



Europris remuneration report 2022

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1. Introduction

Introduction and board declaration

This report describes Europris' remuneration to senior executives during the financial year 2022. The board has prepared this report in accordance with section 6-16b of the Norwegian Public Limited Companies Act and will be presented to the ordinary AGM held 20 April 2023.

The board is responsible for outlining the remuneration guidelines and to follow up compliance with it. The board has its own compensation committee that follows up, discusses and recommends to the board specific matters concerning the various remuneration elements. The board has reviewed and declares that remuneration in 2022 has been in line with the approved guidelines.

Highlights from 2022

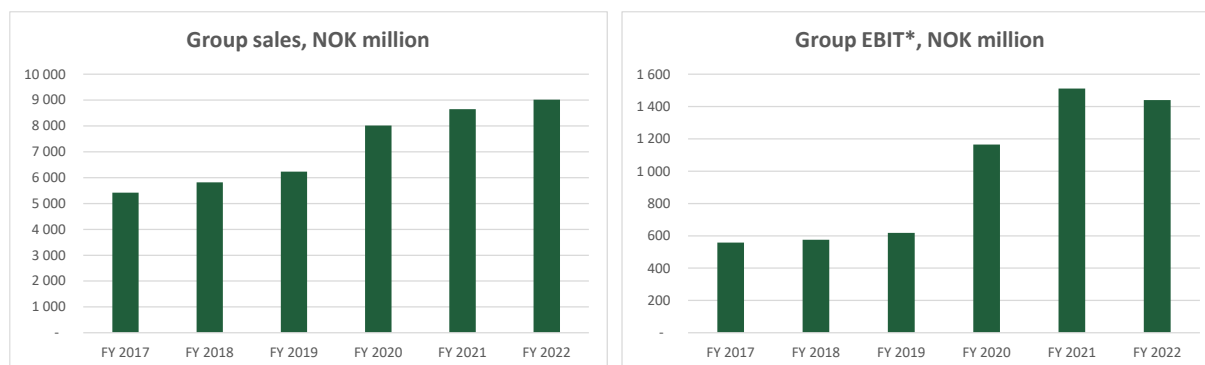
Europris has emerged from the pandemic as a stronger group, and has been able to maintain the higher level of sales established during recent years. It has proved to be relevant in a more demanding retail market, where customers expect even better value for money and where campaigns are providing an increased share of sales.

The financial year 2021 was a record year for Europris, with historical sales and profit levels. The financial year 2022 was also strong, but as expected profits declined compared to 2021. The group achieved higher sales (+4.3 per cent or +0.7 per cent excluding structural growth from acquisitions), but a lower gross margin and overall cost inflation led to an EBIT decline of 4.7 per cent (-6.3 per cent excluding structural growth).

Variable remuneration to senior executives is based on EBIT performance on a "like-for-like" basis (ie, excluding structural effects from acquisitions or divestments). The short-term variable remuneration is based on EBIT performance compared to budget, which was achieved for 2022. The long-term variable remuneration is based on EBIT performance compared to the previous financial year, and no long-term bonus was awarded for 2022 as EBIT declined compared to 2021.

For more information on 2022 developments, please see the annual report on the company's investor website (link: [Europris ASA - Financials - Annual Reports](#)).

Table 1: Development in group sales and EBIT



* Adjusted EBIT (as reported to the market) for 2016-19. IFRS-16 was implemented from 2019.

Remuneration guidelines

The company's remuneration guidelines was adopted by the AGM on 5 May 2021 (link: [Guidelines for remuneration of senior executives](#)). There has been one deviation from the prevailing guidelines in 2022. This was regarding short term bonus to senior executives. At the start of 2022 it was decided that 100 per cent of the short-term bonus was to be based on the common EBIT target, and no individual targets were set. For the year 2023 a sustainability target has been included as part of the variable remuneration.

Updated remuneration guidelines is to be voted over at the AGM 20 April 2023. The material change of content is a revised definition of senior executives and mandatory inclusion of at least one sustainability target as part of the basis for determining the short-term bonus.

The guidelines are designed to ensure that the company is able to recruit, develop and retain senior executives with relevant competence and expertise. Remuneration should be motivational and in line with market practice. It comprises a fixed and a variable amount, with variable remuneration consisting of a short-term bonus (annual) and a long-term bonus (program over multiple years). The long-term bonus strengthens alignment between the interests of shareholders and senior executives, both as future pay-outs will be adjusted in line with the development of the share price and as it incentivises the senior executive to commit long term to the company (50 per cent of the award has pay-out in the fifth year after the award was made). Variable remuneration is not included in the basis for calculating holiday pay and pension. The maximum pay-out of total variable remuneration in any one year is capped at 12 months of gross pay. No variable remuneration will be paid until after the AGM has approved the annual accounts and the annual report for the relevant financial year.

Remuneration for the board of directors is not part of the remuneration policy. The nomination committee suggests the board's fees and is adopted by the AGM. Remuneration consists of fixed and pre-determined amounts, and is voted over by the AGM annually. There are no employee representatives in the board of Europris ASA, but observers from the board of Europris AS. These employee observers are therefore not included in this report. It can be noted that remuneration of the employee board members of Europris AS are fixed and decided annually.

In accordance with the remuneration guidelines approved 5 May 2021, the board may annually approve a restricted share programme for directors and senior executives. This programme was implemented to strengthen an aligned ownership culture between shareholders, the board and senior executives at limited cost to the company. This programme was run for the first time in 2021 and repeated in 2022. In the updated remuneration guidelines to be voted over at the AGM 20 April 2023 the board has been removed from this programme and it is only applicable for management.

Information on shareholder voting

The remuneration report for 2021 was approved at the AGM 21 April 2022. No comments or advice was presented to the company.

Changes in group management

There have been no changes in group management since the remuneration report in 2021. Please note that Espen Eldal became acting CEO on 27 March 2020 and was appointed CEO on 29 April 2020. Eldal was previously CFO for the company and acted as both CEO and CFO until Stina C. Byre started as the CFO on 18 January 2021.

Exercise of the right to reclaim

When a senior executive resigns, they no longer have a right to receive any previously awarded

variable remuneration that has not already been paid. Nor will any new awards of variable remuneration take place under such circumstances. No reclaims have been made for 2022 or 2021.

2. Total remuneration

Directors

Remuneration of directors is determined annually by the AGM and consists only of these fixed and pre-determined amounts. Included as remuneration of directors in the table below are therefore fees paid during the financial year. In addition to this, directors are reimbursed for any expenses incurred on the company's behalf, such as travel expenses.

Table 2: Remuneration of directors

Figures in NOK 1,000						
Name of director, position(s)	Year	Annual fee	Remuneration committee	Audit Committee	Total fee	Comment
Tom Vidar Rygh, chair of the board, chair remuneration committee, member audit committee	2022	570	36	55	661	
	2021	556	34	48	638	
Bente Sollid Storehaug, director, member remuneration committee	2022	297	25		322	
	2021	283	23		306	
Claus Juel-Jensen, director, member audit committee	2022	297		55	352	Member audit com. from July 2021
	2021	283			283	
Hege Bømark, director, chair audit committee	2022	297		85	382	
	2021	283		74	357	
Tone Fintland, director, member remuneration committee	2022	297	25		322	
	2021	283	23		306	
Karl Svensson, director	2022	297			297	
	2021	283			283	
Pål Wibe, director	2022	297			297	
	2021	283			283	

Senior executives

Remuneration of senior executives can be seen in the table below. In addition to this, any expenses incurred on the company's behalf have been reimbursed, such as costs related to travel. Other minor expenses covered or benefits received, such as free phone, home PC, tablet, free broadband and newspapers have been of a small character and is not included in the table below.

Table 3: Remuneration of senior executives

Figures in NOK 1,000	Name, position	Year	Fixed remuneration			Variable remuneration		Extra-ordinary items	Pension expense	Total remun.	Proportion of remun.:		Comment
			Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				Fixed	Variable	
Esen Eldal, CEO		2022	3 985	0	0	1 500	104	0	136	5 725	72 %	28 %	
		2021	3 727	0	0	1 335	2 962	0	129	8 153	47 %	53 %	
Stina Charlene Byre, CFO		2022	1 878	0	146	475	0	0	136	2 635	82 %	18 %	Began 18.01.21
		2021	1 548	0	135	416	900	0	123	3 123	58 %	42 %	
Øyvind Haakerud, VP Store operations		2022	1 791	0	169	446	73	0	136	2 616	80 %	20 %	
		2021	1 732	0	149	430	920	0	129	3 360	60 %	40 %	
Jon Boye Borgersen, VP Commercial		2022	2 003	0	169	501	81	0	206	2 961	80 %	20 %	
		2021	1 937	0	173	483	1 033	0	199	3 826	60 %	40 %	
Pål Christian Andersen, VP Supply Chain		2022	1 771	0	98	443	72	0	136	2 520	80 %	20 %	
		2021	1 716	0	100	343	916	0	129	3 204	61 %	39 %	

Base salary: Base salary consists of fixed basic salary, including holiday pay, paid during the financial year. Note that holiday pay is accrued for in the year before payment. For the CFO no holiday pay was accrued during 2020 to be paid in 2021 (as the CFO started in 2021), while for 2022 holiday pay was accrued during 2021 and thus paid in 2022. This affected the increase in base salary from 2021 to 2022 for the CFO.

Fees: No fees have been paid during the financial year.

Fringe benefits: Included as fringe benefits are either fixed car allowance paid during the financial year, or the amount added to the salary from the advantage of disposing a car where all costs are covered by the company.

Extraordinary items: No extraordinary items have been paid during the financial year.

Pension expense: The company has established an occupational pension scheme in accordance with the Norwegian Occupational Pensions Act. In addition comes an individual pension scheme based on the annual base salary. All pension paid during the financial year is included as pension expense.

One-year variable (short-term bonus): The short-term bonus has a maximum award of 4.5 months of gross pay for the CEO and three months of gross pay for other senior executives. For 2022 100 per cent of the short-term bonus was based on the development of EBIT, i.e. no individual targets were set. Fifty per cent of the bonus will be awarded if the budget is met, with a linear increase to 100 per cent if the budget is exceeded by five per cent. The short-term bonus included as remuneration is the amount awarded for the respective financial year. For 2022 the budgeted EBIT was exceeded by more than five per cent and full award was made for this bonus criteria.

Table 4: Performance related to short-term bonus

Short-term bonus, 2022	Bonus criteria	Relative weighting of the performance criteria	Award for performance criteria	Total award outcome for performance criteria
Espen Eldal, CEO	EBIT performance	100 %	100 %	100 %
Stina Charlene Byre, CFO	EBIT performance	100 %	100 %	100 %
Øyvind Haakerud, VP Store operations	EBIT performance	100 %	100 %	100 %
Jon Boye Borgersen, VP Commercial	EBIT performance	100 %	100 %	100 %
Pål Christian Andersen, VP Supply Chain	EBIT performance	100 %	100 %	100 %

Multi-year variable: The long-term bonus was introduced for the 2019 financial year and did not exist prior to this. This part of the bonus scheme has a maximum award of up to nine months of gross pay for the CEO and up to six months for other senior executives. The only criterion for the long-term bonus is EBIT development for the company (on a “like-for-like” company structure basis). Fifty per cent of the bonus will be awarded if EBIT for the relevant financial year exceeds the previous year’s EBIT after adjustment for the consumer price index, with a linear increase to 100 per cent award if the EBIT reaches 105 per cent or more of the budgeted EBIT. For 2022 EBIT declined and no long-term bonus was awarded.

Payment is split with 25-25-50 per cent, where the final payment of 50 per cent is made in the fourth year after the respective financial year of which the award was based upon. Actual payments are adjusted in accordance with the development of the share price, measured as the volume-weighted average share price during the week after the AGM, adjusted for dividend paid. Based on this principle the change in the share price showed an increase of 52.1 per cent from 2019 to 2020 and an increase of 3.4 per cent from 2021 to 2022.

The first award of long-term bonus was for the financial year 2019, from which the first pay-out fell due in 2021. Long-term bonus included as remuneration for the financial year is based on two elements: i) the amount awarded for the financial year and ii) any adjustments to previously awarded bonus owing to changes in the share price (as described above) affecting the amount to be paid in the respective financial year.

Table 5: Performance related to long-term bonus

Long-term bonus for senior executives, 2022		NOK 1,000
Espen Eldal, CEO	Awarded long-term bonus for 2022 (payable 2024, 2025 and 2026)	0
	Adjusted pay-out in 2022 on previous awards from changes in share price	104
	Total	104
Stina Charlene Byre, CFO	Awarded long-term bonus for 2022 (payable 2024, 2025 and 2026)	0
	Adjusted pay-out in 2022 on previous awards from changes in share price	na
	Total	0
Øyvind Haakerud, VP Store operations	Awarded long-term bonus for 2022 (payable 2024, 2025 and 2026)	0
	Adjusted pay-out in 2022 on previous awards from changes in share price	73
	Total	73
Jon Boye Borgersen, VP Commercial	Awarded long-term bonus for 2022 (payable 2024, 2025 and 2026)	0
	Adjusted pay-out in 2022 on previous awards from changes in share price	81
	Total	81
Pål Christian Andersen, VP Supply Chain	Awarded long-term bonus for 2022 (payable 2024, 2025 and 2026)	0
	Adjusted pay-out in 2022 on previous awards from changes in share price	72
	Total	72

3. Restricted shares programme

Directors and senior executives have been offered to participate in a restricted shares programme, for an investment amount limited to NOK 500,000. This programme is subject to annual approval by the board. From 2023 directors of the board will no longer be able to participate in the programme.

Shares acquired through this programme are subject to a three-year lock-up period. Each restricted share will be issued at a purchase price corresponding to the volume-weighted average price of the company's shares on the Oslo Stock Exchange during the 10 trading days before the award, adjusted for the reduction in value from the three-year transfer restriction. The reduced value applicable to the programme run in 2022 was calculated by an independent law firm using the Black & Scholes methodology and was set to 15 per cent.

The number of restricted shares to be issued is calculated by dividing the amount invested by the calculated purchase price, rounded down to the nearest whole share. Financing is borne by the participants, i.e., the company does not provide any credit or financing.

The programme for 2022 was completed on 14 September 2022. The market price for the shares, i.e., the volume weighted average for the 10 trading days before the allocation date (31 August - 13 September 2022), was NOK 57.72. The purchase price, adjusted for the reduced value from the sales restrictions, was NOK 49.06.

Table 6: Investment in company shares

Share program 2022 Name, position	Investment amount, NOK	Market value of shares	Number of shares acquired	Comment
Tom Vidar Rygh, chair	500 000	588 241	10 192	Acquired through Retiro AS
Tone Fintland, director	500 000	588 241	10 192	
Claus Juel-Jensen, director	500 000	588 241	10 192	
Bente Sollid Storehaug, director	100 000	117 625	2 038	Acquired through Digital Hverdag AS
Espen Eldal, CEO	500 000	588 241	10 192	Acquired through Knipen AS
Stina Charlene Byre, CFO	300 000	352 933	6 115	

4. Comparative information

The group has had strong performance over the last years. Significant elements affecting variable remuneration over the past years have been:

- Long-term variable remuneration for senior executives was introduced for the financial year 2019, i.e., leading to a growth in variable remuneration
- Strong results following the outbreak of Covid-19 and a large increase in retail demand led to a growth in variable remuneration in, with full award of the long-term bonus for 2020 and 2021
- The share price increased by more than 50 per cent from 2019 to 2020, affecting pay-out of previously awarded long-term variable remuneration

Further, the growth for Espen Eldal in 2020 and partly 2021 was affected by the change of role from CEO to CFO, and the growth for Stina Byre in 2022 was affected by not having any accrued holiday pay to be paid in 2021 as she joined the company in 2021.

Table 7: Comparative table over remuneration and company financial performance

Annual change in remuneration, per cent	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	Comment
Directors						
Tom Vidar Rygh	5,6 %	0,0%	2,9%	3,0%	3,6%	Began 2015
Bente Sollid Storehaug	14,6%	0,0%	3,8%	2,9%	5,2%	Began 2015
Hege Bømark	6,3%	0,0%	3,6%	2,9%	7,0%	Began 2015
Claus Juel-Jensen	n/a	0,0%	3,8%	2,9%	24,4%	Began 2017, audit com. from July-21
Tone Fintland	n/a	0,0%	3,8%	2,9%	5,2%	Began 2017
Karl Svensson	n/a	n/a	n/a	2,9%	4,9%	Began 2019
Pål Wibe	n/a	n/a	n/a	n/a	4,9%	Began 2020
CEO and CFO						
Espen Eldal, Executive CEO	7,0%	36,9%	130,2%	16,1%	-29,8%	CFO until 26.03.20, acting CEO as of 27.03.20 and CFO as of 29.04.20
Stina Charlene Byre, Executive CFO	n/a	n/a	n/a	n/a	-15,6%	Began 18.01.21
Øyvind Haakerud, VP Store operations	4,8%	40,0%	17,2%	5,1%	-22,2%	
Jon Boye Borgersen, VP Commercial	1,3%	41,1%	23,9%	4,5%	-22,6%	
Pål Christian Andersen, VP Supply Chain	7,1%	33,9%	25,0%	2,9%	-21,4%	
Pål Wibe, Executive CEO	9,0%	7,4%	n/a	n/a	n/a	Ceased 01.04.20
Company performance						
EBIT*	3,1%	7,3%	88,7%	29,8%	-4,7%	Basis for short and long term bonus
Share price development	n/a	n/a	n/a	52,1%	3,4%	Basis for adjustment for long-term bonus, applicable as of 2022
Full-time equivalent employee (FTE)						
Average remuneration FTE**	0,3%	7,0%	4,8%	1,9%	4,4%	

* Adjusted EBIT for 2016-19. IFRS-16 was implemented from 2019.

** Pay expenses and pension expenses, divided by average number of FTEs during the respective financial years.

Fredrikstad, 23 March 2023
THE BOARD OF DIRECTORS OF EUROPRIS ASA

5. Independent auditor's assurance statement



BDO AS
Munkedamsveien 45
PO Box 1704 Vik
0121 Oslo
Norway

To the General Meeting of Europris ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Europris ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31. December 2022 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

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

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Management 1 (ISQM 1) and International Standard on Engagement Quality Reviews (ISQM 2) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

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, 23 March 2023

BDO AS

A handwritten signature in blue ink, reading 'Eivind A. Redbo Kjør'.

Eivind A. Redbo Kjør

State Authorised Public Accountant