

## Europris remuneration report 2023

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# 1. Introduction

## Introduction and directors' declaration

This report describes Europris' remuneration of senior executives for the 2023 financial year. The board has prepared the report in accordance with section 6-16b of the Norwegian Public Limited Companies Act, and will be presented to the AGM on 30 April 2024.

The board is responsible for outlining the remuneration guidelines and for following up compliance with them. The board has its own compensation committee which follows up, discusses and makes recommendations to the full board on specific matters concerning the various remuneration elements. The directors have reviewed remuneration in 2023 and hereby declare that it accorded with the approved guidelines.

## Highlights of 2023

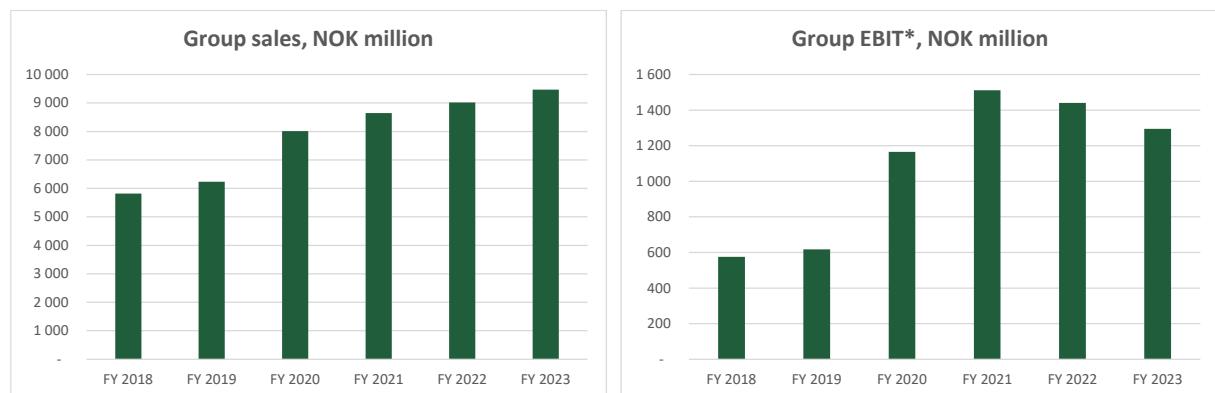
Europris has emerged from the pandemic as a stronger group, and has delivered top-line growth every year since the chain was established in 1992. It has proved to be relevant in a demanding retail market, where customers expect even better value for money and where campaigns, consumables and private labels are providing an increased share of sales.

Fiscal 2021 was a record year for Europris where profits are concerned. Fixed contracts for container freight and electricity had a positive effect on the gross margin and other expenses compared with market prices, especially in 2021 but also in 2022. The group achieved sales growth in 2023 but, as expected, a lower gross margin, overall cost inflation and higher interest rates led to lower profits.

Variable remuneration for senior executives is based to a large extent on EBIT performance on a "like-for-like" basis (ie, excluding structural effects from acquisitions or divestments). Short-term variable remuneration is based on EBIT performance compared with the budget, which was achieved for 2023. Long-term variable remuneration is based on EBIT performance compared with the previous financial year, and no long-term bonus was awarded for 2023 since EBIT declined from 2022.

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 2018 and 2019. IFRS-16 was implemented from 2019.

## **Remuneration guidelines**

The company's remuneration guidelines were updated and adopted by the AGM on 20 April 2023 (link: [Europis - Guidelines for remuneration of senior executives](#)). There were no deviations from these guidelines in 2023.

The guidelines are designed to ensure that the group is able to recruit, develop and retain senior executives with relevant expertise. Remuneration should be motivational and in line with market practice. It comprises fixed and variable amounts, with the latter consisting of a short-term (annual) bonus and a long-term bonus programme over multiple years. The long-term bonus strengthens alignment between the interests of shareholders and senior executives, both because future payouts will be adjusted in line with the development of the share price and because it incentivises the senior executive to commit long term to the group since 50 per cent of the award pays out in the fourth year after the financial year which the award was based on. 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 report for the relevant financial year.

Directors' fees are not covered by the remuneration policy. The nomination committee proposes these payments for adoption annually by the AGM. Fees consist of fixed and pre-determined amounts. The board of Europis ASA does not include employee representatives, but has observers from the Europis AS board. These employee observers are therefore not covered by this report. However, it may be noted that fees for employee directors of Europis AS are fixed and determined annually.

In accordance with the remuneration guidelines approved on 20 April 2023, the board may annually approve a restricted share programme for senior executives. This programme was implemented to strengthen an aligned ownership culture between shareholders and senior executives at limited cost to the company. It was run in 2023.

## **Information on shareholder voting**

Updated remuneration guidelines and the remuneration report for 2022 were approved at the AGM on 20 April 2023.

## **Changes in group management**

No changes have occurred in group management since the adaptation of the updated remuneration guidelines at the AGM on 20 April 2023.

## **Dismissal and severance scheme**

The CEO can be asked to leave the company immediately if this is considered to be in the group's best interest. To compensate for the removal of protection against dismissal, the CEO has a severance scheme which entitles the right to receive 12 months' salary upon dismissal.

## **Exercise of the right to reclaim**

When a senior executive resigns, they no longer have a right to receive any previously awarded variable remuneration which has not already been paid. Nor will any new awards of variable remuneration be made under such circumstances. No reclams were made in 2023.

## 2. Total remuneration

### Directors

Directors' fees are determined annually by the AGM and consist only of fixed and pre-determined amounts. Fees paid during the financial year are therefore included as remuneration of directors in the table below. In addition to this, directors are reimbursed for any expenses incurred on the group's behalf, such as travel costs. Since these reimbursements are confined to actual expenses incurred and are minor in nature, they have not been included in the table below.

*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
<b>Tom Vidar Rygh</b> , chair of the board, chair remuneration committee, member audit	2023	590,0	37,5	57,0	684,5	
	2022	570,0	36,0	55,0	661,0	
<b>Bente Sollid Storehaug</b> , director, member remuneration committee	2023	310,0	26,0		336,0	
	2022	297,0	25,0		322,0	
<b>Claus Juel-Jensen</b> , director, member audit committee	2023	310,0		57,0	367,0	
	2022	297,0		55,0	352,0	
<b>Hege Børmark</b> , director, chair audit committee	2023	310,0		88,0	398,0	
	2022	297,0		85,0	382,0	
<b>Tone Fintland</b> , director, member remuneration committee	2023	310,0	26,0		336,0	
	2022	297,0	25,0		322,0	
<b>Pål Wibe</b> , director	2023	310,0			310,0	
	2022	297,0			297,0	
<b>Karl Svensson</b> , director	2023	310,0			310,0	Left the board at the AGM in 2023
	2022	297,0			297,0	
<b>Jon Martin Klaafstad</b> , director	2023	0,0			0,0	Appointed at the AGM in 2023

### Senior executives

Remuneration of senior executives is presented in the table below. In addition, they have been reimbursed for any expenses incurred on the group's behalf, 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 limited in nature and are 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	
		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable				Fixed	Variable
<b>Espen Eldal</b> , CEO	2023	4 175	0	0	1 575	1 094	0	132	6 976	62 %	38 %
	2022	3 985	0	0	1 500	104	0	136	5 725	72 %	28 %
<b>Stina Charlene Byre</b> , CFO	2023	2 016	0	148	513	111	0	132	2 920	79 %	21 %
	2022	1 878	0	146	475	0	0	136	2 635	82 %	18 %

**Base salary:** Base salary consists of fixed basic salary, including holiday pay, paid during the financial year. Note that holiday pay is accrued in the year before payment.

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

**Fringe benefits:** Fringe benefits include either a fixed car allowance paid during the financial year or the amount added to the salary from the advantage of having a car whose whole cost is covered by the group.

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

**Pension expense:** The group 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 is a maximum amount of 4.5 months of gross pay for the CEO and three months of gross pay for other senior executives. Where 2023 is concerned, 80 per cent of the short-term bonus was based on the development of EBIT. Fifty per cent of the bonus is to 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 remaining 20 per cent of the short-term bonus was based on individual targets. The latter related in 2023 to the ESG strategy. Short-term bonus included as remuneration is the amount awarded for the relevant financial year. In 2023, the budgeted EBIT was exceeded by more than five per cent and a full award was made for this bonus criterion. See the table below for awards relating to individual targets.

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

Short-term bonus, 2023	Bonus criteria	Relative weighting of the performance criteria	Award for performance criteria	Total award outcome for performance criteria
Espen Eldal, CEO	EBIT performance	80 %	100 %	100 %
	Social	10 %	100 %	100 %
	Environment	10 %	100 %	100 %
Stina Charlene Byre, CFO	EBIT performance	80 %	100 %	100 %
	Social	10 %	100 %	100 %
	Environment	10 %	100 %	100 %

Multi-year variable (long-term) bonus: This part of the bonus scheme has a maximum award of 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 by the group (based on a “like-for-like” group structure). Fifty per cent of the bonus will be awarded if EBIT for the relevant financial year exceeds the previous year’s EBIT after adjusting for the consumer price index, with a linear increase to 100 per cent if EBIT reaches 105 per cent or more of its budgeted level. EBIT declined in 2023 compared with the year before, and no long-term bonus was awarded.

To ensure alignment with shareholders, payment is split 25-25-50 per cent. In other words, the final and largest payment (50 per cent) is made in the fourth year after the financial year which the award was based on. To strengthen alignment with shareholders even further, actual payments are adjusted in accordance with the development of the share price. This is measured as the volume-weighted average share price during the week after the AGM, adjusted for dividend paid. Based on this principle, the share price increased by 52.1 per cent from 2019 to 2020, increased by 3.4 per cent from 2021 to 2022 and increased by 49.1 per cent from 2022 to 2023.

Long-term bonus included as remuneration for the financial year, and shown in the table below, is based on two elements: i) the amount awarded for the financial year and ii) any adjustments to previously awarded bonuses owing to changes in the share price (as described above) affecting the amount to be paid in the relevant financial year.

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

Long-term bonus for senior executives, 2023		NOK 1,000
Espen Eldal, CEO	Awarded long-term bonus for 2023 (payable 2025, 2026 and 2027)	0
	Adjusted pay-out in 2023 on previous awards from changes in share price	1 094
	<b>Total</b>	<b>1 094</b>
Stina Charlene Byre, CFO	Awarded long-term bonus for 2023 (payable 2025, 2026 and 2027)	0
	Adjusted pay-out in 2023 on previous awards from changes in share price	111
	<b>Total</b>	<b>111</b>

### 3. Restricted share programme

Senior executives have been offered participation in a restricted share programme with an investment ceiling of NOK 500,000. This programme is subject to annual approval by the board.

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 2023 was calculated by an independent law firm using the Black & Scholes methodology and was set at 14 per cent.

The number of restricted shares to be issued is calculated by dividing the amount being invested by the calculated purchase price, rounded down to the nearest whole share. Financing is borne by the participants – in other words, the group provides no credit or financing.

The programme for 2023 was completed on 14 September 2023. The market price for the shares – in other words, the volume-weighted average for the 10 trading days (31 August-13 September 2023) before the allocation date – was NOK 60.53. The purchase price, adjusted for the reduced value from the sales restrictions, was NOK 52.06.

*Table 6: Investment in company shares.*

Share program 2023 Name, position	Investment amount, NOK	Market value of shares, NOK	Number of shares acquired
Stina Charlene Byre, CFO	300 000	348 834	5 763

### 4. Comparative information

Larger elements that have affected variable remuneration to senior executives over the past years have been:

- long-term variable remuneration for senior executives was first introduced for the 2019 financial year, leading to an increase in variable remuneration compared to previous years
- strong results following the outbreak of the Covid-19 pandemic and a substantial increase in retail demand led to a growth in variable remuneration, with the long-term bonus awarded in full for 2020 and 2021, while there were no awards for 2022 and 2023
- the share price has risen in recent years, thereby increasing the pay-out of long-term variable remuneration awarded previously.

Table 7: Comparative table for remuneration and group financial performance.

Annual change in remuneration paid, per cent	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	Comment
<b>Directors</b>						
Tom Vidar Rygh	0,0%	2,9%	3,0%	3,6%	3,6%	Began 2015
Bente Sollid Storehaug	0,0%	3,8%	2,9%	5,2%	4,3%	Began 2015
Hege Børmark	0,0%	3,6%	2,9%	7,0%	4,2%	Began 2015
Claus Juel-Jensen	0,0%	3,8%	2,9%	24,4%	4,3%	Began 2017, audit committee from July-21
Tone Fintland	0,0%	3,8%	2,9%	5,2%	4,3%	Began 2017
Pål Wibe	na	na	na	4,9%	4,4%	Began 2020
Jon Martin Klafstad	na	na	na	na	na	Began 2023
Karl Svensson	na	na	2,9%	4,9%	4,4%	Began 2019 - ceased 2023
<b>Senior executives</b>						
<b>Espen Eldal, Executive CEO</b>	36,9%	130,2%	16,1%	-29,8%	21,9%	CFO until 26.03.20, acting CEO as of 27.03.20 and CEO as of 29.04.20
<b>Stina Charlene Byre, Executive CFO</b>	n/a	n/a	n/a	-15,6%	10,8%	Began 18.01.21
<b>Pål Wibe, Executive CEO</b>	8,3%	n/a	n/a	n/a	n/a	Ceased 31.03.20
<b>Company performance</b>						
EBIT* - change vs year before	7,3%	88,7%	29,8%	-4,7%	-10,1%	Basis for short- and long-term bonus (short based on performance vs budget, long based on performance vs last year)
Share price development**	n/a	n/a	52,1%	3,4%	49,1%	Basis for adjustment of previously awarded long-term bonus (first award for 2019 after AGM in 2020, with first payment after AGM in 2021)
<b>Full-time equivalent employee (FTE)</b>						
Average remuneration FTE***	6,6%	4,8%	1,8%	4,1%	5,0%	

\* Adjusted EBIT for 2018-19. IFRS-16 was implemented from 2019.

\*\* Volume-weighted average share price the week after the AGM compared with the same period of the year before, adjusted for dividend paid.

\*\*\* Pay and pension expenses divided by the average number of FTEs, compared with the year before.

Fredrikstad, 19 March 2024  
THE BOARD OF DIRECTORS OF EUROPRIS ASA

## 5. Independent auditor's assurance statement



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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 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***

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. 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***

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, 19 March 2024  
Deloitte AS

Stian Jilg-Scherven  
State Authorised Public Accountant

(This document is signed electronically)

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