management team of EMGS for 2022.

The report should be read in conjunction with the Company's policy for determination of salaries and other remuneration for leading personnel, which was adopted by the Company's annual general meeting held on 21 May 2021 (the "Remuneration Policy").

The objective of the Company's compensation policy for the executive management as expressed in the Remuneration Policy, is to attract and retain the best leadership capabilities available to lead and develop the Company and thus maximise shareholder value and to align the incentives of executive management as closely as possible with the interests of the shareholders. To this end, the Remuneration Policy allows for variable elements (such as bonus, stock options and variable special payments) in addition to the fixed salary.

Information regarding the remuneration paid to members of the Board can be found in note 6 of the Company's annual report for 2022. The compensation to members of the Board is approved by the annual general meeting of the Company as separate voting items.

## Main developments and events affecting EMGS in 2022

2022 marks the second full year of streamlined operations for EMGS. It also marks the second consecutive year of profitable operations with a Net Income of USD 11.2 million, up 127% from the previous year's Net Income of USD 4.9 million for the Group.

EMGS has further strengthened its balance sheet and returned to positive equity. In 2022, EMGS completed a bond buy-back with a nominal value of USD 5.0 million at 86.5 per cent of par, with a subsequent redemption of the repurchased bonds. This marks the third bond buy-back completed over the last two years and represents a total reduction of USD 13.0 million to the outstanding convertible bond loan. The outstanding principal is now USD 19.5 million compared to USD 32.5 million at the start of 2021.

During the year, EMGS completed several electromagnetic surveys in Norway, Canada, and Trinidad and Tobago. EMGS is pleased with the profitability achieved in 2022 while maintaining safe and efficient operations and delivering a superior product.

At the annual general meeting held on 21 June 2022 Frederik Mohn was re-elected Chairman of the Board and Mimi Berdal, Petteri Soininen, Jørgen Westad and Beatriz Malo de Molina were re-elected as board members.

Further details regarding the Company's performance in 2022 is set out in the 2022 annual report, including the Board of Director's Report.

## Compensation in 2022

In 2022, the remuneration to members of the executive management team consisted of a combination of fixed and variable pay. The total compensation paid or otherwise accrued to members of the EMGS executive management team and board members in 2022 is set out in Table 1 below.

Table 1: Total compensation including breakdown (all figures in kUSD)

Name of director, position	Period	Fixed remuneration		Variable		Extraordinary items <sup>1</sup>	Total remuneration <sup>2</sup>	Pension expense <sup>3</sup>	Percentage variable vs fixed remuneration <sup>5</sup>
		Base salary	Fringe benefits <sup>4</sup>	One-year variable <sup>6</sup>	Multi-year variable				
Bjørn Petter Lindhom, CEO	01.01 - 31.12 2022	275	2	129	-	-	405	13	47%
Anders Eimstad, CFO	01.01 - 31.12 2022	182	2	68	-	-	251	13	37%
Dag Helland-Hansen, GEA	01.01 - 31.12 2022	243	2	75	-	-	320	14	31%
Frederik W. Mohn, Director	01.01 - 31.12 2022	-	-	-	-	-	-	-	0%
Mimi Berdal, Director	01.01 - 31.12 2022	29	-	-	-	-	29	-	0%
Beatriz Malo de Molina, Director	01.01 - 31.12 2022	28	-	-	-	-	28	-	0%
Petteri Soininen, Director	01.01 - 31.12 2022	-	-	-	-	-	-	-	0%
Jørgen Westad, Director	01.01 - 31.12 2022	-	-	-	-	-	-	-	0%

<sup>1</sup> Non-recurring items including sign-on bonus

<sup>2</sup> Total remuneration equals the sum of fixed remuneration, variable remuneration and extraordinary items. Avg. exchange rate for 2022 of NOK/USD 9.6245

<sup>3</sup> The executive management team participates in the group's ordinary pension scheme

<sup>4</sup> Fringe benefits includes participation in the group's ordinary fringe benefits, as well as any extraordinary fringe benefits awarded to executive management.

<sup>5</sup> The sum of one-year variable and multi-year variable remuneration expressed as a percentage of the sum of base salary and fringe benefits

<sup>6</sup> The One-year variable column includes vesting of previously awarded share options as well as cash bonus(es). Bonuses for executive management in 2022 was USD 271 thousand

The variable compensation paid to members of the executive management in 2022 was based on the Company's ordinary company-wide bonus programme. All of the Company's employees participate in the bonus programme. Each employee has an individual maximum bonus potential under the programme (i.e., a cap). The cap for total bonus payment under the 2022 bonus programme for the CEO, CFO, and GEA were 50%, 40%, and 33% of their annual salary, respectively.

The bonus programme is linked to Key Performance Indicators ("KPI") seeking to measure financial targets and operational performance (e.g., including safety, quality and security), which were set by the Board prior to the start of the year. The KPIs set in 2022, and which were used to determine the performance-based pay to executive management were: obtaining a certain EBITDA margin; reaching target revenue; reaching positive equity at 31 December 2022; suffering no loss time injuries ("LTI"); and suffering no serious IT security incidents. The financial KPIs received a combined weight of 70% while the remaining 30% was split between LTIs and IT security targets. All KPIs were achieved in 2022 and, consequently, executive management obtained their individual maximum potential under the programme. The total bonus earned by executive management in 2022 was USD 271 thousand.

The ratio of the CEO's compensation to average compensation for all employees (excluding members of the executive management team) was 2.1 for 2022 compared to 1.9 for 2021. The increase in the ratio of the CEO's compensation to average compensation for all employees, as compared to 2021, is a result of the CEO having achieved a higher percentage of his annual salary under the 2022 bonus programme as compared to the average percentage received by all employees excluding members of the executive management team.

Table 2 below sets out the total executive management compensation and the year-over-year development in executive management compensation for the five preceding financial years, as well as the average employee compensation and the ratio between this average and the executive management compensation over the same period. The table also provides total compensation for the Board for the five preceding financial years.

Table 2: Executive Management and Board of Directors compensation and development 2018-2022(kUSD)<sup>4</sup>

Management	Changes during period		2018	2019	2020	2021	2022
	Start Date	End Date					
Christian Vermeijden, CEO		30.11.2018	361	-	-	-	-
Bjørn Petter Lindhom, CEO	1.12.2018		25	380	398	312	418
<b>Aggregate CEO total compensation<sup>1</sup></b>			<b>361</b>	<b>380</b>	<b>398</b>	<b>312</b>	<b>418</b>
<b>CEO compensation development<sup>2</sup></b>			-27%	5%	5%	-22%	34%
<b>Average employee compensation</b>			140	138	144	161	201
<b>CEO to Avg. employee Ratio<sup>3</sup></b>			2.58	2.76	2.77	1.94	2.08
<b>Income/(Loss)<sup>4</sup></b>			(55,265)	(22,224)	(10,747)	1,598	10,482
<b>Other Executive Management</b>							
Hege Veiseth, CFO		31.12.2019	263	247	-	-	-
Anders Eimstad, CFO	01.01.2020		-	-	165	226	265
<b>Aggregate CFO total compensation<sup>1</sup></b>			<b>263</b>	<b>247</b>	<b>165</b>	<b>226</b>	<b>265</b>
<b>CFO compensation development<sup>2</sup></b>			17%	-6%	-33%	37%	17%
<b>CFO to Avg. employee Ratio<sup>3</sup></b>			1.88	1.79	1.15	1.41	1.32
Dag Helland-Hansen, Global EA/President EMEA	12.03.2018		233	259	248	295	333
<b>Global EA/President EMEA to Avg. employee Ratio<sup>3</sup></b>			1.67	1.88	1.73	1.84	1.66
Øyvind Greaker Bjørndal, CLC	01.01.2018	30.09.2020	153	175	143	-	-
<b>CLC to Avg. employee Ratio<sup>3</sup></b>			1.09	1.27	1.00	N/A	N/A
<b>Board of Directors</b>							
Board of Directors	Changes during period		2018	2019	2020	2021	2022
	Start Date	End Date					
Frederik W. Mohn (Chairman of the Board)	25.11.2021		N/A	N/A	N/A	-	-
Beatriz Malo de Molina	25.11.2021		N/A	N/A	N/A	3	28
Mimi Berdal	23.12.2014		35	40	41	28	29
Petteri Soininen	23.12.2014		35	40	36	-	-
Jørgen Westad	21.05.2021		N/A	N/A	N/A	-	-
Silje Augustson	21.05.2021	02.11.2021	N/A	N/A	N/A	-	N/A
Øyvind Greaker Bjørndal	19.06.2020	21.05.2021	N/A	N/A	7	11	N/A
Jon Gunnar Solheim (employee elected representative)	14.06.2019	19.06.2020	-	-	-	N/A	N/A
Alexandra Herger	14.06.2019	19.06.2020	N/A	19	16	N/A	N/A
Marte Vist Karlsen (employee elected representative)	26.04.2017	19.06.2020	-	-	-	N/A	N/A
Johan Kr. Mikkelsen	23.12.2014	20.02.2020	35	42	7	N/A	N/A
Eystein Eriksrud	23.12.2014	13.06.2019	45	20	N/A	N/A	N/A
Anne Øian	30.06.2015	13.06.2019	49	22	N/A	N/A	N/A
Adam Robinson (employee elected representative)	01.01.2015	13.06.2019	-	-	N/A	N/A	N/A

<sup>1</sup> As reported as part of the Company's annual report

<sup>2</sup> Year-over-year against preceding year

<sup>3</sup> Total compensation divided by average employee compensation

<sup>4</sup> Amounts in NOK have been translated to USD Dollars using average exchange rates 9.6245(2022), 8.5991(2021), 9.404(2020), 8.8307(2019), and 8.1380(2018)

## Share based compensation in 2022

No shares or share based compensation (including options, subscription rights, restricted stock unit and similar) were awarded or offered to members of the executive management team in 2022.

In February 2020, the Board resolved a company-wide options programme (the "2020 Programme"). Under the 2020 Programme, each employee was awarded 12,500 options (each giving the right to receive one share in the Company) at an exercise price based on the market value of the Company's shares immediately prior to award. At the same time, all prior options programmes were cancelled.

The options granted under the 2020 Programme have and will vest with 25 per cent on each anniversary date following the grant, with the first 25 per cent vesting in February 2021.

As part of the 2020 Programme each of the current members of the Company's executive management received 12,500 options. Consequently, 3,125 of the options granted to each of Mr. Lindhom, Mr. Eimstad and Mr. Helland-Hansen vested and became exercisable in February 2021 and in February 2022.

Table 3: Share options awarded to Executive Management 2022 (strike price NOK)

Name of director, position	The main conditions of share option plans						Information regarding the reported financial year				
	Specification of plan	Award date	Vesting date	Expiry Date	Exercise periods	Strike price of the share	Opening balance	During the year		Closing balance	
							Share options held at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested
Bjørn Petter Lindhom, CEO	Option 2020 Plan	07.02.2020	07.02.2021	07.02.2023	Quarterly	2.174	3,125	-	3,125	-	-
			07.02.2022	07.02.2024			3,125	-	3,125	-	
			07.02.2023	07.02.2025			3,125	-	-	-	3,125
			07.02.2024	07.02.2026			3,125	-	-	-	3,125
Anders Eimstad, CFO	Option 2020 Plan	07.02.2020	07.02.2021	07.02.2023	Quarterly	2.174	3,125	-	3,125	-	-
			07.02.2022	07.02.2024			3,125	-	3,125	-	
			07.02.2023	07.02.2025			3,125	-	-	-	3,125
			07.02.2024	07.02.2026			3,125	-	-	-	3,125
Dag Helland-Hansen, GEA	Option 2020 Plan	07.02.2020	07.02.2021	07.02.2023	Quarterly	2.174	3,125	-	3,125	-	-
			07.02.2022	07.02.2024			3,125	-	3,125	-	
			07.02.2023	07.02.2025			3,125	-	-	-	3,125
			07.02.2024	07.02.2026			3,125	-	-	-	3,125

### Use of right to reclaim remuneration

No remuneration has been reclaimed in 2022.

The Company generally does not reserve to reclaim compensation in its incentive schemes.

### Relationship to the Company's policy for determination of salaries

The remuneration to the CEO and other executive management for the fiscal year 2022 followed the policy for Determination of Salary approved by the 2022 Annual General Meeting (the "AGM").

At the 2022 AGM, 99.99% of the share capital represented at the AGM voted in favour of approving the EMGS Remuneration Report 2021, prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the regulations pursuant to this Act.

The Board of Directors of Electromagnetic Geoservices ASA has today considered and adopted the remuneration report for Electromagnetic Geoservices ASA for the 2022 financial year. The remuneration report has been drawn up in accordance with Section 6-16 b of the Norwegian Public Limited Liability Companies Act and the regulations pursuant to this Act.

This remuneration report will be submitted to the Company's annual general meeting to be held on 21 June 2023 for an advisory vote, cf. Section 6-16 b second subsection of the Norwegian Public Limited Liability Companies Act.

Oslo, 25 May 2023

**Board of Directors and CEO of Electromagnetic Geoservices ASA**

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Electromagnetic Geoservices ASA

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that Electromagnetic Geoservices ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 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 in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of 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.



Trondheim, 26 May 2023  
ERNST & YOUNG AS

*The auditor's assurance report is signed electronically*

Christian Ronæss  
State Authorised Public Accountant (Norway)

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## Christian Ronæss

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