

Remuneration report 2022 – Elmera Group ASA

Introduction

At the General Annual Meeting 26th April 2022, Fjordkraft Holding ASA changed its name to Elmera Group ASA. Elmera Group ASA (former Fjordkraft Holding ASA) is the ultimate parent company in a diversified business. Fjordkraft AS is a subsidiary of Elmera Group ASA.

The consolidated group, Elmera Group ASA, will be referred to as *Elmera or the Group*.

2022 has been a challenging year for Elmera and the industry with extreme market conditions. Also in 2022, elspot prices have remained at a very high level throughout the year. Nordic prices was affected, among other things, by oil & gas prices and the weather – the former highly affected by the ongoing war in Ukraine.

Operating income in 2022 amounted to 25.519 NOKm compared to 15.075 NOKm in 2021. Net revenue adjusted amounted to 1.711 NOKm, a decrease of 0,75 percent YoY. A decrease in volume as a result of consumers and business' saving electricity and also the introduction of longer notification times for price changes in the consumer market affects the comparison of results with previous years. Extreme prices have led to extraordinarily high financing costs on electricity purchases and affects Elmeras reported profit before tax. Development customer growth through the year all segments: from 975 k deliveries to 954 k deliveries) excl. Extended Alliance.

In the mobile segment: Elmera Group ASA, acting through its wholly owned subsidiary Fjordkraft AS, has entered into a share purchase agreement with Telia Company AB (“Telia”). Fjordkraft AS' mobile business will be demerged to “Fjordkraft Mobil AS”, a new limited liability company to be incorporated in Norway. Telia will purchase 39% of the shares in Fjordkraft Mobil AS (Stock Exchange Announcement 23.12.2022).

1.1 Total remuneration of directors

Table 1 presents each director's total remuneration split out by component for the reported financial year and the previous financial year. Additionally, the table shows relative proportion of fixed and variable remuneration. Variable remuneration, also referred to as performance-based-compensation, is limited up to 40 percent of fixed remuneration as decided in the guidelines on executive compensation policies from the Board of Directors. Variable remuneration is calculated based on annual business performance. These results are externally audited and approved by the Board of Directors. Therefore, variable remuneration is paid the year after being earned. All the Group's employees except from the CEO are included in the Group's performance bonus scheme. However, the terms for executive

management changed in 2020. If performance indicators are achieved, they will receive a maximum of 250.000 NOK. The bonus is based on financial and operational performance indicators. For 2022, achieved performance indicators was 19 percent (down from 21 in 2021), which will be paid in 2023. Variable remuneration to the CEO, who is excepted from this bonus scheme, is decided by the Board of Directors annually.

For the financial year 2021 the CEO discretionary bonus was NOK 500 000, paid in 2022. For the financial year 2022 the CEO discretionary bonus will be NOK 375 000, paid in 2023.

The rest of the executive management achieved a bonus of 53.712 NOK through the Group's performance bonus scheme for 2021, paid in 2022. For 2022 the rest of the members of executive management will obtain through the Group's performance bonus scheme for 2022, paid in 2023 NOK 47.500 (full year employment).

Employees in Elmera Group ASA and Fjordkraft AS have the opportunity to use achieved bonus to buy shares in Elmera Group ASA. In such cases (CEO not included) the bonus will increase by +25%.

The CEO and the other members of the executive management may terminate their employment with the Company with 6 months' written notice. The CEO is entitled to severance payment for a period of 12 months following termination of employment.

Pension expense for executive management

Executive management of Elmera Group ASA follows the same pension scheme as other employees. The pension scheme was changed 01.01.2020, from a defined benefit pension scheme to a defined contribution pension scheme. Employees born before 1963 continued their pension scheme while employees born in 1963 or later were moved to the defined contribution pension scheme. Thus, position will not influence which pension scheme an employee follows. The contribution rates for the defined contribution pension scheme are set to 5 percent of salaries between 0- and 7,1-times G (where G is the National Insurance Scheme basic amount) and 15 percent of salaries between 7,1- and 12-times G. The rate is 15 percent for the part of the salary above 12 G.

Changes in Executive management

Henning Nordgulen is the Executive Vice-President (EVP) and Chief Financial Officer (CFO) of the Group. He has been a part of the group's executive management from 2022.10.01.

Magnar Øyhovden is the Chief Executive Officer (CEO) of Fjordkraft AS. He has been a part of the group's executive management from 2022.08.08.

Marius Røed Sveipe is the Chief Executive Officer of Gudbrandsdal Energi AS. He has been a part of the group's executive management from 2022.08.01

Birte Strander was Chief Financial Officer (CFO) in the period from 2022.01.01 to 2022.05.31. She decided to step down from the Group CFO position and continue her career as CFO in Fjordkraft AS – a subsidiary of Elmera Group ASA.

Jeanne Tjomsland was Executive Vice-President (EVP) and Head of HR, Communication and Sustainability until 2022.07.31. She continues as Head of HR and Communication in Fjordkraft AS – a subsidiary of Elmera Group ASA.

Alf Kåre Hjartnes was Executive Vice-President (EVP) and Head of Technology and Digitalisation until 2022.07.31.

Name of Director, position	Year	1		2	3	4	5	
		Fixed remuneration					Variable remuneration paid - based on previous financial year	Pension expense
		Base salary	Other benefits	Fixed	Variable			
Rolf Barmen (Chief Executive Officer)	2022	3 311	150	500	846	4 807	72 %	28 %
	2021	3 231	150	1 266	724	5 371	63 %	37 %
Henning Nordgulen (Chief Financial Officer) (from 2022.10.01)	2022	660	38	0	86	784	89 %	11 %
Roger Finnanger (Head of Business)	2022	1 692	100	54	219	2 065	87 %	13 %
	2021	1 565	100	261	173	2 099	79 %	21 %
Arnstein Flaskerud (Head of Strategy and M&A)	2022	1 934	120	67	430	2 551	81 %	19 %
	2021	1 878	120	261	326	2 585	77 %	23 %
Solfrid K. Aase (Head of Alliance)	2022	1 612	100	67	354	2 133	80 %	20 %
	2021	1 565	100	261	285	2 211	75 %	25 %
Solfrid Fluge Andersen (Head of Operations)	2022	1 667	100	67	219	2 053	86 %	14 %
	2021	1 565	100	209	173	2 047	81 %	19 %
Per Heiberg-Andersen (Executive Vice President Nordic)	2022	1 662	100	67	173	2 002	88 %	12 %
	2021	1 565	100	170	169	2 004	83 %	17 %
Marius Sveipe (Chief Executive Officer, Gudbrandsdal Energi AS) (from 2022.08.01)	2022	467	0	50	53	570	82 %	18 %
Magnar Øyhovden (Chief Executive Officer, Fjordkraft AS) (from 2022.08.08)	2022	995	60	0	127	1 182	89 %	11 %
Birte Strander (Chief Financial Officer) (2022.01.01-2022.05.31)	2022	792	50	54	183	1 079	78 %	22 %
	2021	1 743	120	261	392	2 516	74 %	26 %
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability) (2022.01.01-2022.07.31)	2022	1 021	70	67	237	1 395	78 %	22 %
	2021	1 721	120	261	374	2 476	74 %	26 %
Christian Kalvenes (Head of Consumer) (2022.01.01 - 2022.05.16)	2022	592	37	54	68	751	84 %	16 %
	2021	1 565	100	209	170	2 044	81 %	19 %
Alf-Kåre Hjartnes (Chief Operating Officer) (2022.01.01-2022.07.31)	2022	1 016	70	54	199	1 339	81 %	19 %
	2021	1 721	120	209	314	2 364	78 %	22 %

**) Variable remuneration is calculated based on annual business performance. These results are externally audited and approved by the Board of Directors. Therefore, variable remuneration is paid the year after being earned.
For the financial year 2022 the CEO discretionary bonus is NOK 575 000, paid in 2023.*

Changes to the Board of Directors in 2022

There were no changes to the Board of Directors in 2022.

Remuneration to the Board have been paid according to line with remuneration terms approved at the General Meeting. Moreover, some of the board members have additional positions which they are compensated for. In these cases, total remuneration will consist of remuneration for both positions.

This applies to:

- Steinar Sønsteby, Chair of the Remuneration Committee
- Tone Wille, Member of the Remuneration Committee
- Per Oluf Solbraa. Member of the Remuneration Committee
- Live Haukvik, Chair of the Audit Committee
- Heidi Theresa Ose, Member of the Audit Committee

Name of the board members	Year	Fees	Total remunertaion	Portion of fixed and variable	
				Fixed	Variable
Steinar Sønsteby	2022	545	545	100 %	0 %
Chairman of the board	2021	461	461	100 %	0 %
Live Bertha Haukvik	2022	401	401	100 %	0 %
Member of the board	2021	383	383	100 %	0 %
Heidi Theresa Ose	2022	360	360	100 %	0 %
Member of the board	2021	396	396	100 %	0 %
Per Oluf Solbraa	2022	312	312	100 %	0 %
Member of the board since 21.04.21	2021	212	212	100 %	0 %
Tone Wille	2022	312	312	100 %	0 %
Member of the board since 21.04.21	2021	212	212	100 %	0 %
Frank Økland	2022	108	108	100 %	0 %
Member of the board, Employee representative	2021	104	104	100 %	0 %
Elisabeth Norberg	2022	108	108	100 %	0 %
Member of the board, Employee representative	2021	104	104	100 %	0 %
Marianne Unhjem	2022	108	108	100 %	0 %
Member of the board since 21.04.21,	2021	73	73	100 %	0 %

1.2 Share-based remuneration

A share option-based incentive program was established when Elmera was listed on the Oslo Stock Exchange in March 2018. The program has a long-term horizon with vest date set 3 years from award date.

600 000 share options were issued to executive management at the start of the program. The share options were issued with vest date evenly distributed between 2020-2022. To maintain a 3-year horizon new share options were added to the program in 2020, 2021 and 2022, and will continue to be issued on a yearly basis, as decided by the Board of Directors. The maximum number of options vesting in any given year will not exceed 0,6 percent of the shares outstanding in the company. The strike price of the stock options will be set to market price at the time of grant. The strike price will be adjusted for any dividends paid before exercise. The options have a cap on gains of three times the exercise price (before adjustments for dividend payments). If the share price exceeds the cap price, the options may be settled by the company in cash based on the gain calculated at the cap price, providing an absolute limit to the possible gain.

As a vesting condition the Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.

The remuneration is in line with The Board of Directors' guidelines for remuneration to directors that is based on recommendations from the Compensation Committee and approved at the general meeting. The guidelines state that executive management should be offered competitive salary terms, with performance-based remuneration connected to business performance and shareholder value to attain and attract desired competencies, and to provide immediate and long-term incentives. Salary and other remuneration payable to the CEO is determined by the Board of Directors, while compensation payable to other members of the executive management is determined by the CEO in consultation with the Board Chairman and the Remuneration Committee.

Performance criteria were applied to determine variable remuneration to the Directors. The financial and operational performance indicators used as performance criteria is profit before tax, customer satisfaction, distribution of number of electrical deliveries to the private market, and quality of invoicing process. Variable remuneration to the CEO is decided annually based on performance criteria chosen by the Board of Directors.

1.5 Derogations and deviations from the remuneration policy and from the procedure for its implementation

There has been no derogations or deviations from The Board of Directors' guidelines for remuneration to directors during the reported financial year. Variable remuneration to executive management has been rewarded based on agreed-upon criteria and validated results and is within the approved proportion for all directors. Furthermore, the share options plan has been continued according to plan.

1.6 Comparative information on the change of remuneration and company performance

Table 3 presents annual change in executive management's remuneration compared to other employees and company performance. Elmera was listed on the Oslo Stock Exchange in 2018. Therefore, data prior to this is not included. In conjunction with the initial public offering executive management's fixed remuneration was adjusted to reflect the organizational change and to maintain competitive terms. The increase in fixed remuneration was extraordinary and not comparative to normal years. The numbers presented is limited to employees of Elmera Group ASA, Fjordkraft AS and Gudbrandsdal Energi AS. Nordic Green Energy is not included. Annual change in total remuneration is only included for Directors that have been full time employed during the two financial years being compared.

Table 3 - Comparative table over the remuneration and company performance										
Annual change	RFU-1 vs. RFY		RFY-2 vs. RFY-1		RFY-3 vs. RFY-2		RFY-4 vs. RFY-3		RFY-5 vs. RFY-4	
	2021 vs 2022		2020 vs 2021		2019 vs 2020		2018 vs 2019		2017 vs 2018	
	Fixed	Total	Fixed	Total	Fixed	Total	Fixed	Total	Fixed	Total
Annual change in director's remuneration										
Rolf Barmen (Chief Executive Officer)	2,50 %	-14,76 %	2,00 %	2,88 %	3,00 %	33,84 %	2,50 %	5,04 %	39,53 %	-13,65 %
Henning Nordgulen (Chief Financial Officer) (from 2022.10.01)										
Roger Finnanger (Head of Business)	14,00 %	1,45 %	2,52 %	14,99 %	3,00 %					
Arnstein Flaskerud (Head of Strategy and M&A)	3,50 %	-4,60 %	2,54 %	13,01 %	3,00 %	3,74 %	2,86 %	8,08 %	34,62 %	-10,58 %
Solfrid K. Aase (Head of Alliance)	3,50 %	-6,23 %	2,52 %	14,99 %	3,00 %	4,23 %	3,45 %	6,28 %	26,09 %	-9,19 %
Solfrid Fluge Andersen (Head of Operations)	10,50 %	2,29 %	2,52 %	12,55 %	3,00 %					
Per Heiberg-Andersen (Executive Vice President Nordic)	3,50 %	-1,58 %	2,52 %							
Marius Sveipe (Chief Executive Officer, Gudbrandsdal Energi AS) (from 2022.08.01)										
Magnar Øyhovden (Chief Executive Officer, Fjordkraft AS) (from 2022.08.08)										
Birte Strander (Chief Financial Officer) (until 2022.05.31)			2,54 %		3,00 %		2,86 %	7,23 %	29,63 %	-17,46 %
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability) (until 2022.07.31)	3,50 %		2,50 %	13,81 %	3,00 %	3,94 %	3,13 %	6,73 %	28,00 %	-13,42 %
Christian Kalvenes (Head of Consumer) (until 2022.05.15)			2,52 %	11,88 %	3,00 %					
All-Kåre Hjartnes (Chief Operating Officer) (until 2022.07.31)			2,50 %	11,59 %	3,00 %	3,38 %	3,13 %	6,34 %	28,00 %	-8,14 %
Group performance			2021		2020		2019		2018	
Net revenue, NOK in thousands	1 697 995		1 712 011		1 567 722		1 295 134		1 097 422	
EBIT reported, NOK in thousands	272 781		493 256		525 172		482 738		326 883	
EBIT reported margin	16 %		29 %		33 %		37 %		30 %	
Annual change in fixed remuneration on a full-time equivalent basis of employees	2022		2021		2020		2019		2018	
Annual change in fixed remuneration for employees of Fjordkraft AS and Elmera Group ASA excluding the Directors	4,30 %		2,91 %		3,36 %		4,01 %		3,48 %	
Annual change in fixed remuneration for employees of Gudbrandsdal Energi AS excluding the Directors	4,69 %									
Number of full-time equivalents of Elmera Groupe ASA (NGE not included)	367,1		369,5		320,6		288		248,7	
Employees of Elmera Group ASA (NGE not included)	372		379		330		293		252	

1.7 Information on shareholder vote

Pursuant to Section 5-6 of the Norwegian Public Limited Liability Companies Act, the General Meeting shall consider the Board of Directors' declaration regarding salaries and remuneration to the executive management.

The General Meeting shall conduct a vote on the Board of Directors' proposal for guidelines for salaries and remuneration to the executive management. The vote of the General Meeting is consultative to the Board, with the exception of benefits mentioned in Section 6-16a, first paragraph, item 3 of the Norwegian Public Limited Liability Companies Act (including grant of equity-linked incentives). For these benefits, the vote is binding for the Board of Directors.

The Board of Directors' guidelines for remuneration to directors were presented and approved at the General Meeting 21st of April 2021. A summary prepared by DNB Bank ASA stipulated that 59,946,972 shares (with a corresponding number of votes) were represented at the meeting, which represents 52,46 % of all issued shares in the company.