



## REPORT ON SALARIES AND OTHER REMUNERATION TO LEADING PERSONNEL IN NAVAMEDIC ASA 2023

### Introduction

This report on salaries and other remuneration to leading personnel (the "**Report**") of Navamedic ASA (the "**Company**") is based on the guidelines for the determination of salaries and other remuneration of leading personnel in the Company which were approved by the Company's general meeting on 03.06.2021 ("**Guidelines**").

The report is based on the requirements set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "**Companies Act**") section 6-16 a and 6-16 b, as well as Regulation on guidelines and report on remuneration for leading personnel of 11 December 2021 No. 2730 (the "**Regulation**"). The report is formulated in line with the European Commission's template for remuneration reports.<sup>1</sup>

Remuneration to board members is not covered by this Report. Any remuneration to board members is determined by the general meeting in accordance with the Companies Act section § 6-10 and is available in note 17 in the consolidated financial accounts in the annual report for 2023.

### Company performance

#### The company performance in 2023

The revenue growth for the Company was 34%, driven in particular by products/product groups: Mysimba and the antibiotics portfolio. We added NOK 130 million in revenue from 2022 to 2023 and maintained an adjusted EBITDA level of NOK 51.6 million in a year of acquisitions and significant investments in future growth. See also the 2023 Navamedic ASA annual report for more details on the 2023 company performance.

### The guidelines for remuneration that the Company adopted in 2021

Navamedic ASAs guidelines on the determination of salaries and other remuneration for executive personnel were approved at the company's Annual General Meeting in 2021. The guidelines are summarised below:

#### Introduction

The main principle for Navamedic's remuneration policy is that the Senior Executives shall be offered competitive terms when their total remuneration package is taken into account. Such package may consist of elements such as base salary, performance-based bonus, option programs, benefits in kind and pension arrangements. Navamedic shall seek to offer a remuneration level that is considered competitive and on market terms, compared to the level offered by similar small pharmaceutical companies in the Nordic region, and which contribute to satisfy the Group's need to recruit and keep highly qualified personnel.

#### Fixed remuneration

The fixed remuneration provided to Senior Executives includes a base salary and benefits in kind such as a car allowance, mileage agreements and telephone. The Senior Executives also have insurance coverage and other benefits in line with what is offered to the other employees in accordance with collective agreements, legislation and normal practice in Norwegian companies.

#### Variable remuneration

In order to implement and achieve Navamedic's business strategy, long-term interests and financial sustainability, the executive personnel may receive variable remuneration in the form of performance-based bonus. Such performance-based

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bonus shall be agreed on an individual basis if applicable. The criteria for any performance-based bonus shall be determined by the board of directors and shall be linked to measurable factors, such as the achievement of pre-determined KPIs.

The Company aims to increase its revenues and strengthen its profitability. The Company's key drivers for growth are to deliver growth on existing product portfolio as well as winning new distribution agreements and/or market authorizations for new products. This is reflected in the KPIs to the executive personnel.

#### Option program

In order to further align the interests of the Senior Executives by those of the Company, share options in the Company may be granted to the senior executives as a part of their total remuneration package. Such alignment of interests is considered important to fulfil the Company's goals.

### Remuneration to executive personnel

#### Executive personnel as at the date of this report

As of the date of this report, the following persons are considered executive personnel:

- CEO Kathrine Gamborg Andreassen
- CFO Lars Hjarrand

#### Remuneration composition

The fixed remuneration will constitute the main component of the Senior Executives' total remuneration. The fixed remuneration for the Senior Executives consists of several different items. The base salary shall be determined based on job level, local competition, market salary for similar positions and performance level. The fixed salary may be adjusted annually. Senior Executives may also be offered additional contribution in the form of free newspaper, coverage of phone/phone expenses, internet services and car allowance/company car. Furthermore, Senior Executives participate in the Company's insurance scheme as well as in the Company's defined contribution pension scheme, which currently is 5.5% of salary from 0G to 7.1G and 15% from 7.1G to 12G.

Further, the Company has a variable remuneration scheme. The Company has a performance-based bonus scheme for the Senior Executives, which is based on the Group's results as well as individual KPIs. The individual KPIs are agreed specifically for each role to the extent possible, and all KPIs are set to underpin the Company's strategy. To determine if the goals have been met, a quantitative assessment is made of the quantitative goals, while individual assessments are made for the qualitative goals. As a general guideline, the performance-based bonus for the CEO should be linked to the completion of growth initiatives such as building a pipeline of innovative products as well as acquisitions of marketing authorizations and/or product portfolios. The performance-based bonus for the CFO should be linked to the satisfactorily completion of projects and initiatives tied to completion of new product acquisition, increased margins as well as cost control.

Table 1. The table below shows total remuneration the Company's executive personnel for the years 2022 and 2023

	Kathrine Gamborg Andreassen CEO	Lars Hjarrand CFO	Total 2023	Kathrine Gamborg Andreassen CEO	Lars Hjarrand CFO	Total 2022*
Salary and Holiday pay paid	3 068	2 111	5 179	2 611	1 871	4 483
Variable remuneration paid	1 874	463	2 337	1 784	447	2 231
Benefits in kind and other benefits paid	436	434	870	273	646	918
Pension	131	131	262	110	110	220
<b>Total paid salary and remuneration</b>	<b>5 509</b>	<b>3 139</b>	<b>8 648</b>	<b>4 778</b>	<b>3 074</b>	<b>7 852</b>
Variable remuneration earned in 2023/2022	2 250	532	2 782	1 874	463	2 337
Proportion of fixed and variable remuneration	66.0%/34.0%	85.3%/14.7%	73.0%/27.0%	62.7%/37.3%	85.5%/14.5%	71.6%/28.4%

Note to table above: Base Salary includes monthly salary and earned holiday pay to be paid the following year. Other Benefits includes taxable gain from exercising share options, company car/ car allowance, phone/internet and others. Variable remuneration shows earned bonus for the year, to be paid the following year.

\* Figures for 2022 are restated

Option-based remuneration to executive personnel in the Company

Table 2 below shows the detailed information of the options that have been granted or offered to the executive personnel. The table shows the main conditions related to the different options, including number of options, the dates of grant, vesting dates, exercise price and opening/closing holdings.

Table 2

Name and position	The main conditions of share option plans				Information regarding the reported financial year					
					Opening balance	During the year			Closing Balance	
	Specification of plan	Awarded date	Vesting date	Exercise price	Share options held at the beginning of the year	Share options awarded	Share options vested	Share options exercised	Share options awarded and unvested	Share options held at the end of the year
Kathrine Gamburg Andreassen CEO	2020 Options Program	Jun 9, 2020	1/3 on Jun 9th 2021 1/3 on Jun 9th 2022 1/3 on Jun 9th 2023	19.00	105 000	0	35 000	25 000	0	80 000
	2023 Options Program	Feb 16, 2023	1/3 on Feb 16th 2024 1/3 on Feb 16th 2025 1/3 on Feb 16th 2026	33.00	0	200 000	0	0	200 000	200 000
Lars Hjarrand CFO	2019 Options Program	Dec 30, 2019	1/3 on Dec 30th 2020 1/3 on Dec 30th 2021 1/3 on Dec 30th 2022	14.46	25 000	0	0	25 000	0	0
	2020 Options Program	Jun 9, 2020	1/3 on Jun 9th 2021 1/3 on Jun 9th 2022 1/3 on Jun 9th 2023	19.00	50 000	0	25 000	0	0	50 000
	2023 Options Program	Feb 16, 2023	1/3 on Feb 16th 2024 1/3 on Feb 16th 2025 1/3 on Feb 16th 2026	33.00	0	200 000	0	0	200 000	200 000

**Performance-based remuneration**

The approved remuneration guidelines for executive personnel allow for variable, performance-based remuneration up to 75% of the base salary. For CEO Kathrine Gamburg Andreassen the maximum performance-based remuneration (bonus) for 2023 was 75% of base salary. For CFO Lars Hjarrand, the corresponding percentage was 25%.

75% of the bonus to the executive personnel is based on the achievements of financial targets (Revenues growth, GM% and EBITDA), while 25% is based on discretionary assessment of individual KPIs. Table 3 below shows the breakdown of the different criteria and respective achievement of each.

Table 3

<b>CEO Kathrine G Andreassen</b>				
	Share of bonus	Potential Bonus	Achieved %	Awarded
Criteria A: Financial targets: Revenues growth, GM% and EBITDA	75 %	1 688	100 %	1 688
Criteria B: Successfully build pipeline to secure future revenues growth	25 %	563	100 %	563
<b>Total</b>	<b>100 %</b>	<b>2 250</b>	<b>100 %</b>	<b>2 250</b>
<b>CFO Lars Hjarrand</b>				
	Share of bonus	Potential Bonus	Achieved %	Awarded
Criteria A Financial targets: Revenues growth, GM% and EBITDA	75 %	399	100 %	399
Criteria B Successful implementation of ERP system; including improved business control	25 %	133	100 %	133
<b>Total</b>	<b>100 %</b>	<b>532</b>	<b>100 %</b>	<b>532</b>

### **Total remuneration compared to the Guidelines**

A prerequisite for a successful implementation of the Company's business strategy and securing the Company's long-term interests, including sustainability, is that the Company is able to recruit and retain qualified personnel. To achieve this, it is necessary for the Company to offer competitive remuneration.

The Company's remuneration guidelines enable the Company to offer leading personnel a competitive total remuneration. Total remuneration to leading personnel during 2023 complies with the Company's guidelines for remuneration. Further, the Company firmly believes that both the total remuneration, including the fixed-, variable- and option program serves to contribute to the long-term results of Navamedic.

### **Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines**

In 2023, there were no deviations from the adopted remuneration guidelines.

### **The company's use of access to recover variable remuneration**

There were no instances in 2023 where it was deemed necessary to request a recovery of any part of the leading personnel's received remuneration or other benefits.

### **Information on changes in remuneration and the Company's performance over the last 5 years**

Table 4 below shows the change in remuneration (base salary) over the past five financial years.

	2019	2020	2021	2022	2023
Kathrine Gamborg Andreassen, CEO	1898	2 270	2 478	2 611	3 068
Change %	N/A	20 %	9 %	5 %	17 %
Lars Hjarrand, CFO	1700	1730	1814	1871	2 111
Change %	N/A	2 %	5 %	3 %	13 %
Company's performance					
Revenues growth	3 %	11%	33 %	37 %	34 %
Gross Margin %	30.5%	33.5%	40.1%	42.8%	38.9%
EBITDA/ Adjusted EBITDA 2023	-6.5M	-13M	18.2M	51.7M	51.6M
Average remuneration on an FTE-basis of employees					
Change %	N/A	3.7%	3.4%	3.7%	4.7%

Notes to table 4: The table above shows base salary development. Base salary includes monthly salary and holiday pay. Kathrine Gamborg Andreassen was appointed CEO starting Jan 1, 2019. Lars Hjarrand was hired as CFO starting in December 2019. The average change % shows the change in base salary for all non-executive personnel in the group. 2019 annualized salary for Lars Hjarrand.

### **Consideration at general meeting.**

This report was resolved by the Company's board of directors on 8 May and was subsequently submitted for final approval by the Company's annual general meeting on 4 June 2024.

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Navamedic ASA

### Opinion

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We have performed an assurance engagement to obtain reasonable assurance that Navamedic ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 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

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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

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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. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibilities

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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.

Oslo, 8 May 2024  
ERNST & YOUNG AS

*The auditor's assurance report is signed electronically*

Anja Maan  
State Authorised Public Accountant (Norway)

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## Maan, Anja

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## Maan, Anja

### Statsautorisert revisor

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