

## AQUA BIO TECHNOLOGY ASA

### REPORT ON SALARY AND OTHER REMUNERATION FOR THE EXECUTIVE MANAGEMENT TEAM

#### 1 INTRODUCTION

##### 1.1 Basis of the Report

This report on salary and other remuneration (the "**Report**") for the senior management team (the "**Executive Management Team**") of the of Aqua Bio Technology ASA ("**ABT**" or the "**Company**") has been prepared for the financial year ended 31 December 2022. During 2022, the Executive Management Team consisted of Håvard Lindstrøm (chief executive officer) and Espen Kvale (chief operating officer).

The purpose of the Report is to give an overview of paid and retained salary and other remuneration from the Company and the Group to the members of the Executive Management Team for 2022, pursuant to the Company's remuneration policy as approved by the Company's general meeting on 9 June 2021 (the "**Remuneration Policy**"). The Remuneration Policy is available at [www.aquabiotechnology.com](http://www.aquabiotechnology.com).

This Report is based on the requirements set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "**Companies Act**") sections 6-16a and 6-16b, as well as the Regulation on guidelines and report on remuneration for Senior Executives of 11 December 2021 no. 2730 (the "**Regulation**").

In the preparation of this Report, the board of directors (the "**Board**") has taken into account that the Company's annual general meeting on 9 June 2022 approved the report on salary and other remuneration for the Executive Management Team for the financial year ended 31 December 2022. Hence, this Report has been prepared on the basis of general meeting's approval, cf. sections 6-16b and 5-6 (4) of the Companies Act.

##### 1.2 Overall Company performance in 2022

###### 1.2.1 Financial performance

During 2022, the Group's main financial performance measures were as set out below:

<i>(NOK thousands)</i>	<b>2022</b>	<b>2021</b>
Operating revenues	7 162	1 976
Operating loss	-16 368	-17 857
Net loss	-18 736	-19 113
Total assets	67 203	34 430
Total equity	1 861	18 706
Total liabilities	65 342	15 723
Cash and cash equivalents at 31 December	1 861	13 356

### 1.2.2 Important events in 2022

On July 27, 2022, ABT completed the acquisition of 100% of the shares in the Norwegian company Cosmed Beauty AS and the Swedish company Ultrabody AB (jointly, "**Cosmed**"), in a combined transaction (the "**Acquisition**"). By combining ABT's position as a product supplier with Cosmed's distribution capacity, ABT will control a highly profitable value chain from production to distribution to end-users in Norway. The purchase price for all the shares in Cosmed is conditional. The consideration is based on Cosmed's financial results for the years 2022, 2023, 2024, and 2025 and shall be settled with a combination of cash and shares. Settlement shall take place no later than 30 trading days after the financial statements for the respective year are completed unless otherwise agreed upon by ABT as the buyer and Varming Holding AS as the seller. The consideration for each year is determined as 1/4 of the total pre-tax results for that year multiplied by 6.5.

The skincare distribution specialist, Cosmed, now a wholly owned subsidiary of ABT, has its own retail store in Lillestrøm and has access to between 800-900 salons and spas to which they distribute various products in Norway. By combining ABT's position as a product supplier with Cosmed's distribution capacity, ABT will control a highly profitable value chain from production to distribution to end-users in Norway.

Other important events for ABT in 2022 include:

- Restorsea LLC extending a supply and license agreement with ABT, entered into on July 3, 2014, for an additional five-year period, pertaining to ABT's product Aquabeautine XL.
- Products based on Aquabeautine XL being launched in the US, UK and South Korea.
- Entering into new distribution agreements in Norway and Kuwait.
- The Board deciding to implement a new strategy for the Group by initiating a consolidation process of distributors in the Nordic market.
- The first two acquisitions of distribution companies carried out in Norway and Sweden respectively.
- The best year of income since 2017.

For further information, please refer to the Company's annual report for 2022 available at the Company's website.

## 2 REMUNERATION OF THE EXECUTIVE MANAGEMENT TEAM

### 2.1 Key principles for the remuneration of the Executive Management Team

The overall objective of the remuneration guidelines for the Executive Management Team is to offer senior executives employment conditions which are competitive and motivating. The Company shall offer fixed salary levels that are comparable with similar companies and activities and considering the Company's need for qualified staff at all levels.

The principle for determining the members of the Executive Management Team is the combined total level of fixed salary and other benefits. ABT may grant members of the Executive Management Team options and other forms of remuneration linked to shares or the share price, hereunder through incentive – or option programmes . The overall level shall be competitive, but not a pacesetter in wage settlements. With respect to variable remuneration, ABT's policy is that a maximum amount shall be determined for the applicable remuneration at as of the time it is provided.

In addition to fixed salary and share options, ABT may provide other forms of remuneration such as bonus arrangements, pension arrangements and insurance, severance arrangements, and other benefits that are customary for comparable positions such as free telephone and free broadband services.

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

### 2.2 Remuneration to the Executive Management Team in 2022

During 2022, the members of the Executive Management Team received remuneration as set out below (in NOK thousands):

Name	Fixed remuneration			Variable remuneration	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Fees	Fringe benefits					
Håvard Lindstrøm	1,350	0	4	0	0	83	1,437	100 %
Espen Kvale	1,350	0	4	0	0	83	1,437	100 %

The fixed remuneration and the benefits offered allow ABT to offer its senior executives a competitive salary and remuneration package compared to similar companies.

The members of the Executive Management Team have not received remuneration from any Group company besides the Company.

## 2.3 Comparison of remuneration, Group performance and average remuneration of other employees

The table below shows the change in total remuneration paid to the members of the Executive Management Team for the years 2018 until 2022, compared with the performance of the Group and the average remuneration of employees outside the Executive Management Team (on a full-time equivalent basis).

Change in total remuneration from previous years								
Name	2022 vs. 2021		2021 vs. 2020		2020 vs. 2019		2019 vs. 2018	
	NOK	%	NOK	%	NOK	%	NOK	%
Håvard Lindstrøm <sup>(1)</sup>	151	11,7%	N/A	N/A	N/A	N/A	N/A	N/A
Espen Kvale <sup>(2)</sup>	-146	-3,9%	-234	-14,2 %	-57	-3,3 %	183	12,0 %
Arvid Lindberg <sup>(3)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Change in Group performance								
Net profit or loss for the period	377	-2,0%	-4 409	30,0 %	-1 488	11,3 %	25,251	-65,6 %
Average remuneration of employees								
Average remuneration of employees	-162	-13,5 %	-6	-0,5 %	-231	-16,1 %	342	31,2 %

- 1) Håvard Lindstrøm was appointed as chief executive officer in July 2021.
- 2) Espen Kvale was engaged as interim chief executive officer through a consultancy agreement with Espen Kvale Consulting LLC in December 2018, before taking the role as chief executive officer in April 2020. Mr.Kvale assumed the role as chief operating officer in July 2021.
- 3) Arvid Lindberg had the role as chief executive officer in 2017 and large parts of 2018, before he assumed the role as head of sales and marketing in December 2018.

## 2.4 Share-based remuneration

As of 31 December 2022, the members of the Executive Management Team held share options in the Company as set out below:

Name	Position	Granted options
Håvard Lindstrøm	Chief Executive Officer	499,998
Espen Kvale	Chief Operating Officer	500,001

The share options as of 31 December 2022 are exercisable until 31 December 2024. Following the expiry of this date, the share options will lapse. Each share option holds the right to require delivery of one share in the Company, in exchange for the pre-defined strike price. The exercise of the share option is subject to, among other things, the continued participation of the respective members as members of the Executive Management Team.

As of 31 December 2022, the members of the Executive Management Team held shares in the Company as set out below:

Name	Total shareholding
Håvard Lindstrøm <sup>(1)</sup>	421,348
Espen Kvale <sup>(2)</sup>	-

- 1) Through his wholly owned subsidiary Ice Capital AS
- 2) The Company refers to the stock exchange announcement made by the Company on 5 April 2023 regarding the shareholdings of Espen Kvale. Until this matter has been concluded, ABT has decided not to include his shareholdings in this Report.

### **3 DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION POLICY AND THE PROCEDURE FOR IMPLEMENTATION OF THE REMUNERATION POLICY**

The Company has not deviated from the guidelines set out in the Remuneration Policy in connection with remuneration granted in 2022.

### **4 CONSIDERATION AT THE ANNUAL GENERAL MEETING**

This Report will be presented to the Company's annual general meeting, to be held on 9 June 2023, and will be subject to an advisory vote at such general meeting.



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Jan Olav Ødegård  
Styreleder



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Birgit Marie Liodden  
Styremedlem



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Camilla Andersson  
Styremedlem



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Jan Pettersson  
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Roger Hofseth  
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RSM Norge AS

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## Uavhengig revisors attestasjonsuttalelse om rapport om lønn og annen godtgjørelse til ledende personer

### Konklusjon

Vi har utført et attestasjonsoppdrag for å oppnå betryggende sikkerhet for at Aqua Bio Technology ASAs rapport om lønn og annen godtgjørelse til ledende personer (lønnsrapporten) for regnskapsåret som ble avsluttet 31. desember 2022, er utarbeidet i samsvar med allmennaksjeloven § 6-16b og tilhørende forskrift.

Etter vår mening er lønnsrapporten i det alt vesentlige utarbeidet i samsvar med allmennaksjeloven § 6-16b og tilhørende forskrift.

### Styrets ansvar

Styret er ansvarlig for utarbeidelsen av lønnsrapporten og for at den inneholder de opplysninger som kreves etter allmennaksjeloven § 6-16b og tilhørende forskrift. Styret har også ansvar for slik intern kontroll som det finner nødvendig for å utarbeide en lønnsrapport som ikke inneholder vesentlig feilinformasjon, hverken som følge av misligheter eller feil.

### Vår uavhengighet og kvalitetskontroll

Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Vi anvender internasjonal standard for kvalitetskontroll (ISQC 1) og opprettholder et omfattende system for kvalitetskontroll inkludert dokumenterte retningslinjer og prosedyrer vedrørende etterlevelse av etiske krav, faglige standarder og gjeldende lovmessige og regulatoriske krav.

### Revisors oppgaver og plikter

Vår oppgave er å gi uttrykk for en mening om lønnsrapporten inneholder de opplysninger som kreves etter allmennaksjeloven § 6-16b og tilhørende forskrift, og at opplysningene i lønnsrapporten ikke inneholder vesentlig feilinformasjon. Vi har utført vårt arbeid i samsvar med internasjonal attestasjonsstandard (ISAE) 3000 – «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon».

Vi har gjort oss kjent med retningslinjene om fastsettelse av lønn og godtgjørelse til ledende personer som er godkjent av generalforsamlingen. Våre handlinger omfattet opparbeidelse av en forståelse av den interne kontrollen som er relevant for utarbeidelse av lønnsrapporten for å utforme kontrollhandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll. Videre utførte vi kontroller av fullstendigheten og nøyaktigheten av opplysningene i lønnsrapporten, herunder om den inneholder de opplysningene som kreves etter lov og tilhørende forskrift. Vi mener at innhentet bevis er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Oslo, 8. juni 2023  
RSM Norge AS

(elektronisk signert)  
Nils Eivind Holst  
Statsautorisert revisor

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

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