

XXL



# Remuneration Report 2023



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XXL ASA  
REPORT ON REMUNERATION TO SENIOR EXECUTIVES AND BOARD OF DIRECTORS FOR 2023

## 1. Introduction

This report on remuneration to senior executives (the “**Report**”) is prepared by the board of directors of XXL ASA (“**XXL**” or the “**Company**”) and together with its subsidiaries the “**Group**”). The Report has been prepared in accordance with the Norwegian Public Limited Liability Act 1997 section 6-16 b, the Norwegian Regulation on Guidelines and Report on Remuneration of Leading Employees of 2020 (Nw.: Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer) section 6 and the Norwegian Accounting Act section 7-31b.

The Report comprises remuneration to the Company’s CEO, CFO and other members of the management who influence operational decisions and has P&L responsibility in a central segment of the business (“**Senior Executives**”). This is an updated definition from the guidelines who defines Senior Executives as those who report directly to CEO. The report also include remuneration to members of the board of directors. The purpose of the Report is to provide a comprehensive, clear and understandable overview over awarded and due gross salary and remuneration to Senior Executives and board members for the last financial year and how the remuneration is in accordance with the guidelines for remuneration of Senior Executives adopted by the annual general meeting 2021 of the Company (the “**Remuneration Guidelines**”) and to what extent the remuneration is linked to the performance of the Company. The Report provides details on the remuneration of the Company’s Senior Executives as well as the remuneration received by members of the Company’s board of directors in their capacity as board members in the Company.

Remuneration of the members of the board of directors of the Company (except for those board members who are also employed in the Company) is covered in section 6 of this Report.

## 2. Company highlights in 2023

Overall company performance in 2023

Total operating revenue in 2023 was NOK 7 961 million (NOK 8 880 million), a decline of 9 per cent. Profit before tax was negative NOK 1595 million (NOK 693 million) and Net income (Profit for the year) was negative NOK 1 796 million (NOK 542 million).

For further details on the Company’s performance in 2023, Reference is made to the Company’s consolidated annual accounts for 2023. Overview of company performance last five years is given in table 4. This remuneration report refers to the XXL Group in 2023. The Company’s consolidated annual accounts for 2023 was presented according to IFRS 5, and Austria is shown as discontinued operations.

### Overview of the application of the remuneration guidelines in 2023

Under the Remuneration Guidelines, remuneration of Senior Executives shall be competitive but not leading, motivational and flexible, and may consist of the following components: regular pay, bonus scheme, share incentives (restricted share units and an equity-based long-term investment program), pension benefits and other benefits.

The Remuneration Guidelines, adopted by the annual general meeting 2021, can be found on the Company’s website <https://www.xxlasa.com/wp-content/uploads/2021/06/Remuneration-report-2020-Lederlonnserklaering-2020.pdf>. The auditor’s report regarding the Company’s Remuneration Report is available on <https://www.xxlasa.com/investor/>.

The Remuneration Guidelines, adopted by the general meeting 2021, have been implemented. The new criteria’s used to define Senior Executives in this Remuneration Report encompass a group of five employees. The updated criteria’s of Senior Executives have been decided and approved by the board and no derogations from the procedure for implementation of the Remuneration Guidelines have been made.

# 3. Total remuneration of Senior Executives in the Company

Table 1 sets out total remuneration, split by component, paid and due to the group of Senior Executives in the Company for the last financial year.

**Table 1 – Total remuneration (TNOK) of Senior Executives in the Company in 2023 and 2022**

Name of Senior Executive Position	Reported financial year	1 Fixed remuneration			2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration
		Base salary	Fees	Other benefits	One-year variable	Multi-year variable				
Freddy Sobin CEO*	2023	4 333		3			2 000	780	7 117	(72/28)
Pål Wibe CEO	2022	3 394		6			3 708	22	7 132	(48/52)
Stein Alexander Eriksen CFO**	2023 2022	2 762 2 500		6 11			2 500 2 500	27 25	5 301 5 031	(52/48) (50/50)
Stine Trygg-Hauger Managing Director Norway***	2023 2022	450 2 300		1 6				5 25	457 2 331	(100/0) (100/0)
Cristina Moreno Managing Director Norway***	2023	1 775		89				28	1 893	(100/0)
Anders Lindblom Managing Director Sweden	2023 2022	2 590 2 296		122 125				688 566	3 380 3 016	(100/0) (100/0)
Pasi Lämpsä Managing Director Finland****	2023 2022	2 866 1 729		115 67				184 202	3 166 1 999	(100/0) (100/0)

\*Freddy Sobin started operating as CEO May 1st 2023

\*\* Stein Alexander Eriksen operated as CFO and Interim CEO from July 2022 to May 1st 2023

\*\*\*Stine Trygg Hauger resigned as Managing Director of Norway in March 2023, while Cristina Moreno started operating as Managing Director of Norway in March 2023

\*\*\*\* Pasi Lämpsä was appointed Managing Director of XXL Luxembourg in May 2023 and carry out this role together with his role as Managing Director of Finland

## 4. Share based remuneration

### Equity-based long term investment program

In accordance with the guidelines for determination of salary and other remuneration to executive personnel in XXL ASA, the Board of Directors of XXL ASA and the Nomination committee of XXL ASA have resolved to implement a new long term management investment program to align the long term interests of the executive management and the members of the Board with those of the Company's shareholders. The new long term management investment program (the "New Investment Program") will replace the existing management investment program ("XMI1") announced by the Company on 7 January 2020 and approved by the extraordinary general meeting on 29 January 2020.

XXL has primarily offered certain board members and members of the executive management to participate in the New Investment Program by investing in a newly established management investment company, XXL Management Invest II AS ("XMI2"). To facilitate for such investment, XXL is acquiring 20,540 shares in XMI1 from the existing participants against cash payment and will after the acquisition own approximately 80% of the shares in XMI1. The participants active in the New Investment Program will use their proceeds to invest in XMI2. XMI2 will invest in financial instruments having a value that is linked to the value of the XXL shares. The instruments are sold by XXL to XMI2 with a 3-year lock-up and XMI2's investment will be funded partly in cash and partly through a seller's credit which will be converted into equity in XMI2.

The total investment of XMI2 will at the implementation of the New Investment Program be in the total amount of NOK 26,350,000 (after deduction of the illiquidity discount of 25% due to the lock-up obligations). XMI2 will be financed solely by equity as follows:

- Management and board members will make a cash investment of NOK 8,783,333 by subscribing for ordinary shares (A-shares)
- The seller's credit of NOK 17,566,667 will be converted into redeemable preference shares (C-shares) subscribed for by XXL.
- XXL will also subscribe for one super voting B-share for the same price as each A-share.

XXL will be the majority shareholder and control XMI2 by holding the majority of the share capital (through the preference shares) and owning one B-share which gives XXL the majority of votes at the general meeting of XMI2. The offers to both dispose shares in XMI1 and participate in the New Investment Program by investing in XMI2 have been accepted by certain members of the executive management and members of the Board.

### Investment program ("XMI 2")

Name	Title	Shares in XMI2
Freddy Sobin	CEO	4 541 490
Stein Eriksen	CFO	1 419 216
Kari E. Thørud	Board member	378 457
Håkon Lundsted	Chairman of the Board	1 135 373
Other		2 497 820

XXL ASA has an ownership of 63% in XMI1 which holds 34,583 ordinary shares in XXL Sport & Villmark AS. XXL ASA provided XMI1 a loan in June 2020 which with accrued interest amounts to NOK 60.6 million. The loan carries an annual interest of 8% and is secured by a pledge in the shares in XXL Sport & Villmark AS.

### Former investment program ("XMI1")

Board of Directors, Management and others	Title	Shares in XXL Management invest AS	Indirect ownership of XXL Sport & Villmark AS
Anders Lindblom	Managing Director Sweden	1 255	0,1 %
Päsi Lämpsä	Managing Director Luxembourg/Finland	1 195	0,1 %
Kjersti Helen Krokeide Hobøl	Board Member	796	0,1 %
Others		3 583	0,4 %
<b>Total number of shares in XMI held by Board of Directors, Management and others</b>		<b>6 829</b>	<b>1,1 %</b>



# 5. Compliance with the remuneration guidelines and application of performance criteria

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified personnel. The Company must therefore offer a competitive total remuneration, and the Company's Remuneration Guidelines enable the Company to offer Senior Executives such competitive total remuneration. Under the Remuneration Guidelines of the Company, remuneration of Senior Executives shall be competitive but not leading, motivational and flexible, and may consist of the following components: regular pay, bonus scheme, program for restricted share units, equity-based long term investment program, pension benefits, and other benefits.

The performance measures for the Senior Executive's variable remuneration for 2023 have been selected to promote the Company's strategy and to encourage behaviour which is in the long-term interest of the Company. In the selection of performance measures, the strategic objectives and short-term

and long-term business priorities for 2023 have been taken into account. In accordance with the Remuneration Guidelines, the variable remuneration for 2023 has been determined by the achievement of key performance indicators (KPIs) and goals at both individual and company level. The Senior Executives of the Company have, both individually and as a group, been given the opportunity to influence the attainment of the KPI's and the goals which have formed the basis for the assessment of the variable remuneration in 2023. For 2023, Senior Executives have been granted bonuses of up to 50% of the respective Senior Executive's gross base salary.

## Criterion A: Financial component

For 2023 the main financial component of the bonus scheme has been EBITDA level vs. budget (excluding IFRS 16 effects). This criteria has been used both in "Own segment" and as the only criteria for the "Group" part of the bonus.

## Criterion B: Growth component

Like for Like growth is highly important to succeed with long term value creation, and especially for XXL where the whole value chain is rigged for top line. Also a top line goal will give the necessary incentives to keep the inventory levels under control. Measurement will only apply to "Own segment" and follows the like for like definition in XXL. The improvement is measured in % for the whole year vs budget, and in local currency.

## Criterion C: Individual bonus / personal goals

The 2023 individual bonus component has been discretionary decided by the CEO and varies between the different members of the senior management team.

In accordance with the Remuneration Guidelines, the Company has set out a bonus scheme for Senior Executives which is based on the Company's results before tax exceeding the budget and certain KPI's.

**Table 3 – Summary of Criteria's**

Level	Max Bonus	EBITDA Change	Like for Like Growth vs Budget	Individual Goals
Own segment	32,5 %	12,5 %	20 %	
Level above	10 %	10 %		
Individual goals	7,5 %			7,5 %
<b>Total</b>	<b>50 %</b>	<b>22,5 %</b>	<b>20 %</b>	<b>7,5 %</b>

**Table – 4 summary 2023**

KPI	Max bonus	Bonus achievement
EBITDA	22,5 %	0 %
Like for Like Growth	20 %	0 %
Individual bonus	7,5 %	0 %

## 6. Remuneration to the board of directors

This section describes the remuneration received by the Company's board members in their capacity as board members of the Company, i.e. it does not include remuneration employee elected board members have received in their capacity as employees. Employee elected board members do not get any remuneration for their position as board member.

The proposal for remuneration of the board of directors is, pursuant to the Company's articles of association, prepared by the Company's nomination committee. The remuneration for the Company's board members is then resolved by the Company's general meeting.

Below is a specification of paid remuneration to the board of directors in 2023 (amounts in NOK 1,000).

Name of board member	Position	Type of remuneration	2023
Hugo Maurstad	Chair	Regular board remuneration	450
Tom Christian Jovik*	Board member	Regular board remuneration and Audit Committee	390
Kjersti Hobøl	Board member	Regular board remuneration and Audit Committee	410
Øivind Tidemandsen	Board member	Regular board remuneration	350
Ulrike Koehler	Board member	Regular board remuneration	350
Cristina Moreno	Board member (employee representative)	Regular board remuneration	75
Kai Arne Nordhaug	Board member (employee representative)	Regular board remuneration	75
Tor Andrin Jacobsen	Board member (employee representative)	Regular board remuneration	75

\* Tom Jovik represents Altor in the BoD. Remuneration is paid to Altor and not Tom Jovik personally.

# 7. Comparative information on the change of remuneration and company performance

**Table 5: Comparative table on the change of remuneration and company performance over the last five reported financial years (RFY)**

Remuneration (TNOK) and annual change*	2018	2019	2020	2021	2022	2023
<b>CEO**</b>	4 039 (-16 %)	2 672 (-34 %)	9 291 (248 %)	5 774 (- 38 %)	7 131 (+24 %)	7 116 (-0.2 %)
<b>CFO***</b>	1 553 (- 41 %)	4 030 (+159 %)	3 336 (-17 %)	2 902 (- 13 %)	5 031 (+73 %)	5 301 (+5 %)
<b>Managing Director Norway</b>	1 970 (+29 %)	2 723 (+38 %)	2 533 (- 7 %)	1 932 (- 24 %)	2 331 (+21 %)	2 350 (+1 %)
<b>Managing Director Sweden</b>	2 488 (+2 %)	1 507 (-39 %)	3 170 (+110 %)	3 662 (+16 %)	3 016 (- 18 %)	3 380 (+ 13 %)
<b>Managing Director Finland</b>	1 425 (-57 %)	1 900 (+33 %)	2 593 (+37 %)	2 676 (+3 %)	1 999 (-25 %)	3 166 (+58 %)
<b>Key figures, XXL Group</b>						
<b>Operating Revenue</b>	9 475 (+8%)	8 992 (-5%)	10 423 (+14%)	10 006 (- 4%)	8 880 (-11 %)	7 961 (-9 %)
<b>EBITDA</b>	541 (-53%)	538 (- 1%)	1 117 (+52%)	1 338 (+17%)	115 (-91 %)	-80 (-170 %)
<b>Remuneration development other employees</b>						
<b>Employees of the company (all or reference to the relevant comparison group)****</b>	427 (- 1%)	403 (-5 %)	495 (+23 %)	509 (+3 %)	519 (+2 %)	554 (+7 %)

\*CEO was changed in 2018, 2019, 2020 and 2022. CFO was changed in 2018, MD Norway was changed in 2020 and 2021, MD Sweden was changed in 2020, MD Finland was changed in 2018.

Pasi Lämpsä was appointed MD of XXL Luxemburg in May 2023 and had this role together with his role as MD of Finland

\*\*Pål Wibe was appointed as CEO April 2020. A sign on bonus of TNOK 4 500 was part of the remuneration in 2020.

\*\*\* Stein Alexander Eriksen operated as CFO and Interim CEO from July 2022. An extraordinary payment of TNOK 2 500 was part of the remuneration in 2022 and in 2023.

\*\*\*\* The development of the remuneration of an average XXL employee is calculated by deduction other social security expenses from the total personnel expenses and dividing the resulting figure by the average number of FTE's during the year. The numbers are deducted from annual accounts 2018-2023. We have not adjusted for currency changes, which especially will give an effect in 2020 numbers (EURO vs NOR change at 9,2 %)

**XXL**