



Tethys Oil Remuneration report 2023

Introduction

This remuneration report provides an outline of how Tethys Oil AB (publ)'s (the "Company" or "Tethys Oil") guidelines for remuneration to Group Executive Management (the "Remuneration Guidelines") have been applied. The Remuneration Guidelines was adopted by the Annual General Meeting ("AGM") 2023 where changes were made primarily related to linguistics and the variable remuneration and the performance criteria. The report also provides details on the remuneration of the Managing Director. In addition, the report contains a summary of Tethys Oil's outstanding share related incentive programs. The report has been prepared in compliance with Chapter 8 Sections 53 a and b of the Swedish Companies Act (2005:551) and Rules on Remuneration of the Board and Executive Management and on Incentive Programs issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 11 (Employees) on page 122-123 in the annual report 2023. Information on the work of the remuneration committee in 2023 is set out in the corporate governance report available on Tethys Oils website or in the annual report 2023 on pages 80-84.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 11 on page 122-123 in the annual report 2023.

Key Developments 2023

The Managing Director summarises the company's overall performance in his letter to shareholders on page 4-5 in the annual report 2023.

Tethys Oil's Remuneration Guidelines: scope, purpose and deviations

The Company's remuneration principles are to ensure responsible and sustainable remuneration decisions that support the Company's strategy, long-term interests and sustainable business practices and further enhance the Tethys Oil's market position as well as increase the shareholder value. To this end, salaries and other employment terms shall enable Tethys Oil to retain and recruit skilled Group Executive Management members at a reasonable cost. The remuneration shall be on market terms and based on the principles of performance, competitiveness and fairness.

The remuneration covered by the Company's guidelines may consist of basic salary, variable salary, pension, non-financial benefits and severance pay. In addition hereto, the General Meeting may decide on, inter alia, long-term incentive programs in which Group Executive Management can participate.

The guidelines are found in the administration report available on pages 92-103 in the annual report 2023. During 2023, the Company has complied with the applicable Remuneration Guidelines adopted by the AGM. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the Company's compliance with the guidelines is available on the Company's web (<https://www.tethysoil.com/en/annual-general-meeting-2023/>). No remuneration has been reclaimed. In addition to remuneration covered by the Remuneration Guidelines, the AGM:s of the Company have resolved to implement long-term share-related incentive plans.

Total remuneration of the Managing Director (MSEK)

The below sets out total remuneration to Tethys Oil's Managing Director during 2023 and 2022 as expensed.

Name of Director & position	Financial year	Fixed remuneration		Variable remuneration	Pension	Total remuneration*	Proportion of fixed/variable remuneration (%)
		Base salary	Other benefits				
Magnus Nordin Managing Director	2023	5.156	0.0351	0.786	0.0	5.977	87/13
	2022	5.078	0.055	0.581	0.0	5.714	90/10

* The value of warrants allocated is not included in the total remuneration

Variable salary is recorded the same year as it is earned. In addition to remuneration described above, the Managing Director also receives warrants under the Company's long-term incentive programme as resolved by the AGM, as described below. The

warrants are transferred free of charge to the participants. The value of the warrants the Managing Director received in 2023 and 2022, including income tax paid for those warrants was MSEK 1.658 and MSEK 1.399 respectively.

Name of Director & position	Warrant incentive programme	Exercise period	Subscription price, SEK	Shares per warrant	1 Jan 2023	Number of warrants			31 Dec 2023
						Allocated 2023	Exercised 2023	Expired 2023	
Magnus Nordin (Managing Director)	2020	13 Jun – 6 Oct 2023	45.40	1.19	60,000	-	60,000	-	-
	2021	12 Jun – 4 Oct 2024	66.10	1.15	60,000	-	-	-	60,000
	2022	18 Aug – 6 Oct 2025	92.80	1.07	60,000	-	-	-	60,000
	2023	3 Jun- 28 Sept 2026	59.40	1.01	-	70,000	-	-	70,000
Total					180,000	70,000	60,000	-	190,000

Share based remuneration

Outstanding share related incentive programs

During 2023, Tethys Oil had four on-going long-term incentive programmes (2020, 2021, 2022 and 2023) as part of the remuneration package to Group Executive Management. The allocation is not guaranteed, and the Board of Directors of the Company shall resolve on and implement the allocation. The warrants have no vesting period or other restrictions and have been transferred free of charge to the participants and the Group accounts for any income tax for the participants to the extent such tax is attributable to the programme. The warrant can be exercised after three years. The market value of the warrants has been calculated in accordance with the Black & Scholes formula by an

independent valuation institution. The subscription price is based on the volume-weighted average of the purchase price for the Company's share on Nasdaq Stockholm during approximately a two-week period prior to the date of allocation.

The total number of issued and allocated warrants during 2023 was 250,000. During October 2023, 338,000 warrants for the 2020 programme were exercised and 12,000 from the same programme expired. The exercise of the warrants increased the number of shares and votes in the Company by 402,220 as each warrant entitled the holder to 1.19 shares. The Managing Director exercised all the 60,000 warrants he was allocated as a part of the programme.

Variable remuneration and performance criteria

In accordance with the Guidelines for remuneration to Group Executive Management as adopted by the AGM in 2023, the Managing Director is eligible for variable remuneration totalling up to an equivalent of twelve month's basic salary.

The awarding of a variable remuneration is set in the beginning of the year and is based on a number of performance targets. The performance criteria for the Managing Director's variable

remuneration have been selected to deliver the company's strategy, sustainable business practice and to encourage behaviour which is in the long-term interest of the Company. In the selection of performance measures, the strategic objectives as well as the short- and long-term business priorities for 2023 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Performance criteria and outcome as the basis for variable cash remuneration for the Managing Director in 2023

	Categories of performance criteria and targets	Relative weighting of the performance criteria	a) Measured performance, and b) Actual remuneration outcome
	Magnus Nordin Managing Director	HSE (total recordable cases, 0)	17%
Sustainability (carbon intensity of production, CO2e kg/bbl 60)		8%	a) CO2e kg/bbl 73 b) SEK 0
Reserves & Resources growth (20%)		33%	a) <0 % b) SEK 0
Reserves Replacement ratio (110%)		25%	a) 32 % b) SEK 0
Financial Return (12%)		17%	a) Return on capital employed > -4%, b) SEK 0
Total outcome		17%	
Total outcome (months)		2.0	

a) The level or performance achieved in the category.

b) The weighted outcome of the category

Comparative information on the change of remuneration and company performance

Change of remuneration and company performance over the last five reported financial years ("RFY").

	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	RFY 2023
Managing Director remuneration (MSEK)*	+0.519 (+13%)	+1.365 (+29%)	-0.993 (-17%)	+0.691(+14%)	+0.263 (+5%)	5.977
Consolidated operating result (MUSD)	-24 (-39%)	-31 (-84%)	+10 (+178%)	+38 (237%)	-66 (-121%)	-11.6
Median salary on a full-time equivalent basis of employees of the group compared to Managing Director						23.4%
Average remuneration on a full-time equivalent basis of employees of the parent company (MSEK)**	+0.068 (+10%)	-0.007 (-1%)	+0.084 (+12%)	+0.101 (+13%)	-0.030 (-3%)	0.870

* The value of warrants allocated is not included in the total remuneration

**Excluding members of Group Executive Management

Definitions and abbreviations

MSEK: Millions of Swedish kronor

MUSD: Millions of US Dollars

n.a.: not applicable