

PETROLIA SE (THE "COMPANY")

REMUNERATION REPORT

This report on salary and other remuneration (the "Report") for the Board of Directors (the "Board"), the members of the Audit Committee, the Nomination Committee and Executive Management Team of PETROLIA SE (the "Company"), has been prepared for the financial year ended 31 December 2022.

The purpose of the Report is to give an overview of paid and retained salary and other remuneration from the Company to the members of the Board, the Audit Committee, the Nomination Committee and the Executive Management Team for 2022, pursuant to the Company's remuneration policy (the "Remuneration Policy").

The Remuneration Policy is available at <https://www.petrolia.eu/about-us/remuneration/>.

The Report is based on the following principles and objectives as set out in the Remuneration Policy, and applies to all the members of the Company's Board and Committees, as well as the Executive Management Team employed by the Company:

- 1) The remuneration offered shall support the growth of the Company's value,
- 2) The remuneration offered shall ensure leading performance, and
- 3) The remuneration shall be offered in a responsible and consistent manner, with an objective to be competitive when compared to companies similar to Petrolia SE

This Report has been drawn up in compliance with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement which was enacted into Cyprus law through the Encouragement of long-term shareholder engagement law of Cyprus in 2021 (the "Directive EU 2017/828").

Overall Company performance in 2022

The principal activity of the Company is the sale and rental of drilling equipment and land rig rental, the financing of group companies and the holding of investments in subsidiaries and associates engaged in Energy and Energy Service.

The Company's loss after tax for the year ended 31 December 2022, which is attributable to the equity holders, was USD 0.7 million compared to a loss of USD 1.2 million for the year ended 31 December 2021. The total assets of the Company for 2022 were USD 69.9 million and the net assets were USD 39.0 million, compared to USD 69.3 million and USD 39.3 million respectively in 2021.

Composition of the Board, the Executive Management Team, the Audit Committee and the Nomination Committee in 2022.

The Board of Directors

During 2022, the Board consisted of the following members:

- Berge Gerdt Larsen, Chair;
- Polycarpus Protopapas, Managing Director;
- Sjur Storaas, Director and
- George Hadjineophytou, Deputy Chair

Remuneration to the Board members is approved by the Annual General Meeting as a separate item on the agenda, as proposed by the Nomination Committee and in accordance with the Remuneration Policy.

Payment Based Remuneration Table for the period

During 2022, the Board members received remuneration as set out below:

USD 000

Name	FY	Fixed Remuneration			Extraordinary Items	Total Remuneration	Proportion of Fixed and Variable Remuneration
		Base Salary	Bonus	Committees			
Berge Gerdt Larsen	2022	-	-	-	-	0	N/A
	2021	-	-	-	-	0	N/A
Polycarpus Protopapas	2022	56	5	-	-	61	92% Fixed Remuneration. 8% Variable Remuneration
	2021	60	4	-	-	64	94% Fixed Remuneration. 6% Variable Remuneration
Sjur Storaas	2022	40	5	5	-	55	91% Fixed Remuneration. 9% Variable Remuneration
	2021	36	4	4	-	44	91% Fixed Remuneration. 9% Variable Remuneration
George Hadjineophytou	2022	40	5	5	-	55	91% Fixed Remuneration. 9% Variable Remuneration
	2021	36	4	4	-	44	91% Fixed Remuneration. 9% Variable Remuneration

The Company has paid a Bonus of USD 4 thousand to the Managing Director for the year ended 31.12.2021. The remuneration of the Board members supports the main focus of the Board to support the purpose and sustainability of the Company as well as the delivery of Company's strategic priorities.

The table below shows the change of the Board members' total Board fees for the years 2018 until 2022:

USD 000

Changes in total remuneration from previous years									
Name	2022 vs 2021		2021 vs 2020		2020 vs 2019		2019 vs 2018		
	USD	%	USD	%	USD	%	USD	%	
Berge Gerdt Larsen	-	-	-	-	-	-	-	-	
Sjur Storaas	11	25%	6	16%	(4)	(10%)	(1)	(2%)	
George Hadjineophytou	11	25%	2	5%	38	950%	4	-	
Judith Parry	-	-	(18)	(100%)	(25)	(58%)	-	-	

The deviation between 2019 to 2020 for the remuneration of Mr. George Hadjineophytou is due to the fact that he was elected as a director of the company on 27/11/2019 and therefore his remuneration was a proportion of the yearly fee.

The deviations for Mrs. Judith Parry between 2019 and 2020 are due to the fact that she stepped down from her position as director of the company during 2020.

Share-based remuneration.

The Company has not provided share-based remuneration to the Board members during 2022.

As of 31 December 2022, the Board Members and Management Team held shares in the Company as set out below:

Name	Total Shareholding
Berge Gerdt Larsen (Chair of the Board) (Note 1)	3,789,897
Sølve Nilsen (Finance Manager)	202,971

(Note 1) Berge Gerdt Larsen owns 44.95% of Increased Oil Recovery AS and his son owns the remaining 55.05%. Larsen Oil & Gas AS is a 100% owned subsidiary of Increased Oil Recovery AS.

Together, the two companies hold 26.82% of the shares. Increased Oil Recovery AS is a 49.58% shareholder in Independent Oil & Resources Plc, which holds 45.97% of the shares in Petrolia SE. Berge Gerdt Larsen also controls Time Critical Petroleum Resources AS which holds 6.41% of the shares in Petrolia SE and 19.91% in shares in Independent Oil & Resources Plc.

Independent Oil & Resources Plc is a 38.75% indirect shareholder in NOCO (UK) Ltd.

Increased Oil Recovery AS indirectly owns 38.42% in NOCO (UK) Ltd.

REMUNERATION OF THE EXECUTIVE MANAGEMENT TEAM

Key principles for the remuneration of the Executive Management Team

- The overall objective of the remuneration guidelines for the Executive Management Team can be summarized as set out below:
- The total compensation offered to the members of the Executive Management Team shall be competitive.
- The compensation shall be motivating, both for the individual and for the Executive Management Team as a group.
- Any variable elements in the total compensation to the Company's Executive Management shall be linked to the values generated by the Company for the Company's shareholders.
- The system of compensation shall be understandable and meet general acceptance internally in the Company, among the Company's shareholders and with the public.
- The system of compensation shall be flexible and contain mechanisms which make it possible to carry out individual adjustments based on the results achieved and contributions made towards the development of the Company.

The Company offers its Executive Management Team remuneration consisting of fixed salary.

Remuneration to the Executive Management Team in 2022

During 2021, the Executive Management Team received remuneration as set out below:

USD 000

Name of Executive member, position	FY	Fixed Remuneration			Variable Remuneration		Extraordinary Items	Pension Expense	Total Remuneration	Proportion of Fixed and Variable Remuneration
		Base Salary	Fees	Fringe Benefits	One-year Variable	Multi-year Variable				
Polycarpus Protopapas, Managing Director	2022	56			5	-	-	-	61	92% Fixed Remuneration. 8% Variable Remuneration
	2021	60	-	-	4	-	-	-	64	94% Fixed Remuneration. 6% Variable Remuneration
Sølve Nilsen, Finance Manager	2022	171	-	-	5	-	-	19	195	97% Fixed Remuneration. 3% Variable Remuneration
	2021	185	-	-	7	-	-	20	212	97% Fixed Remuneration. 3% Variable Remuneration

The Company has not offered share options or any other equity-linked remuneration to the members of the Executive Management Team during 2022 and 2021.

The fixed remuneration and the pension plan allow the Company to offer its senior executives a competitive salary compared to similar companies, while the variable remuneration incentivizes delivery of the Company's strategic objectives and ensures a clear link with value creation.

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 Company and the average remuneration of employees (on a full-time equivalent basis):

USD 000

Changes in total remuneration from previous years								
Name	2022 vs 2021		2021 vs 2020		2021 vs 2020		2021 vs 2020	
	USD	%	USD	%	USD	%	USD	%
Polycarpus Protopapas	(3)	(5%)	7	12%	52	1,040%	5	-
Sølve Nilsen	(36)	(17%)	7	3%	107	109%	10	11%
Pierre Godec	-	-	(8)	(100%)	(86)	(91%)	(5)	(5%)
Demos Demou	-	-	(24)	(100%)	(33)	(58%)	(3)	(5%)

The reductions from 2021 to 2022 are results of NOK and EUR depreciation against USD. The large deviation from 2019 to 2020 for the remuneration of Mr. Polycarpus Protopapas is due to the fact that he was elected as a director of the company on 27/11/2019 and his salary was a pro-rata on the yearly salary.

In regards to the large deviation from 2019 to 2020 for the remuneration of Mr. Sølve Nilsen, this was due to the fact that up to 31/12/2019, he was a part-time employee (50%) and since 01/01/2020 he became the Group's finance manager and employed on a full-time basis.

The deviations for Mr. Pierre Godec and Mr. Demos Demou between 2019 and 2020 are due to the fact that they stepped down from their positions as Managing Director and Finance Manager respectively during 2020.

Other small deviations are mainly due to foreign exchange differences between NOK/USD and EUR/USD.

USD 000

Changes in average number of employees and performance from previous years								
Name	2022 vs 2021		2021 vs 2020		2020 vs 2019		2019 vs 2018	
	USD	%	USD	%	USD	%	USD	%
Operating result, Group	834	18%	3,236	212%	(5,385)	(78%)	(2,466)	(26%)
Result for the year, Group	459	39%	(960)	457%	(174)	483%	(3,532)	(101%)
Average number of employees, Group	26	12%	(34)	(14%)	(25)	(9%)	53	24%
Total salary costs, Group	768	6%	2,665	25%	(3,873)	(26%)	1,559	12%
Average salary, Group	(3)	(6%)	19	44%	(10)	(19%)	(6)	(10%)
Average number of employees, Parent	0	0%	0	0%	(2)	(33%)	(1)	(14%)
Total salary costs, Parent	169	29%	(70)	(11%)	124	23%	2	0%
Average salary, Parent	42	29%	(18)	(11%)	76	85%	13	17%

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.