



## Europris remuneration report 2021

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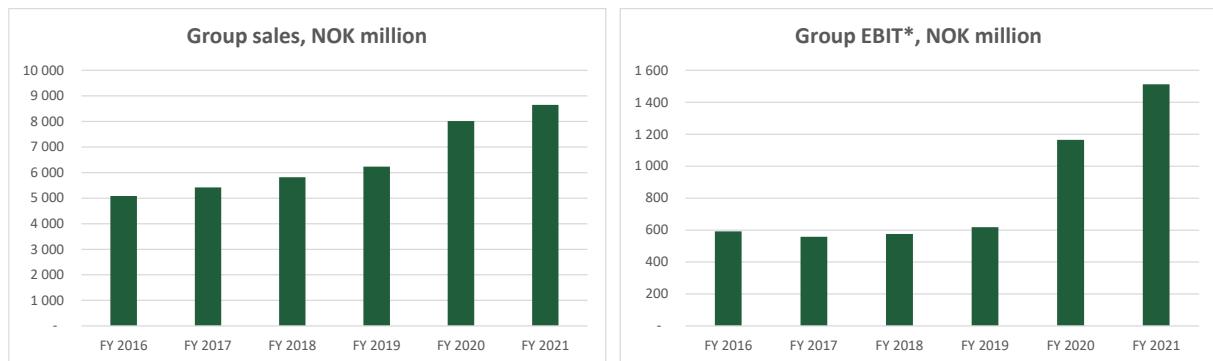
## 1. Introduction

### Highlights summary

The financial year 2021 was very strong for Europris. Sales grew by 7.9 per cent and EBIT increased by 29.8 per cent, on top of the previous record year in 2020. The Covid-19 pandemic, with closed borders for much of 2020 and 2021, has affected group sales and profits positively. In recent years, the group has upgraded several important product categories, significantly expanded its customer base and strengthened its online presence with the acquisitions of Lekekassen and Lunehjem.

Customers have never been happier, according to the annual market and customer survey (Mediacom brand tracker 2021) covering important parameters such as price perception, deals, product quality, shopping experience and service. For more information on 2021 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 for 2016-19. IFRS-16 was implemented from 2019.

### Remuneration guidelines

The company's remuneration policy was adopted by the AGM on 5 May 2021 (link: [Guidelines for remuneration of senior executives](#)). The board has prepared this report in accordance with section 6-16b of the Norwegian Public Limited Companies Act. No changes have been made to the remuneration policy and current guidelines apply until new ones are adopted by the AGM, which must take place at least every four years – in other words, by the AGM in 2025 at the latest. No deviations have occurred from the principles applicable in the remuneration policy. Included in this report are members of the board and senior executives defined as the CEO and CFO, which provides a representative overview of the development for all senior executives. For more details on the total remuneration to all senior executives, please see note 7 in the annual report for 2021.

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 (variable annually) and a long-term bonus (variable over multiple years). The long-term bonus strengthens alignment between the interests of shareholders and senior executives, since future pay-outs will be adjusted in line with the development of the share price. 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 12 months of gross pay.

Remuneration for the board of directors is not part of the remuneration policy, but is determined by the AGM. This remuneration consists of fixed and pre-determined amounts, as approved annually by the AGM.

In accordance with the remuneration guidelines, the board may annually approve a restricted share programme for directors and senior executives. This programme has been implemented to strengthen an aligned ownership culture between shareholders, the board and senior executives at limited cost to the company.

#### **Information on shareholder voting**

Not applicable, since this is the first remuneration report produced by the company.

#### **Changes to the CEO and CFO positions**

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 Bye started work 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.

## 2. Total remuneration

### **Directors**

Remuneration of directors is determined annually by the AGM and consists of fixed amounts. In addition, directors are reimbursed for any expenses incurred on the company's behalf, such as costs related to travel. Included as remuneration of directors are fees paid during the financial year.

*Table 2: Remuneration of directors*

Figures in NOK 1,000 Name of director, positions	Year	Annual fee	Remuneration committee	Audit Committee	Total fee	Comment
<b>Tom Vidar Rygh</b> , chair of the board, chair remuneration committee, member audit committee	2021	556	34	48	638	
	2020	540	33	47	620	
<b>Bente Solliid Storehaug</b> , director, member remuneration committee	2021	283	23		306	
	2020	275	23		298	
<b>Claus Juel-Jensen</b> , director, member audit committee	2021	283			283	Member audit com. from July 2021
	2020	275			275	
<b>Hege Børmark</b> , director, chair audit committee	2021	283		74	357	
	2020	275		72	347	
<b>Tone Fintland</b> , director, member remuneration committee	2021	283	23		306	
	2020	275	23		298	
<b>Karl Svensson</b> , director	2021	283			283	
	2020	275			275	
<b>Pål Wibe</b> , director	2021	283			283	Served since 2020

## CEO and CFO

Remuneration to the CEO and CFO consists of fixed and variable remuneration. In addition, any expenses incurred on the company's behalf is reimbursed.

*Table 3: Remuneration of the CEO and CFO*

Figures in NOK 1,000 Name, position	Year	1			2		3 Extra- ordinary	4 Pension expense	5 Total remuner- ation	6		Comment
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				fixed	variable	
Espen Eldal, CEO	2021	3 727	0	0	1 335	2 962	0	129	8 154	47 %	53 %	CFO until 26.03.20, acting CEO as of 27.03.20 and CEO as of 29.04.20
	2020	3 018	0	9	1 247	2 625	0	124	7 023	45 %	55 %	
Stina Charlene Byre, CFO	2021	1 548	0	135	416	900	0	123	3 123	58 %	42 %	Began 18.01.21
	2020	na	na	na	na	na	na	na	na	na	na	

### Base salary

Base salary consists of fixed basic salary, including holiday pay, paid during the financial year.

### Fees

No fees have been paid during the financial year.

### Fringe benefits

Fixed car allowance paid during the financial year is included in fringe benefits.

### 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

The short-term bonus has a maximum ceiling of 4.5 months of gross pay for the CEO and three months of gross pay for the CFO. Seventy-five per cent of the performance criteria are common and based on the development of EBIT. Fifty per cent of this part of the bonus is awarded if the budget is met, with a linear increase to 100 per cent if the budget is exceeded by five per cent. The remaining twenty-five per cent of the short-term bonus is based on performance with respect to individual goals. The CEO and CFO had two individual goals in the bonus agreement for 2021.

The short-term bonus will be paid in full after the AGM has approved the annual accounts and the annual report for the relevant financial year.

The short-term bonus included as remuneration is the amount awarded for the financial year.

*Table 4: Performance related to short-term bonus*

Short-term bonus for CEO and CFO, 2021		Relative weighting of the performance criteria	Award for performance criteria	Total award outcome for performance criteria
Espen Eldal, CEO	Common criteria: EBIT	75.0%	100.0%	75.0%
	Individual criteria	25.0%	70.0%	17.5%
	<b>Total</b>	<b>100.0%</b>		<b>92.5%</b>
Stina Charlene Byre, CFO	Common criteria: EBIT	75.0%	100.0%	75.0%
	Individual criteria	25.0%	70.0%	17.5%
	<b>Total</b>	<b>100.0%</b>		<b>92.5%</b>

#### Multi-year variable

The long-term bonus was introduced for the 2019 financial year, and did not exist prior to this. The only criterion for the long-term bonus is EBIT development for the company. 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 when EBIT reaches 105 per cent of the budgeted figure.

This part of the bonus scheme has a ceiling of up to nine months of gross pay for the CEO and up to six months for the CFO. The long-term bonus is awarded after the AGM has approved the annual accounts and the annual report for the relevant financial year. Twenty-five per cent is paid 12 months after the award, then 25 per cent at 24 months afterwards and 50 per cent at 36 months afterwards. Payment is made at the same time as short-term bonus is paid.

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. From 2019 to 2020, the change in the share price (based on the principle described above) was an increase of 52.1 per cent.

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 financial year.

*Table 5: Performance related to long-term bonus*

<b>Long-term bonus for CEO and CFO, 2021</b>		<b>NOK 1,000</b>
Espen Eldal, CEO	Awarded long-term bonus for 2021 (payable 2023, 2024 and 2025)	2 888
	Adjusted pay-out in 2021 on previous awards from changes in share price	74
	<b>Total</b>	<b>2 962</b>
Stina Charlene Byre, CFO	Awarded long-term bonus for 2021 (payable 2023, 2024 and 2025)	900
	Adjusted pay-out in 2021 on previous awards from changes in share price	n/a
	<b>Total</b>	<b>900</b>

### 3. Share-based remuneration

Directors and senior executives may participate in a restricted share programme for an investment amount limited to NOK 500,000. This programme is subject to annual approval by the board. Shares acquired through this programme are subject to a two-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 two-year transfer restriction. The reduced value applicable to the programme run in 2021 was 19 per cent.

The number of restricted shares to be issued or sold was calculated by dividing the relevant amount invested by the calculated purchase price, rounded down to the nearest whole share. Share purchases are borne by the participants, and the company does not provide credit or financing.

The programme was run for the first time in 2021 and completed on 16 September 2021. The market price for the shares, i.e., the volume weighted average for the 10 trading days before the allocation

date (2-15 September 2021), was NOK 61.51. The purchase price, adjusted for the reduced value from the restrictions, was NOK 49.82.

*Table 6: Investment in company shares*

Share program 2021 Name, position	Investment amount	Market value of shares	Number of shares acquired	Comment
Tom Vidar Rygh, chair	500 000	617 234	10 035	
Karl Svensson, director	500 000	617 234	10 035	
Hege Børmark, director	405 000	499 999	8 129	
Tone Fintland, director	400 000	493 787	8 028	
Claus Juel-Jensen, director	130 000	160 475	2 609	
Espen Eldal, CEO	500 000	617 234	10 035	Acquired through Knipen AS
Stina Charlene Byre, CFO	500 000	617 234	10 035	

In addition to the programme described above, the company ran a share programme for all employees in 2021. Employees were offered to purchase shares for a market value of up to NOK 30,000 at 25 per cent discount. The CEO and CFO participated in this programme; both purchased shares for a market value of NOK 30,000 at a cost of NOK 22,500.

## 4. Comparative information

A significant improvement in EBIT was achieved by the group during 2020 and 2021. The share price also developed strongly in these two years, which is reflected in the variable remuneration. Long-term variable remuneration was introduced for the financial year 2019.

*Table 7: Comparative table over remuneration and company financial performance*

Annual change in remuneration, per cent	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	Comment
<b>Directors</b>						
Tom Vidar Rygh	0.0%	5.6%	0.0%	2.9%	3.0%	Began 2015
Bente Søllid Storehaug	0.0%	14.6%	0.0%	3.8%	2.9%	Began 2015
Hege Børmark	0.0%	6.3%	0.0%	3.6%	2.9%	Began 2015
Claus Juel-Jensen	n/a	n/a	0.0%	3.8%	2.9%	Began 2017
Tone Fintland	n/a	n/a	0.0%	3.8%	2.9%	Began 2017
Karl Svensson	n/a	n/a	n/a	n/a	2.9%	Began 2019
Pål Wibe	n/a	n/a	n/a	n/a	n/a	Began 2020
<b>CEO and CFO</b>						
Espen Eldal, Executive CEO	-8.3%	6.8%	34.2%	132.1%	16.0%	CFO until 26.03.20, acting CEO as of 27.03.20 and CEO as of 29.04.20
Stina Charlene Byre, Executive CFO	n/a	n/a	n/a	n/a	n/a	Began 18.01.21
Pål Wibe, Executive CEO	-13.1%	9.0%	7.4%	n/a	n/a	Ceased 01.04.20
<b>Company performance</b>						
EBIT*	-5.7%	3.1%	7.3%	88.7%	29.8%	Basis for short and long term bonus
Share price development	n/a	n/a	n/a	n/a	52.1%	Basis for adjustment for long-term bonus, applicable as of 2021
<b>Full-time equivalent employee (FTE)</b>						
Average remuneration FTE**	2.3%	0.3%	7.0%	4.8%	1.9%	

\* 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.



BDO AS  
Munkedamsveien 45  
Postboks 1704 Vika  
0121 Oslo

To the General Meeting of Europris ASA

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

### **Adverse 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 2021 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, because of the significance of the matter described in the "Basis for adverse opinion" paragraph, the remuneration report has not been prepared, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### **Basis for adverse opinion**

The board of directors have included members of the board and senior executives defined as the CEO and CFO in the remuneration report. In our opinion, significantly more executives meet the definition of senior executives, and thus, should have been included in the remuneration report. The company's remuneration guidelines define eight senior executives.

### **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 Control 1 (ISQC 1) 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.

Penneo Dokumentnrkkel: TTBW-B-DUL7M-T1OIP-KMMBV-8HN2I-JSGOU



### **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.

Bdo AS

Roger Telle-Hansen  
State Authorised Public Accountant  
(This document is signed electronically)

Penneo Dokumentnrkkel: TTBW8-DUL7M-T1Op-KMMBV-8HM2LJSGOU

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Independent auditor's assurance report on report on salary and other remuneration to directors Europris ASA - 2021 page 2 of 2

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**Roger Rostadmo Telle-Hansen**

Partner

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