

Euopris



EUOPRIS ASA ANNUAL REPORT



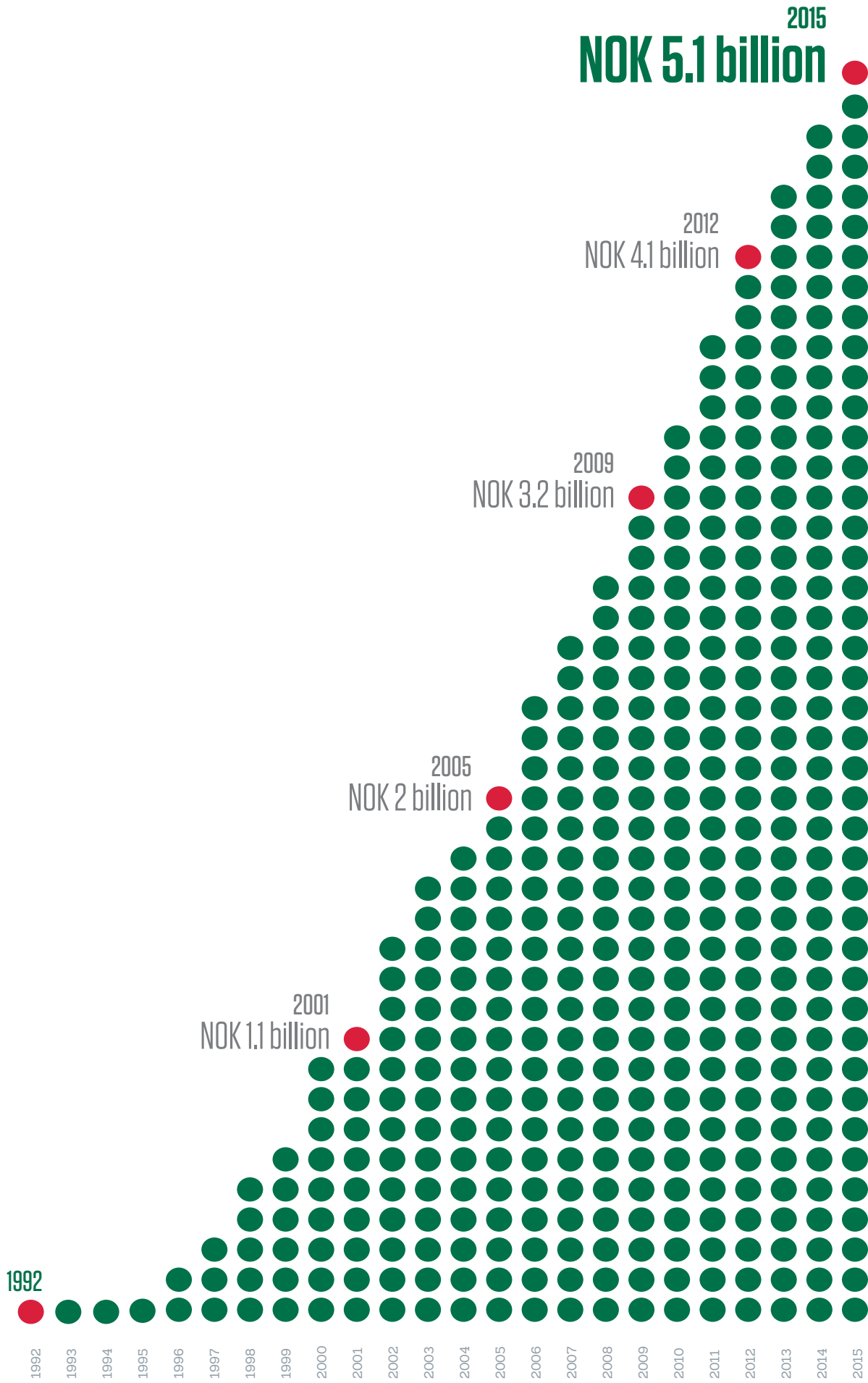
KEY FIGURES



Figures are stated in NOK 1,000

	2015	2014
CHAIN		
Total retail sales	5,128.2	4,732.9
Growth	8.4%	9.3%
Like-for-like sales growth	5.4%	7.0%
Number of stores at end of period	229	220
GROUP		
Sales directly operated stores	3,555.3	3,168.5
Sales from wholesale to franchise stores	970.4	984.3
Franchise fees and other income	103.5	106.1
Group revenue	4,629.2	4,258.8
Growth	8.7%	13.3%
COGS	2,569.3	2,423.7
Gross profit	2,059.9	1,835.1
Gross margin	44.5%	43.1%
Operating expenses	1,456.3	1,294.7
EBITDA	603.6	540.4
EBITDA margin	13.8%	12.7%
Nonrecurring items	36.7	10.5
Adjusted EBITDA	640.3	550.9
Adjusted EBITDA margin	13.8%	12.9%
Profit before tax	367.6	206.5
Net profit	277.6	149.3
Adjusted net profit	346.0	260.5
Adjusted earnings per share (167 million shares)	2.07	1.56

23 YEARS OF SALES GROWTH





Europris
MER TIL OVERS

From one store in 1992
to 229 stores across Norway

KEY FIGURES	2
LETTER FROM THE CEO	6
DIRECTORS' REPORT	8
BOARD	15
CORPORATE GOVERNANCE	16
CORPORATE SOCIAL RESPONSIBILITY	26
A LEADING DISCOUNT RETAILER	33
MANAGEMENT	36
FINANCIAL REPORTS	38
AUDITOR'S REPORT	86
SHAREHOLDER INFORMATION	88
DEFINITIONS	89

LETTER FROM THE CEO



ALWAYS A SEASON AND ALWAYS A REASON

Our listing on Oslo Børs in 2015 marked the beginning of a new journey for Europris. I am pleased with the first leg, and I see a long growth path ahead.

Norway's leading discount variety retailer had another eventful year in 2015. It was characterised throughout by a massive team effort, and we raised our operational standard significantly. That meant our performance improved, particularly in the last quarter. Retail is ultimately all about execution. So I am respectful and proud of what we achieved during the past year.

Exceeding the market yet again

In Europris, we put a lot of effort into outperforming the market. And we did it again in 2015 – by a substantial margin during the fourth quarter, which is far and away the most important period for us. Like-for-like (LFL) growth was particularly gratifying. While achieving above-market LFL growth is definitely challenging for our organisation, it is highly desirable in terms of creating shareholder value. Such expansion requires limited investment, is highly profitable and involves almost no risk.

The growth factor

The 2015 figures show that we experienced both a high level of growth and solid profitability. This was true whether the stores were located in urban or rural locations, whether they were small, medium-sized or large, and whether the intensity of competition was significant or limited. Our Europris concept exceeded average market growth and demonstrated high and stable profitability margins. Our ambition is to keep on doing this, and I genuinely believe the prospects for further growth are good.

First, penetration in discount variety retailing is relatively low in Norway compared with other European countries. Second, our customers visit us far too infrequently, on average about once every five-six weeks. So a large potential exists for increasing customer frequency. Third, we can increase the size of the average shopping basket, which is currently only around NOK 180 net. Finally, our price position is still improving even though consumers already rank us as number one on price perception in Norway in our category. In more uncertain times, having a sound and popular low-price concept is important – as we saw in Norway's petroleum-dominated regions in 2015.

Modern and better value for consumers

We have been on a modernisation journey for a few years, and 66 per cent of all our stores had been modernised by the beginning of 2016. This allows us to present ourselves better visually to consumers, and we see that they respond very positively. Results so far show that modernisation of a store is good for basket size. Existing customers spend more money. Over time, we think that the massive store modernisation programme will also attract new customers.

“..by
the beginning
of 2016, 66 per cent
of all Europris stores
were modernised.”

Therefore, it will take some time before we see the full effect of the modernisation programme. Even the upgrades we completed in 2015 will take two or three years to “mature” before customers recognise the changes properly. Nevertheless, we strongly believe that our group will benefit for many years to come from the combined effect of all the things we are doing in the stores today.

Pole position

In Europris, we say that there is always a season and thereby always a reason to go to one of our stores. Our performance in 2015 demonstrated that we are truly “Norway's seasonal store”.

In the years to come, creating winning concepts, active category management and operational improvements will make sure that customer numbers, shopping frequency and the size of shopping baskets will continue to grow and to lift us to new levels. We have come far but, fortunately, I still think there is a lot we can do better.

So I remain enthusiastic about the future of the concept. I believe we are well positioned to continue outperforming the market, to stay resilient to changing market conditions and to continue our profitable growth. With a solid number of new stores in the pipeline, we are in a better position than ever to deliver value to all our stakeholders.

Pål Wibe

Pål Wibe
CEO, Europris ASA



DIRECTORS' REPORT



HIGHLIGHTS 2015

Europris strengthened its position in 2015 as a leading discount variety retailer in Norway. Group revenue increased by 8.7 per cent, driven by nine new store openings and a strong like-for-like sales performance. The group completed 58 store modernisation projects during the year, and 77 per cent of its own stores and 66 per cent of all Europris stores had been modernised by 31 December.

Net profit for the year increased by 85.9 per cent to NOK 277.6 million and the board has proposed a dividend of NOK 1.40 per share.

Europris completed its successful IPO on 19 June and was listed on Oslo Børs. In connection with the IPO, Europris refinanced its debt to secure long-term financing for the group on significantly improved terms.

No material events have occurred since 31 December.

BUSINESS OPERATIONS AND STRATEGY

Europris is Norway's largest discount variety retailer by sales. The group offers its customers a broad range of quality private-label and brand-name merchandise across 12 product categories.

It delivers a unique value proposition for shoppers by offering a broad range of quality merchandise at low prices in destination stores across Norway.

The Europris group head office and distribution centre are located in Fredrikstad. Its merchandise is sold through the store chain, which comprises a network of 229 stores throughout Norway. Of these, 166 are operated directly and 63 run as franchises. Europris stores are designed to facilitate a consistent, easy and efficient shopping experience with a defined layout and a "store-in-store" concept.

The group centrally manages the chain's range of merchandise, which results in a consistent array of products in each category at both directly operated and franchise stores.

Europris employs a low-cost operating model, with attention concentrated on efficiency across the entire value chain from factory to customer. It aims to maintain a low cost base through optimised and efficient sourcing, logistics and distribution processes.

The group's experienced procurement team purchases large volumes of goods, which are principally sourced directly from suppliers in low-cost European and Asian countries. High-quality sourcing operations are central to the group's value proposition.

OPERATIONAL REVIEW

Sales performance and market position

Europris completed a solid 2015, systematically outperforming the market during the year. Market like-for-like development for the full year was 2.3 per cent, compared with 5.4 per cent for the Europris store chain.¹

The pace of growth in the Norwegian economy is slowing, but Europris is continuously outperforming the retail market. Some geographical regions, such as Rogaland and Hordaland, have experienced more adverse effects from the slowdown in the petroleum industry.

However, Europris is showing relative strength in these regions:

Like-for-like sales growth, 2015	Europris	Market
Rogaland	7.6%	0.6%
Hordaland	6.5%	(0.2%)

Sources: Kvarud Analyse and Europris. Rogaland has 19 stores and Hordaland 20.

The group also compares well on market price perception. The group's solid relative positioning among consumers remained evident in a recent market survey. Europris was rated ahead of a group of Norwegian discount retailers ranked by "generally low prices".²

The discount variety retail sector has a low rate of penetration in Norway. The group's customers are characterised by relatively infrequent shopping patterns and a modest average basket size. Consequently, Europris believes that the group's underlying foundations are sound, and that inherent opportunities exist for further growth.

In-season management

The group continued to improve its in-season management and focus, steadily tuning the

¹ According to Kvarud Analyse, Shopping Centre Index, December 2015. This report analyses the performance of the 237 largest shopping centres in Norway.

² Mediacom - Europris Brand Tracker, autumn 2015: number of respondents, n = 1303.

organisation towards better execution, an appropriate and relevant product range and an enhanced in-store experience. This was illustrated in 2015 during the Easter, Black Friday and Christmas periods. All seasons experienced a significant uplift in sales compared with the corresponding periods of the year before, contributing significantly to the group's like-for-like performance.

The group's focus on winning the seasons resonates throughout the organisation in the run-up to important sales events. Immense attention is paid to ensuring seamless logistics and store operations. Europris' wide product range, an increasing number of seasonal occasions (such as Black Friday) and a professional organisation are critical components in the group's success. They provide flexibility and the opportunity to remain agile in the face of an increasingly dynamic general retail environment.

Modernisation programme

The continuation of Europris' ambitious store modernisation programme in 2015 helped to revamp the group's store estate. The group realised the management's goal of upgrading its directly operated store portfolio during the year. The positive effect of modernisations has been demonstrated by like-for-like sales growth rates above the chain average. A fully operational store estate is key to securing optimum implementation of the seasonal concepts and maintaining the focus of store personnel in the face of a high level of traffic.

The modernisation programme is due to continue on a smaller scale in 2016, focusing on upgrading directly operated stores and a select number of franchise stores.

New store openings

Europris opened nine new stores in 2015. The chain had a total of 229 stores at 31 December, with no stores having been closed. The chain comprised 166 directly operated and 63 franchise stores at 31 December.

The group had a solid number of new stores in the pipeline at 31 December, with 19 approved by the board. Of these, 10 are confirmed for 2016 and four for 2017 and beyond. In addition, five stores are awaiting planning permission. Several

prospective locations were also subject to negotiations at 31 December. The group has no plans to close any stores in 2016.

Category development

Europris strives continuously to improve the group's concept and category management. Ensuring affordable quality remains a building block in the group's concept, with clear segmentation of products and categories providing an important tool for maintaining a dynamic range. Category development remains an important lever for the group in the pursuit of like-for-like growth, and contributed positively during 2015.

Training and development

A successful online-based training programme for in-store execution was introduced during the year. At 31 December, as many as an estimated 85 per cent of all store staff had completed the third round of this e-learning programme. It will continue to form part of the group's cost-efficient training initiatives.

Europris launched its own culture and management training programme in 2014, based on the group's "pay less –



*Right: Opening Europris Begby in 2015.
From left; Espen Eldal, CFO,
and Lars Akselsen, store manager.
Photo by Erik Faulkland.*

save more" philosophy and corporate values. The programme was successfully introduced to all head office and regional managers during 2015, and will be rolled out to all store managers in 2016.

Operational improvements

Operational improvements were high on the agenda in 2015. Significant milestones included the implementation of an automatic store replenishment system for the base range in 173 stores. Europris expects the system to be rolled out to all remaining stores during the first quarter of 2016.

FINANCIAL PERFORMANCE IN 2015

Income statement

Europris group revenues amounted to NOK 4,629 million in 2015 (NOK 4,259 million), up by 8.7 per cent from the year before. The key drivers for revenue growth were the 5.4 per cent increase in the chain's like-for-like sales in 2015 and new store openings.

The group's gross profit was NOK 2,060 million (NOK 1,835 million), an increase of 12.3 per cent. The gross margin was 44.5 per cent, compared with 43.1 per cent in 2014. Savings from sourcing initiatives and the takeover of franchise stores had positive effects on the gross margin.

Operating expenses (excluding the cost of goods sold and depreciation/impairment) came to NOK 1,456 million (NOK 1,295 million), an increase of 12.4 per cent, which included nonrecurring items of NOK 37 million related mostly to the IPO. Excluding nonrecurring items, the increase from last year was 10.5 per cent. This rise was influenced by the takeover of franchise stores and the opening of new outlets.

Operating profit amounted to NOK 533 million (NOK 336 million), up by 58.6 per cent from the year before. The increase mainly reflected higher revenues, improved gross profit and reduced depreciation/impairment of contractual rights in 2015.

Net financial expenses in 2015 came to NOK 165 million (NOK 129 million). The increase reflected NOK 57 million in nonrecurring items related to the refinancing of the group's bank debt, as explained in the section on refinancing.

Profit before tax was NOK 368 million (NOK 206 million).

Income tax expense in 2015 was NOK 90 million (NOK 57 million), giving an effective tax rate of 24 per cent (28 per cent). The lower tax rate in 2015 reflected a tax income of NOK 4 million related to the settlement of a tax issue from 2011 and the effect on the valuation of temporary differences from the change in the Norwegian tax rate from 27 to 25 per cent.

Net profit for 2015 came to NOK 278 million (NOK 149 million). The board of Europris ASA will propose a dividend for 2015 of NOK 1.40 per share, representing a total payment of NOK 234 million.

Cash flow

Net cash flow generated from operating activities was NOK 297 in 2015 (NOK 296 million). This was influenced by increased profit offset by a rise in income tax paid and a negative impact from net working capital.

Net cash flow used in investing activities was negative at NOK 114 million (negative at NOK 114 million), while net cash flow from financing activities was NOK 19 million (negative at NOK 230 million). The rise in cash flow from financing activities reflected a net capital increase of NOK 28 million in connection with the IPO, as well as both scheduled and non-scheduled repayments of non-current debt during 2014.

Net change in cash and cash equivalents for 2015 was NOK 202 million (negative at NOK 48 million).

Capital expenditure was NOK 117 million (NOK 94 million). The increase from 2014 reflected the planned progress of the modernisation programme for directly operated stores.

Financial position

Cash and cash equivalents for the group at 31 December 2015 amounted to NOK 447 million (NOK 245 million). The group's liquidity reserves include a revolving credit facility of NOK 450 million, of which NOK 85 million has been reserved for non-cash drawings related to guarantees and letters of credit. Of the remaining NOK 365 million set aside for liquidity purposes, NOK 0 had been drawn at 31 December 2015 (NOK 0).

Net debt at 31 December 2015 was NOK 1,206 million (NOK 1,389 million). The group is in compliance with all financial covenants.

Refinancing

Refinancing the group's existing bank debt was completed in June 2015 with a new five-year NOK 1,650 million senior term loan facility. The refinancing included the repayment of outstanding bank loans (NOK 1,621 million), accrued interest (NOK 40 million) and interest rate swaps (NOK 21 million) related to the group's prior senior facility. In addition, transaction costs of NOK 13 million were incurred and paid.

According to the International Financial Reporting Standards (IFRS), bank loans are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. NOK 44 million is the net difference in fair value recognition related to the former term loans. In addition, NOK 13 million, representing the remaining booked value of transaction cost for the credit facilities in the former bank agreement, was booked as a finance cost in 2015. Thus, net finance in 2015 included nonrecurring financial items of NOK 57 million related to the refinancing.

Under the new bank agreement, the group has achieved significantly lower interest expenses. Other banking fees are also reduced in the new agreement. The new loan agreement has no fixed repayment schedule, and all debt is therefore classified as long-term in the balance sheet for 2015.

Equity

Equity at 31 December 2015 was NOK 1,528 million, compared with NOK 1,205 a year earlier, and represented an equity ratio for the group of 37.3 per cent. The increase in equity was made up of NOK 46 million obtained from the share issue in the IPO and the net profit of NOK 278 million for 2015.

As part of the new capital structure implemented at the time of the IPO in June 2015, the group raised NOK 850 million in new equity. These funds were used to redeem the group's existing 222,120,000 preference shares (with a total value of NOK 804 million) and to repay a small outstanding shareholder loan of NOK 18 million. The remaining funds from the new equity issue were used to fund nonrecurring costs of NOK 30 million incurred in connection with the IPO. Following the new equity issue, the group's outstanding shareholder loan was accordingly reduced to zero. The outcome of the capital increase and the redemption of the preference shares was a net increase of NOK 46 million in group equity.

Allocation of profit

Europris ASA (parent company) posted a profit of NOK 0 for 2015.

The board proposes the following allocation (NOK million):

Dividend	234
Retained earnings	(234)
Total	0

The Europris group achieved a profit of NOK 278 million in 2015.

The board will propose the distribution of an ordinary dividend of NOK 1.40 per share for fiscal 2015. This amounts to NOK 234 million. The dividend will take the form of a repayment of paid-in capital to the company's shareholders. It will therefore not be considered a dividend distribution from a Norwegian tax perspective.

Pursuant to section 3-3a of the Norwegian Accounting Act, the board confirms that the financial statements have been prepared on the assumption that the group is a going concern.

RISK AND RISK MANAGEMENT

The Europris group is exposed to a variety of risks: market (including currency and interest rate risk), credit, liquidity and operational risk. The goal of the group's overall risk management programme is to minimise potential adverse financial performance effects of these risks, which result from unpredictable changes in capital markets. The group uses financial derivatives to hedge against certain risks.

The financial risk management programme for the group is carried out by its central treasury department under policies approved by the board. The treasury department identifies, evaluates, hedges and reports financial risks in cooperation with the various operating units within the group. The board approves the principles for overall risk management as well as policies covering specific areas, such as currency exchange, interest rate and credit risk, the use of financial derivatives and liquidity management.

Market risk

CURRENCY RISK

The group is exposed to currency exchange risk arising from the import of goods for sale. Given the share of sourcing from low-cost countries in Asia and Europe, a considerable part of these purchases is denominated in USD and to a lesser extent in EUR. The group aims to achieve predictable cash outflows in NOK by using forward contracts (consistently on a six-month basis for purchase orders) as a hedging strategy for its exposure to USD and EUR. The hedging strategy is based on an assessment of the opportunities and the estimated time period required to adjust the business to the changes in foreign exchange rates. Six-month forward hedging has provided sufficient time for planning and well-timed execution.

INTEREST RISK

The group's exposure to interest rate risk arises from its non-current borrowings. The interest rate risk that arises from loans with floating interest rates is managed by using interest rate swaps. The nominal value of non-current borrowings was NOK 1,650 million at 31 December 2015. NOK 412.5 million (25 per cent of total borrowings) of this was hedged for 36 months, and an additional NOK 412.5 million (25 per cent) for 54 months.

Credit risk

The Europris group has limited exposure to credit risk, since most of its revenue transactions are settled by cash or debit cards. However, a small share of its revenue comes from franchise agreements, where each franchisee is granted credit. As a franchisor, the group monitors its franchisees closely to mitigate the credit risk. Losses on trade receivables have historically been limited.

Liquidity risk

The group has limited exposure to liquidity risk. The treasury department prepares and monitors cash flow forecasts of the group's liquidity requirements to ensure that the group has sufficient cash and cash equivalents to meet operational commitments, and to maintain sufficient flexibility to meet unused credit facility requirements without breaching financial covenants. At 31 December 2015, the undrawn portion of available overdraft facilities amounted to NOK 414 million.

Operational risk

As part of managing operational risk, the Europris group has adopted insurance risk management

guidelines for the business units in order to achieve a complete, well-functioning insurance programme. The group's insurance risk management initiates risk inspections. Observations of significance for the insurance programme must be reported to group management.

Discount variety retailing has a relatively low penetration in Norway and, in times of economic uncertainty, Europris represents a sound low price concept. With its financial position and business activities in a resilient business model, the group is well placed to manage ongoing business risks. A satisfactory equity ratio and good liquidity mean the group has adequate resources to continue its operations for the foreseeable future.

CORPORATE GOVERNANCE

The board and executive management of Europris ASA review the group's corporate governance principles annually. Reporting accords with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance as updated most recently on 30 October 2014. Please see page 16 for a detailed report on Europris' corporate governance.

ORGANISATION AND CORPORATE SOCIAL RESPONSIBILITY

Employees and organisation

The board considers the working environment in the group to be good.

Employees in the Europris group:

	2015		2014	
	Number of employees	Full time employees	Number of employees	Full time employees
Stores	1,782	1,062	1,597	936
Head office and distribution centre	336	330	306	306
Total	2,118	1,392	1,903	1,242

Sickness absence		2015	2014
Stores		6.7%	6.7%
Head office and distribution centre		6.8%	5.9%

The board is not satisfied with the current level of sickness absence, and will follow up the initiatives implemented in order to achieve the long-term ambition of a sickness absence of around five per cent.

A total of 22 injury reports were registered in 2015, but none involved serious injury.

Equal opportunities and discrimination

Europris is a workplace with equal opportunities in all areas. The group has traditionally recruited from environments where women and men are relatively equally represented. Where gender equality in Europris ASA (the parent company) is concerned, 50 per cent of directors are female, but the executive management group has no women members. The group has 2,118 employees, of whom 65 per cent are women. Working time arrangements are independent of gender.

Europris' policy is to promote equal human rights and opportunities, and to prevent discrimination on the grounds of gender, ethnicity, nationality, ancestry, colour or religion. The group is working actively to promote Norway's Anti-Discrimination Act in its business. These activities include recruitment, salary and working conditions, promotion, professional development and protection against harassment.

External environment

The group does not pollute the external environment beyond the level considered normal for this type of business.

Pursuant to section 3-3c of the Norwegian Accounting Act, the board has drawn up guidelines covering business ethics and corporate social responsibility. The main principles are covered in the company's sustainability policy, available on its website at www.europris.no/corporate/investor. Europris' activities in the area of corporate social responsibility, including human rights, labour rights, the working environment, equality, discrimination, anti-corruption and the external environment, are described in more detail in a separate section on page 26 of this annual report.

TRANSACTIONS WITH RELATED PARTIES

The shareholder loan was repaid in full in connection with the IPO in June. There were no other significant transactions with related parties in 2015.

MARKET DEVELOPMENTS AND OUTLOOK

Europris remains the market leader in the fast-growing discount variety retail segment, which is still underpenetrated in Norway. Consumers are expected to continue to seek discount products in certain segments in order to fund increased purchases of higher-end goods and services in other segments. This trend is a structural shift seen across the market in recent years. Europris has a genuinely mixed range, which provides a large addressable market, competitive flexibility and a resilient business model.

The pace of growth in the Norwegian economy is slowing, but Europris is continuously outperforming the retail market. In regions that have experienced more adverse effects from the slowdown in the petroleum industry, Europris is showing relative strength.

Europris will continue to concentrate attention on category development and on expanding the seasons. Combined with the store modernisation programme, it expects this to be the key driver behind like-for-like sales growth in the future.

The group is well positioned to continue outperforming the market, backed by a solid number of new stores in the pipeline for opening during 2016.

Europris has initiated operational improvement projects in the supply chain with the aim of reducing inventory levels and making store operations even more efficient. The first results from the introduction of an automatic store replenishment system are positive. Cost control is high on the agenda for 2016, and the group has initiated several activities in order to reduce operating expenses. These include a more focused approach to personnel costs throughout the value chain. The group expects to see some operational leverage on operating expenses.

Dedicated and enthusiastic employees are Europris' most important asset. Training of employees and management development showed good results in 2015, and these activities will be continued on a broader scale in 2016.

The board emphasises that uncertainty prevails when assessing the outlook.

Fredrikstad, 9 March 2016

THE BOARD OF DIRECTORS OF EUROPRIS ASA



Tom Vidar Rygh
Chair



Michael Haaning



Hege Bømark



Christian W. Jansson



Bente Sollid Storehaug



Anne Carine Tanum



Pål Wibe

Pål Wibe
CEO



Tom Vidar Rygh (chair) is an adviser to the Nordic Capital Funds. He holds an MSc in business administration from the Norwegian School of Economics. Rygh has held various leading executive positions in industrial and financial companies, including executive vice president of Orkla ASA, CEO of SEB Enskilda and partner in/CEO of NC Advisory AS – adviser to the Nordic Capital Funds. He has served as chair and director of several companies in a number of sectors, including Telenor ASA, Oslo Børs, Carlsberg Breweries A/S, Storebrand ASA, Aktiv Kapital ASA, Eniro AB, Netcom ASA, Helly Hansen ASA, Dyno ASA, Industri Kapital Ltd, Actinor Shipping ASA, Borregaard Forests AS, Holberg Inc, Orkla Eiendom AS, Telia Overseas AB and Baltic Beverage Holding AB. Rygh has also served as an adviser to a number of prominent investment groups, such as TPG and the John Fredriksen group.



Hege Bømark is a director of Union Eiendomsinvest Norge AS, AF-Gruppen ASA, OBOS-banken AS and the Institute for Eating Disorders. She has also been a director of Oslo Areal ASA, Norgani Hotels ASA, BWG-Homes ASA, Norwegian Property ASA and Fornebu Utvikling ASA, all of which are or have been listed companies. Prior to becoming a fulltime professional director, Bømark served as a project broker in AS Eiendomsutvikling and as a financial analyst at Fearnley Finans AS and Orkla Finans AS. She holds a MSc in business administration from the Norwegian School of Economics.



Michael Haaning is a partner in NC Advisory A/S – adviser to the Nordic Capital Funds, which he joined in September 2002. He holds a BSc in business administration and commercial law and an MSc in finance and accounting from Copenhagen Business School. From 2000 to 2002, Haaning worked in the investment banking division at Morgan Stanley in London. He has also served as a captain in the Danish Air Force.



Carl Christian Westin Jansson is chair of Apoteket AB and Vivoline Medical AB and a director of MD International AB, Europris AS, KappAhl AB, Carl Westin AB, Wyndit Inc, Blue Water Systems AB and Jäger & Jansson Galleri AB. Previous positions include director and chair of Enzymatica AB, KappAhl AB and Svensk Handel. Westin Jansson has also been an independent director of Svenskt Näringsliv, Bong AB, Ellos AB and a number of minor or subsidiary companies. He holds a doctorate in economics h.c. from the University of Lund (2010), where he received both his graduate and undergraduate degree in 1971.



Bente Sollid Storehaug is CEO of ESV Digital, Nordic. She is an adviser on data-driven attribution and personalisation technologies, and a serial entrepreneur. Member of the executive boards of Polaris Media, Cxense, Europris and Eika Gruppen. Chair and co-owner of start-up companies Dot Global, Cloudnames and EnerWE. Storehaug is a member of the new industry policy advisory board for the ministers of culture and industry in Norway. She has also been appointed by the government to an expert committee on the future funding of the Norwegian Broadcasting Corporation (NRK). Storehaug established her own internet consultancy in 1993, which is listed today on Oslo Børs as Bouvet ASA. She is the youngest member of the Norwegian Association of Editors.



Anne Carine Tanum is chair of DNB ASA, DNB Bank ASA, Kilden IKS, Nordisk Film Kino AS and E-CO Energi AS, deputy chair of Oslo Universitetssykehus HF and Henie Onstad Kunstsenter, and a director of Cappelen Damm AS, Try AS and Iris. She has also been chair and deputy chair of NRK and Den Norske Opera. Tanum was also the CEO and owner of Tanum AS for many years. She holds a Master of Law (cand jur) degree from the University of Oslo.



CORPORATE GOVERNANCE



Europris ASA has made a strong commitment to ensuring trust in the company and to enhancing shareholder value through effective decision-making and improved communication between the management, the board of directors and the shareholders. The company's framework for corporate governance is intended to reduce business risk, maximise value and utilise the company's resources in an efficient, sustainable manner to the benefit of shareholders, employees and society.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The board of Europris is conscious of its responsibility for the development and implementation of internal procedures and regulations to ensure that the group complies with applicable principles for corporate governance.

Europris is subject to reporting requirements for corporate governance under section 3-3b of the Norwegian Accounting Act as well as section 7 of the continuing obligations of stock exchange listed companies from Oslo Børs. Europris will seek to comply with the Norwegian Code of Practice for Corporate Governance (the code), last revised on 30 October 2014, which is available on the Norwegian Corporate Governance Committee's website at www.nues.no. Application of the code is based on the "comply or explain" principle. In other words, companies must comply with the individual provisions of the code or explain why they have not done so.

Europris deviated from the recommendations in two sections of the code in 2015. These relate to:

- » a nomination committee has not been established yet, section 7
- » establishment of separate guidelines regulating responses to takeover bids, section 14.

The board reviews the principles on an annual basis, and includes a report in the annual report in accordance with the requirements of the continuing obligations for listed companies from Oslo Børs and the Norwegian code.

Corporate values, code of conduct and corporate responsibility

Europris' core values are "positive attitude", "proactive", "clear", "business acumen" and "simple", and these values are well entrenched in the group culture. The group emphasise high ethical standards and will have an open culture where ethical dilemmas are regularly discussed.

Europris has developed a code of conduct, including principles for corporate social responsibility, and a sustainability policy based on its corporate values. In addition, separate policies have been developed for ethical trade, anti-bribery and money laundering, data protection, trade sanctions and whistleblowing. These are assembled in a corporate governance compliance manual adopted by the board in May 2015. Priorities are based on an assessment of the needs of both the business and its stakeholders, and form an integral part of day-to-day operations.

The code of conduct and related policies set the standards for behaviour that can be expected internally among colleagues and externally towards partners, customers and other stakeholders. The policies are considered important in order to create trust, loyalty and responsible behaviour in the group, and to prevent any violation of the law or other negative economic, legal or reputational consequences for Europris.

The code of conduct and related policies apply to all employees and representatives of Europris, including employees in subsidiaries, franchise stores, consultants, agents, procurement personnel, the executive management and directors, and all employees are expected to make a personal commitment to complying with them. Employees are requested to report any concerns and complaints through the chain of command, and should feel safe in providing such information without concern for negative consequences to themselves. A separate policy has been established to specify areas of potential misconduct, how and to whom such a report should

be made and the responsibilities of the person who receives such a report.

Violation of the code of conduct will be subject to disciplinary action, including possible termination of employment as well as potential criminal prosecution. Employees were not required at 31 December 2015 to sign the code of conduct.

Europris endeavours to make its code of conduct known to its employees, suppliers and partners. In order to make these standards clear to the group's suppliers, a supplier code of conduct has been developed, describing the main requirements based on the Ethical Trading Initiative base code principles.

Europris' sustainability policy and supplier code of conduct are available from the company's website at www.europris.no/corporate, and the company's work on corporate social responsibility is described in detail on page 26 in the 2015 annual report.

Deviations from the code:
None.

2. THE BUSINESS

Europris is Norway's largest discount variety retailer by sales. The group offers a broad range of quality own brand and brand name merchandise across a wide span of product categories. The group's merchandise is sold through the Europris store chain, which consisted at 31 December 2015 of a network of 229 stores throughout Norway. Of these, 166 are directly owned by the group and 63 operate as franchise stores. The group's headquarters and storage facilities are located in Fredrikstad, Norway.

The company's business purpose, as presented in article 3 of the company's articles of association, is as follows:

"The company's business is commercial activity in the European wholesale and retail market, or business in relation to this, including issuing loans, and collateral and issuing guarantees for group companies and direct or indirect involvement in business with similar or other company object, as well as other business in relation to the above mentioned".

The group's business operations and main strategies are further discussed in the annual report on page 33.

Deviations from the code:
None.

3. EQUITY AND DIVIDENDS

Equity

At 31 December 2015, the group's equity totalled NOK 1,529 million, which corresponded to an equity ratio of 37.3 per cent. The board considers Europris' equity to be adequate in relation to the group's objectives, strategy and risk profile.

Dividend policy

Europris aims at a dividend payout ratio of 50-60 per cent of the group's net profit. Europris intends to provide shareholders with a competitive return on invested capital, taking into account the group's risk profile. It plans to pay out surplus liquidity (funds not necessary for the group's day-to-day operations) in the form of a dividend or by means of a capital reduction through distribution to the shareholders. The group considers whether the available liquidity should be used for new investment or repayment of debt instead of being paid out as dividend. Subject to the approval of the AGM, the aim is to pay dividend annually. Dividend payments are subject to certain legal restrictions pursuant to the Norwegian Public Limited Companies Act, and should also take account of the group's capital requirements and financial position as well as general business conditions.

Based on the financial results for 2015, the board will propose a dividend of NOK 1.40 per share. Europris' leverage policy is to run the business with moderate leverage and to maintain an efficient balance sheet.

Board mandates

The general meeting of 22 May 2015 granted two separate mandates to the Europris board. These were granted before the IPO and the subsequent listing of the Europris share on Oslo Børs on 19 June 2015. Both mandates are valid until the next AGM in 2016, but in any event no longer than to 30 June 2016.

- » A mandate to increase the share capital of Europris ASA by a maximum of NOK 15,658,000, by issuing up to 15,658,000 new shares, each with a nominal value of NOK 1, conditional on the completion of the IPO. The mandate corresponds to 9.4 per cent of the shares and share capital of the company after the IPO. It may be used for necessary strengthening of the company's equity, the issue of new shares in connection with incentive schemes, and the issue of new shares as consideration for the acquisition of relevant businesses.

- » A mandate to repurchase Europris ASA's own shares up to a total nominal value of NOK 15,658,000 through the acquisition of up to 15,658,000 shares, each with a nominal value of NOK 1.00, conditional on the completion of the IPO. The maximum amount that can be paid for each share is NOK 100 and the minimum is NOK 10. The mandate can be used to acquire shares as the board deems appropriate, subject to the proviso that no shares will be acquired by subscription. The mandate corresponds to 9.4 per cent of the shares and share capital of the company after the IPO.

Deviations from the code:
None.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Europris has one class of shares and all shares have equal rights. Each share has a nominal value of NOK 1.00 and carries one vote. Europris ASA owned no treasury shares at 31 December 2015.

The board has a mandate to increase the company's share capital which allows the board to waive the pre-emptive right of existing shareholders. In the event of such a capital increase, the reason for the transaction and the waiver will be provided in a public announcement.

Transactions involving treasury shares will be undertaken on the stock exchange or otherwise at the listed price and reported immediately.

The company will immediately make public any material transaction between the company and shareholders, directors, leading employees or any of their close relations, as well as with other companies in the group. In the event of such transactions, the board will evaluate whether it is necessary to seek a third-party valuation. An independent valuation is required for material transactions between companies in the same group where there are minority shareholders.

Directors and members of the executive management must notify the board immediately if they have a direct or indirect material interest in an agreement or transaction entered into by the company.

Transactions with related parties are discussed in note 24 to the 2015 financial statements.

Deviations from the code:
None.

5. FREELY NEGOTIABLE SHARES

The Europris share is freely transferable on Oslo Børs, and the company's articles of association do not contain any restrictions on the share's transferability. Nor are there any restrictions on the buying and selling of shares by directors and members of the company management, providing the regulations governing insider trading are complied with and except for shares held before the IPO that are subject to a 12-month lock-up period from 19 June 2015.

Deviations from the code:
None.

6. GENERAL MEETINGS

The general meeting is the highest authority in Europris ASA. All shareholders are entitled to attend, speak and vote at general meetings of Europris ASA, and to table draft resolutions for items to be included on the agenda for the general meeting. Extraordinary general meetings may be called by the board at any time. The auditor or shareholders representing at least five per cent of the shares may call in writing for an extraordinary general meeting to discuss a specified matter.

Notification

The annual general meeting will be held each year before 30 June, as prescribed by law. The 2016 AGM is scheduled for 13 May 2016.

Written notice of a general meeting, specifying the time, date and agenda, is sent to all shareholders with a known address at least 21 days prior to the date of the meeting.

Pursuant to article 7 of the articles of association, the notification and documents relating to matters to be considered at the general meeting need not be sent to the shareholders if they are made available to them on the company's website at www.europris.no/corporate. Any shareholder may nevertheless request that the documents are sent by mail by contacting the investor relations department at Europris ASA or by e-mail to ir@europris.no.





Left; Oslo Børs, 19 June. From left; Terje Høili, Pål Wibe and Wiggo Erichsen. Photo by Bo Mathisen.

AGM, providing the company has procedures in place which allow shareholders to vote electronically.

Agenda and execution

The agenda for the general meeting is determined by the board, and the main items it must contain for the AGM are specified in article 8 of the articles of association. The agenda will include detailed information on the resolutions to be considered and the recommendations from the nomination committee.

The board, the nomination committee, the CEO, the CFO and the company's auditor will be present at the general meetings under normal circumstances and unless they have valid grounds to be absent. The meeting will normally be chaired by the chair of the board. In the event of any disagreement over individual agenda items where the chair of the board belongs to one of the factions, or for some other reason is not deemed to be impartial, a different person will be selected to chair the meeting in order to ensure independence with respect to the matters concerned.

The minutes of the general meeting will be published on the Oslo Børs newsfeed at www.newsweb.no and on the company's website at www.europris.no/corporate immediately after the general meeting has taken place.

Deviations from the code:

None.

7. NOMINATION COMMITTEE

The company's nomination committee is regulated by article 6 of the articles of association. It will comprise two to three members, who will be shareholders or shareholder representatives. The majority of the committee members should be independent of the board and the company management.

Instructions for the nomination committee were adopted at the general meeting on 13 May 2015. They include the main principles for the nomination committee's work, making and supporting proposals and general procedures.

The nomination committee will make recommendations to the general meeting on the election of shareholder-elected directors, remuneration of directors, election of members to the nomination committee and remuneration of members of the nomination committee. The nomination committee will review the instructions annually, and any proposed changes will be submitted to the general meeting for approval.

Registration and proxies

Shareholders intending to attend the general meeting must notify the company of this no later than five days before the general meeting, pursuant to article 7 of the articles of association. The right to participate and vote at the general meeting after acquiring shares may only be exercised if the acquisition has been recorded in the VPS shareholder registry by the fifth business day before the general meeting.

To register for the general meeting, shareholders must submit a written confirmation, using the form provided, by post or e-mail to the company's registrar: DNB Bank ASA.

A shareholder may vote at the general meeting either in person or through a proxy appointed at their own discretion. The notice of the meeting will contain more detailed information about the procedure for appointing a proxy, including an authorisation form. In addition, a person will be appointed who can act as proxy on behalf of shareholders.

The board may decide that shareholders can submit their votes in writing, including the use of electronic communication, during a period before the general meeting.

The requirements for notice of and admission to the AGM also apply to extraordinary general meetings. However, the AGM of a Norwegian public limited company may resolve, with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting, that extraordinary general meetings may be convened with 14 days' notice until the next

The members of the nomination committee, including its chair, are elected by the general meeting for a term of two years. The general meeting will determine the remuneration of the members of the nomination committee.

Shareholders in Europris are entitled to nominate candidates for the board and the nomination committee by submitting an e-mail to pw@europris.no. Such nominations must be received four weeks before the AGM in order to be considered.

Deviations from the code:

Europris has not yet established a nomination committee, since elections to this body will take place at the first general meeting in Europris subsequent to the listing on Oslo Børs, at the latest by the AGM in 2016. This will allow new shareholders to participate in electing members of the nomination committee.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The company does not have a corporate assembly.

Composition of the board

Article 5 of the articles of association provide that the board will consist of a minimum of three and a maximum of 10 directors, as determined by the general meeting. The board had six members at 31 December 2015, including three women. This met the gender diversity requirements specified by Norwegian law.

The directors are elected for a term of two years and may be re-elected. The general meeting elects the chair of the board.

According to the instructions for the nomination committee, the board's composition will be broadly based to ensure that it has the necessary experience, qualifications and capacity to safeguard the common interests of the shareholders. Furthermore, the composition of the board should allow it to function effectively as a collegiate body and to act independently of special interests.

A detailed presentation of the expertise and background of the directors is available on the company's website at www.europris.no/corporate.

Europris ASA has no direct employees and therefore no requirement to appoint employee representatives to the board. Three employees sit on the board of the Europris AS subsidiary.

Independence of the board

All shareholder-elected directors are regarded as independent of senior executives and material business associates.

Tom Vidar Rygh, the chair, is engaged as an adviser to the Nordic Capital Funds, the main shareholder of Europris ASA, and therefore not deemed to be independent. Michael Haaning is a partner in NC Advisory A/S, an adviser to the Nordic Capital Funds, and therefore not deemed to be independent of the company's largest shareholder.

Share ownership

An overview of shareholdings in Europris by individual directors can be found in note 18 to the 2015 annual report.

Deviations from the code:

None.

9. THE WORK OF THE BOARD OF DIRECTORS

Board's responsibilities and tasks

The overall management of the group is vested in the board of directors and the executive management. Pursuant to Norwegian law, the board is responsible for such matters as supervising the general and day-to-day management of the group's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the group's activities, accounts and asset management are subject to adequate controls, and undertaking investigations necessary to the performance of its duties. Furthermore, the board determines the group's overall objectives and strategy, in addition to appointing the CEO and determining the terms and conditions of his employment.

Instructions for the board of directors

The instructions are subject to an annual review by the board. The current set of instructions were approved by the board in May 2015. They cover the following items: strategy, operations and financials, organisation and employees, information and

Name	Position	Served since	Up for election
Tom Vidar Rygh	Chairperson	2012 ¹	2017
Carl Christian Westin Jansson	Board member	2012 ¹	2017
Michael Haaning	Board member	2012 ²	2017
Hege Bømark	Board member	2015	2017
Anne Carine Tanum	Board member	2015	2017
Bente Sollid Storehaug	Board member	2015	2017
Martin Bjørklund	Deputy board member	2012 ³	

¹ Served since 2012 in Europris AS and in Europris ASA since 2015.

² Served since 2012 in Europris AS and in Europris ASA since 2014.

³ Mr. Bjørklund served since 2012 in Europris AS and in Europris ASA until December 2015.

communication, the AGM, corporate governance, financial reporting, annual accounts and report, competency of the board, planning the board's work, notification of board meetings, administrative procedures, minutes of board meetings, board committees, transactions between the company and close associates, and confidentiality.

Instructions for the chief executive officer (CEO)

The current set of instructions were approved by the board in May 2015 and are subject to annual review by the board. The CEO is responsible for the day-to-day management of the group's operations, including ensuring that the group pursues and seeks to reach the strategic targets set by the board. The CEO is also responsible for keeping the group's accounts in accordance with prevailing Norwegian legislation and regulations, and for managing the group's assets in a responsible manner. Pursuant to Norwegian law, the CEO briefs the board about the group's activities, financial position and operating results at least once a month.

Financial reporting

The board receives financial reports and comments from the CEO at least once a month on the group's operations, economic position and financial status. The board will also be kept continuously informed of any material legal disputes, contract terminations, changes in management and material conflicts related to clients, suppliers and employees. The financial report forms the basis for enabling the board to have an informed view of the group's results, capital adequacy and financial position. Quarterly financial reports are reviewed at board meetings, and these form the basis for external financial reporting.

Work of the board

The board will meet at least five times a year. It held 12 meetings in 2015, with three conducted by telephone. The overall attendance rate at board meetings was 98.5 per cent.

Use of board committees

The board has established two subcommittees, for audit and remuneration respectively. Both prepare matters for consideration for the board. They are responsible only to the board as a whole and their authority is limited to making recommendations to the board.

Audit committee

The board has established an audit committee composed of three directors. Its primary purpose is to act as a preparatory and advisory body for the board on matters concerning accounting, auditing and finance. The committee reports and makes recommendations to the board, but the latter retains responsibility for deciding on and implementing such recommendations.

The audit committee held four meetings in 2015, with an overall attendance rate of 100 per cent. The following were members of the audit committee at 31 December 2015:

- » Hege Bømark (chairperson)
- » Tom Vidar Rygh
- » Carl Christian Westin Jansson

Remuneration committee

The board has established a remuneration committee comprising three directors. Its primary purpose is to assist the board in discharging its duties related to determining the compensation of the executive

management. The committee reports and makes recommendations to the board, but the latter retains responsibility for implementing such recommendations.

The remuneration committee held one meeting in 2015, with an attendance rate of 100 per cent. The following were members of the remuneration committee at 31 December 2015:

- » Tom Vidar Rygh (chairperson)
- » Anne Carine Tanum
- » Michael Haaning

Board's evaluation of its own work

The board conducts an annual assessment of its own work and expertise, and presents this evaluation to the nomination committee. The assessment will include the work of the board, the work of its committees and the contribution made by the various directors. The board will set individual and collective targets to measure performance against in order to ensure that the evaluation is an effective tool.

An evaluation of this kind was last conducted in February 2016.

Deviations from the code:
None.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The board is responsible for ensuring that the group's risk management and internal control systems are adequate in relation to the regulations governing the business. The board reviews the group's main areas of risk and internal control systems annually, including the group's values, code of conduct and corporate social responsibility. The audit committee holds at least one meeting a year with the auditor, who presents the group's internal control routines, including identified weaknesses and areas subject to improvements, for review by the committee.

The board works to a plan that ensures all the various areas of the operations are subject to a more in-depth review at least once a year. Management follows a similar schedule in performing an evaluation of the same topics ahead of the board's review.

Europris has established a treasury policy to define a framework for managing financial exposure and group treasury operations. The most recent update was

approved by the board in November 2015. The policy takes account of the financial and commercial risks that Europris is exposed to. The policy will be updated and revised at least once a year and approved by the board. The policy details the allocation of responsibility for financial risk management between the board, the CEO and the CFO and within the Europris group. The policy specifies the risks that Europris is exposed to, and how they should be managed, reported, measured and controlled. The content of the treasury policy is described in detail as working procedures in the Europris finance manual, where processes and procedures are established in the form of instructions that serve as a reference for compliance with the treasury policy.

Europris prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are intended to give a true and fair view of the company's and the group's assets, liabilities, financial position and results of operations. The board receives reports at least once a month on the group's business and financial results, providing a good overview of the group's strategic and operational performance as well as plans for the forthcoming period. In addition, quarterly reports are prepared in accordance with the listing requirements of Oslo Børs, which are reviewed by the audit committee before the board meeting and subsequent publication.

As a discount retailer, Europris is exposed to a range of financial and operational risks that may adversely affect the group's business. Further information regarding such risk factors and how these are managed is disclosed in the directors' report for 2015.

Europris furthermore monitors attendance by employees and promotes the health and wellbeing of its workforce. In addition, Europris devotes attention to the training and education of employees across all aspects of its business.

The HR and legal director is responsible for conducting unbiased, complete audits of the group's compliance programme, including guidelines for anti-corruption, on a regular basis in light of the group's specific business areas, geographical location and legal obligations.

Deviations from the code:
None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The nomination committee is responsible for proposing the remuneration of directors in order to reflect the responsibilities, expertise and time spent as well as the complexity of the business. Members of the audit committee are entitled to additional remuneration, reflecting the extra workload. The proposal is approved by the company's general meeting. Directors' fees for 2015 will be proposed to the AGM in 2016 for approval.

Directors' fees at 31 December 2015 were not linked to performance, and no director has share options in the company. Additional information relating to directors' fees can be found in note 7 to the financial statements included in the 2015 annual report.

Deviations from the code:

Europris has not held a general meeting since its listing on Oslo Børs and has thereby yet to establish a nomination committee.

12. REMUNERATION OF SENIOR EXECUTIVES

Europris has a policy of offering competitive remuneration for the executive management that is based on current market standards as well as on company and individual performance. The board has established guidelines for determining salary and other remuneration for members of the executive management.

Remuneration consists of a basic salary element combined with a performance-based bonus programme. The management group participates in the company's insurances, and is entitled to certain fringe benefits, such as free newspaper, car and phone.

Pursuant to section 6-16a of the Public Limited Companies Act, the board has prepared a statement on the determination of salaries and other benefits payable to senior executives. In line with the said statutory provision, this statement will be laid before the company's AGM each year. The statement, as well as further details relating to the salary and benefits payable to the CEO and other senior executives, can be found in note 7 to the financial statements included in the 2015 annual report.

Deviations from the code:

None.

13. INFORMATION AND COMMUNICATIONS

Investor relations

Investor relations activities at Europris ASA aim to ensure that the information provided to financial markets gives market participants the best possible foundation for a correct valuation of the group. Europris will seek to communicate in an open, precise and transparent manner about the group's performance and market position in order to give financial markets a correct picture of its financial condition and other factors that may affect value creation.

All market participants will have access to the same information published in English. All notices sent to the stock exchange are made available on the company's website at www.europris.no/corporate and at www.newsweb.no.

Europris seeks to comply with the Oslo Børs code of practice for IR, last updated on 10 June 2014. The company has adopted an IR policy, which is available in a condensed form on the company's website at www.europris.no/corporate.

The CEO, CFO, IR director and IR coordinator are responsible for communication with shareholders and analysts in the period between general meetings.

Financial information

Europris holds open investor presentations related to the publication of its annual and interim results. These presentations are open to all, and provide an overview of the group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook and the group's own future prospects. These presentations are also made available through webcasts on the company's website.

The company publishes its provisional annual accounts by the end of February each year, and a complete set of financial statements, including a directors' report, is made available at the latest 21 days before the date of the AGM, and no later than the end of April each year. The company's interim results are published no more than 60 days after the end of the quarter, in line with Oslo Børs regulations.

Quiet period

Europris will minimise contact with analysts, investors and journalists in the final six weeks before the publication of information on earnings. During this period, the company will hold no meetings with investors or analysts, and provide no comments to

the media or other parties about the group's results and outlook in order to ensure equal treatment of all interested parties. This quiet period includes, but is not limited to, attendance at investor conferences, group meetings and one-on-one meetings.

Financial calendar

Europris' financial calendar is published on the company's website at www.europris.no/corporate. It is also distributed on the Oslo Børs website and through the Oslo Børs news feed at www.newsweb.no. The financial calendar specifies when financial results will be presented and the date of the AGM. It is published before 31 December each year.

Deviations from the code:
None.

14. TAKE-OVERS

No defence mechanisms against takeover bids are provided in Europris' articles of association. Nor are any other measures implemented specifically to hinder the acquisition of shares.

Deviations from the code:

The board has not established written guidelines for how it should act in the event of a takeover bid. Since such circumstances are normally one-off by nature, drawing up general guidelines is challenging.

Were a takeover bid to be made, the board would consider the relevant recommendations in the code and whether the specific circumstances permit compliance with the recommendations in the code.

15. AUDITOR

The company's auditor, PricewaterhouseCoopers AS, is appointed by the general meeting and is independent of Europris ASA. The board has received a written confirmation from the auditor that requirements for independence and objectivity have been met.

The auditor presents an annual plan to the board and the audit committee covering its main auditing activities. The auditor presents the group's internal control systems annually to the audit committee, including the identification of weaknesses and proposals for improvement. In addition, the auditor participates at the board meeting on the company's annual accounts in order to highlight any material changes to accounting principles, comment on any material estimates, and report on any topics where a

significant difference of opinion exists between auditor and management.

At least once a year, the auditor and the board hold a meeting without any representatives of the company's executive management being present.

The board has established guidelines for any work performed by the company's auditor. All services, audit-related and otherwise, must be approved in advance by the audit committee. The audit committee's chair is authorised to approve such services on condition that (1) services approved by the chair are reported to the next meeting of the audit committee, (2) such services must be approved at short notice to protect the company's interests and (3) such services, following a case-specific evaluation, do not affect the independence of the auditor.

The board will inform the AGM about the remuneration payable to the auditor, broken down between auditing and other services. The AGM will approve the auditor's fees. For further information about remuneration of the auditor, see note 8 in the 2015 financial statements.

Deviations from the code:
None.



**NAXOS WAS ONE OF EUROPRI'S
BEST-SELLING OUTDOOR FURNITURE
PRODUCTS IN 2015**

CORPORATE SOCIAL RESPONSIBILITY



INTRODUCTION

A significant and responsible social player

As a significant social player, Europris has a clear ambition to fulfil the social and environmental obligations this entails.

The Europris chain is a leading discount variety retailer in Norway, with more than 27 million customer transactions in 2015. The chain operates 229 stores across the country, making the group an important contributor to a number of local communities.

As a major national player, Europris is aware of the responsibility inherent in everything it undertakes. Both what Europris does and how Europris does it are important to the group. Europris has ambitions in a number of areas concerning the rest of society that extend beyond running the business in line with current legislation and regulations.

Europris must ensure that it remains true to its motto by exercising its corporate social responsibility consciously with specific, cost-effective actions and measures to safeguard the common environment, its employees and the community. This is reflected in a special emphasis on the following areas: the environment, labour and human rights, and ethical trading.

EUROPRIS FOCUS ON THE ENVIRONMENT

Sustainable store operations

1. PRINCIPLES AND POLICIES

Europris is concerned with specific, measurable results, and is constantly seeking to improve its performance.

Europris has published an internal energy and environment strategy paper for 2016-20, covering both new and existing stores. The goal is to improve the internal focus on sustainable operations and technical solutions, and on energy- and environment-optimising solutions that benefit employees and customers. The document covers measurable goals, strategy and specific actions that align Europris' environmental engagement with corporate values and the group's vision.

Europris' head office and main central warehouse have achieved an Eco-Lighthouse (Miljøfyrtårn) certification from Fredrikstad local authority.



MARITIME TRANSPORT IN NORWAY USES ENVIRONMENT-FRIENDLY CARGO SHIPS RUNNING ON NATURAL GAS

This means that the group's environmental standards and routines comply with the Eco-Lighthouse Foundation's requirements for the wholesale and retail trades, and that the group is able to document that strict requirements for the working environment, purchasing, transport, waste and emissions have been met.

2. ACTIONS AND RESULTS IN 2015

Energy efficiency measures are implemented in most of the Europris stores with a target of reducing its energy consumption by 15 per cent by 31 December 2016. As part of this work, Europris invested more than NOK 2 million during 2014 and 2015 in technical systems for monitoring energy consumption by the stores. This produced reductions in store energy use of eight per cent in 2014 and 4.9 per cent in 2015, equalling a total of 4.2 GWh.

Europris has introduced waste handling and separation routines that are followed up on a daily basis in all stores. The group targets reductions in packaging and has introduced packaging guidelines that its suppliers and carriers must comply with.

Europris is a member of Grønt Punkt Norge AS (Green Dot Norway plc), and participates in financing packaging recycling schemes. It also operates recycling schemes for plastic packaging, cardboard and drink cartons. As a seller of electrical and electronic (EE) products, Europris is also a member of Renas, a non-profit organisation and Norway's leading EE returns group.

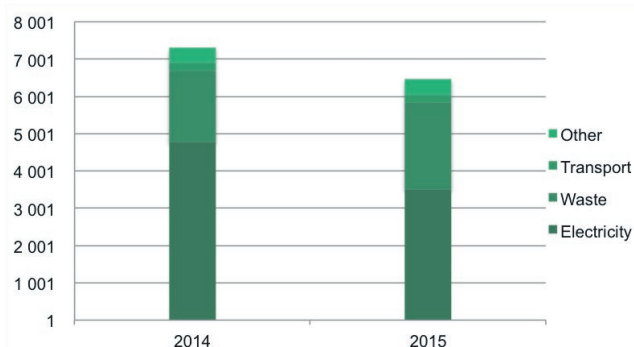
Europris has initiated a cooperation with CO2focus, a Norwegian consultancy specialising in collecting environmental data and recalculating energy consumption in its carbon dioxide equivalent. CO2focus uses relevant international standards in its work, and ensures that the reported figures for Europris consumption have a high level of accuracy.

The carbon footprint report for 2015 shows that Europris was responsible for 357 tonnes of direct and 6,107 tonnes of indirect carbon equivalent emissions, totalling 6,465 tonnes of carbon equivalent.

Air travel and waste are included in the report, but not goods transport for 2015. Europris considers goods transport to be a relevant reporting area and will include its impact in future reports.

A comparison between the 2015 and 2014 results shows a reduction of 843 tonnes of carbon equivalent. This decrease partly reflects the internal Europris focus





on reducing electricity consumption as well as the higher share of hydropower in Norwegian and Nordic electricity consumption, with a positive impact on carbon emissions per KWh.

Europris also uses a key performance indicator (KPI) for tonnes of CO2 per store. In 2015, carbon emissions from Europris stores averaged 28.2 tonnes. Measuring both absolute carbon emissions and emission intensity per store enables the group to set targets for the whole group and all emissions, while devoting attention to intensity targets per store.

3. AMBITIONS AND GOALS

The energy efficiency programme is well underway and Europris is maintaining its target of reducing energy consumption by 15 per cent in 2014-16. This is measured every month in collaboration with an external partner.

Waste handling is a priority area for the future, and Europris will continue to improve waste handling and separation routines. Its target for the proportion of recycled waste is 75 per cent by 2017.

Minimising the impact of goods movement

1. PRINCIPLES & POLICIES

As a wholesaler and discount variety retail chain, Europris brings a large volume of goods into Norway and Fredrikstad before distributing them to the stores around the country. Europris relies on efficient logistics in making direct deliveries that are both environmentally sound and economical in terms of transport costs. Goods – often in the form of direct consignments from the Far East to Fredrikstad – are carried by ship. In Norway, Europris enjoys extensive cooperation with its transport partner, Nor Lines, and more than 30 per cent of goods are transported to the stores by sea. From April 2015, all maritime freight has been carried on eco-ships powered by natural gas. Europris also uses new, low-emission goods vehicles that help reduce pollution.

2. ACTIONS AND RESULTS IN 2015

The key findings in the carbon report show that our largest emission contributors are waste, electricity and transport. Work done on environmental reporting for 2015 has shown a need for more detailed analysis related to transport, including land and maritime freight. Initial estimates show that the chosen method of transport by sea is far more environment-friendly than land freight. Furthermore, Europris has succeeded in increasing the load factor on vehicles, which helps to ensure very efficient transport.

3. AMBITIONS AND GOALS

Europris has a goal of reducing emissions from transport, and will document its carbon footprint during 2016 and set specific goals for such cuts.

“Our target for recycling share is 75 per cent within 2017.”





Left; Europris' headquarters in Fredrikstad.

EUOPRIS TAKES RESPONSIBILITY FOR EMPLOYEES AND COMMUNITIES

Europris cares about employees and the working environment

1. PRINCIPLES AND POLICIES

Europris' most important resource is its dedicated employees. The Europris group employs people across the country and is constantly working to improve the working environment. All Europris employees should feel appreciated, and efforts to increase attendance at work and promote health are a key element in the group's business strategy. Europris aims to provide a secure and responsible workplace, and all store staff receive salaries in accordance with the current collective pay agreement between the Enterprise Federation of Norway and the Union of Employees in Commerce and Offices.

Health, safety and environmental work is of central importance at Europris, in order both to prevent accidents and to ensure a satisfied workforce. Europris uses a number of effective tools for this purpose. These include training store staff, running in-house health, safety and environmental courses, and providing more specialised safety delegate courses. All store managers have an instructive manual to ensure good, consistent practices at all stores.

Europris is an inclusive workplace (IA) employer, which means that it has a targeted, result-oriented approach to developing a more inclusive workplace and to ensuring implementation of the policy instruments of the Norwegian Labour and Welfare Administration (NAV). It is also important for Europris to follow up sickness absence properly. An effective system for monitoring this type of absence is being introduced in all the stores with a view to improving follow-up for every single employee even further and, among other objectives, to helping employees to return to work as soon as possible.

Europris also offers a job experience opportunity for people on social security benefits at its stores in a number of local authorities, in collaboration with the NAV and other labour market organisations. Many candidates have gone on to work for Europris at the end of their work training.

Europris has also established a routine for internal notification of misconduct, or whistleblowing, to aid the identification of problems and the implementation of corrective measures.

2. ACTIONS AND RESULTS IN 2015

Europris has introduced an extensive management training programme based on the group's vision and values. More than 30 managers completed this in 2015, and it will be rolled out to all store managers in 2016.

A successful online-based store-execution training programme was introduced in 2015. At 31 December 2015, an estimated 85 per cent of all store staff had completed the third round of this e-learning programme.

Employee satisfaction surveys have been conducted during the year with very good results and feedback.

Sickness absence	2015	2014
Stores	6.7%	6.7%
Head office and distribution centre	6.8%	5.9%

A total of 22 injury reports were registered by Europris in 2015. None involved serious injury, while 12 of the incidents resulted in absence from work. All the reports were logged and reviewed to evaluate preventive measures.

3. AMBITIONS AND GOALS

Europris aims to be an attractive employer and to offer employees a safe workplace, personal follow-up in the event of sickness, and training and development opportunities.

The long-term ambition is to reduce sickness absence to around five per cent.

Europris cares about the communities

1. PRINCIPLES AND POLICIES

Europris has a nationwide presence and is an important contributor to local communities.

2. ACTIONS AND RESULTS IN 2015

Following a poll of Europris employees, the group signed a new cooperation agreement in 2015 with the City Mission of the Church of Norway. The agreement covers support for the mission in the form of annual financial contributions. These funds are devoted to social and humanitarian initiatives operated by the organisation in Bergen, Fredrikstad, Oslo and Stavanger.



In addition, a number of Europris stores and the central warehouse have demonstrated a commitment to their immediate communities by supporting local activities and organisations, including sports clubs, humanitarian and charitable organisations, cultural festivals and other events.

“..support for the Church City Mission in the form of annual financial contributions.”

3. AMBITIONS AND GOALS

Europris will work actively to increase its positive impact on communities and continue to support good projects through its stores.

Europris cares about sourcing of goods

1. PRINCIPLES AND POLICIES

Europris' operations affect a great many employees and suppliers. The group demands honesty, integrity, loyalty and fairness in all matters relating to its business operations. It has embarked on a quality journey with the aim of becoming even better.

The group has developed a code of conduct to promote decent working and environmental standards in its supply chains. This code specifies what is expected of suppliers and business partners and covers human rights, workers' rights, the environment and corruption. The latest update valid from 1 January 2016 is available at europris.no/corporate/sustainability/policy.



In 2014, Europris joined the Ethical Trading Initiative Norway (IEH) and committed itself to work actively to achieve the IEH's objectives. Ethical trading means that Europris' goods are produced under legal and decent working conditions, with respect to fundamental workers' rights and the environment, and with a view to securing improvements for workers and local communities in the supply chain. IEH is a membership organisation for private and public enterprises and organisations, acting as a resource centre and an advocate for ethical trade practices. Europris reports annually to the IEH. The 2015 report has been made publicly available on the IEH website.

The IEH's ethical trade principles are based on key UN and International Labour Organisation conventions and documents. National laws must be respected and, where legal provisions and the IEH's ethical trade principles address the same subject, the most stringent standards will apply.

2. ACTIONS AND RESULTS IN 2015

Europris sources goods and merchandise globally, often directly from manufacturers. In 2015 the group traded with more than 550 different suppliers, including 132 domiciled in China.

Sourcing activities in China are subject to special attention from a CSR perspective owing to the size of the purchases and the risk of non-compliance with Europris guidelines. The group's Chinese purchasing office in Shanghai conducted 79 factory audits in 2014 and 2015. Nine of the audited factories were given notice to amend and improve operations and business practices. That resulted in purchases ceasing from three factories. Among current Europris suppliers in China, manufacturers representing 80 per cent of sourced volumes have been subject to inspections.

Europris has a considerable responsibility for ensuring product quality. The group therefore conducts continuous product testing with a view to detecting

and removing hazardous substances and improving the quality of the products. The purchasing office in Shanghai, the inspection department in Fredrikstad or external companies are responsible for such testing.

Europris works constantly to reduce the use of palm oil. Europris is a large retailer of candles and removed this component from all its candles in 2015. The group has also removed palm oil from many other products, such as noodles and gingerbread biscuits.

3. AMBITIONS AND GOALS

Europris and the IEH have started a joint project seeking to identify risks in the supply chain. The ambition is to identify risk factors among suppliers who do not deliver through the purchasing office in Shanghai. All new suppliers should be subject to factory inspection or be able to document that they meet the requirements in Europris' supplier code of conduct – by providing certificates, for instance.



**OUR PERFORMANCE DURING CHRISTMAS
2015 DEMONSTRATED THAT WE ARE
TRULY “NORWAY’S SEASONAL STORE”.**



A LEADING DISCOUNT RETAILER



Europris opened its first store in Stavanger in May 1992, marking the start of a unique and successful story in Norwegian retail trade.

The first Europris store can still be found at the same address on Støperigaten in the Storhaug area of Stavanger.

Expansion and customer growth have been key features of Europris right from the start. An increasing number of Norwegians have learned that Europris' promise to let customers "pay less and save more" is not an empty one, and that there really is no need to pay more for products of the same good quality. Over the past 23 years, the business has therefore grown continuously to become a countrywide discount variety retail chain by opening an increasing number of popular discount stores throughout Norway.

Date	Important event
1992	Europris founded in Sandnes, Norway, with the first store opening in May 1992 in Stavanger, Norway
1993	Europris entered into wholesale agreement with Terje Høili AS to purchase large volumes of products
2000	Europris established closer relationship with Terje Høili AS to create a unique supply chain from factory to customers
2000	Europris passed a new milestone with 100 stores in Norway
2004	Acquired by IK Investment Partners from Terje Høili AS and company founders
2006	Europris passed a new milestone with 150 stores in Norway
2007	Europris opened central warehouse in Fredrikstad, Norway
2012	Nordic Capital acquired Europris Holding AS from IK Investment Partners
2012	Europris achieved new milestone with 200 stores in Norway
2013	Europris entered into a joint venture with Tokmanni and launched Shanghai sourcing office
2014	Pål Wibe and Espen Eldal join Europris as CEO and CFO respectively
2014	Europris chain processed over 26 million customer transactions
2015	Europris ASA listed on Oslo Børs

With 229 stores across the country and an annual turnover in excess of NOK 5.1 billion, the Europris chain is now Norway's leading discount player for a wide range of goods.

The Europris headquarters and central warehouse are located in Fredrikstad, Norway.

"Spend less – save more"

Europris operates all its stores with a consistent set-up and merchandise offering, which equates with low-cost premises and efficient operation. Importantly, this saves its customers both time and money.

Today, the concept includes 12 product categories with a mix of private-label and brand name merchandise, where the backbone is affordable quality:



Home & kitchen



Groceries



House & garden



Personal care



Travel, leisure & sport



Electronics



Clothes & shoes



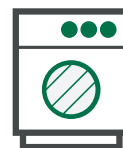
Handyman



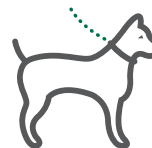
Hobby & office



Confectionery



Laundry & cleaning



Pets

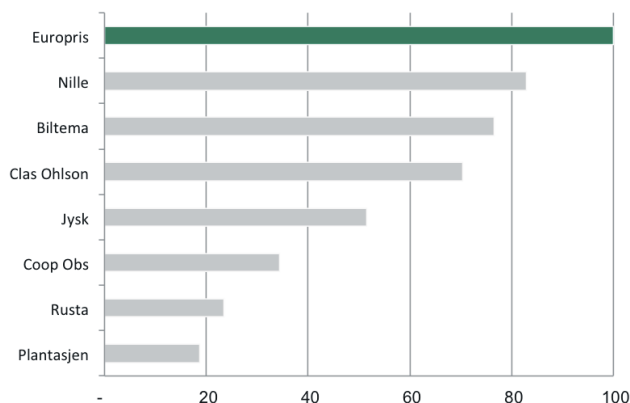
Europris employs a low-cost operating model with a focus on efficiency across the entire value chain from factory to customer. It aims to maintain a low cost base through optimised and efficient sourcing, logistics and distribution processes. The group's experienced procurement team purchases large volumes of goods that are principally sourced directly from suppliers in low-cost European and Asian countries.

Europris has a resilient business model. Essentially, the breadth of merchandise at all the stores offers great flexibility. The diversified model protects earnings, since the group is able to substitute underperforming products. At the same time, the flexibility generates opportunities to exploit unrealised potential within new products and categories.

The preferred discount retailer

Europris is Norway's largest discount variety retailer by sales, and offers customers a unique value proposition. No competitor can match the breadth of merchandise offered, the level of quality and the competitive prices.

According to a comprehensive MediaCom survey, Europris is the retail chain most consumers think of when they hear the words "offers generally low prices".

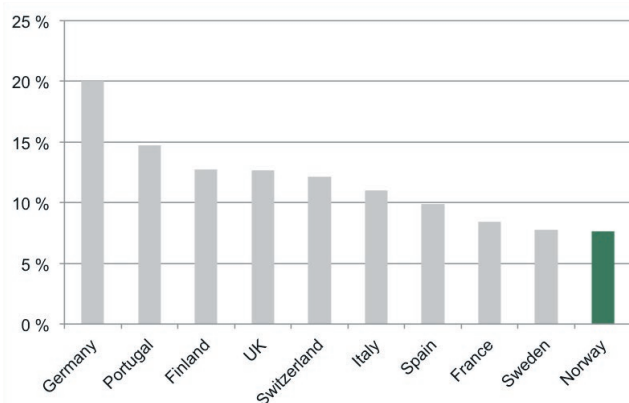


Source: MediaCom survey with 1,303 respondents over 15 years of age who have heard of Europris and have a store near to where they live, updated autumn 2015. Europris score is index 100.

Strong growth

The key to continuous success is stable and profitable growth, which is at the core of the Europris strategy.

The Norwegian discount retail market is clearly underpenetrated compared with both Nordic neighbours and key European markets.

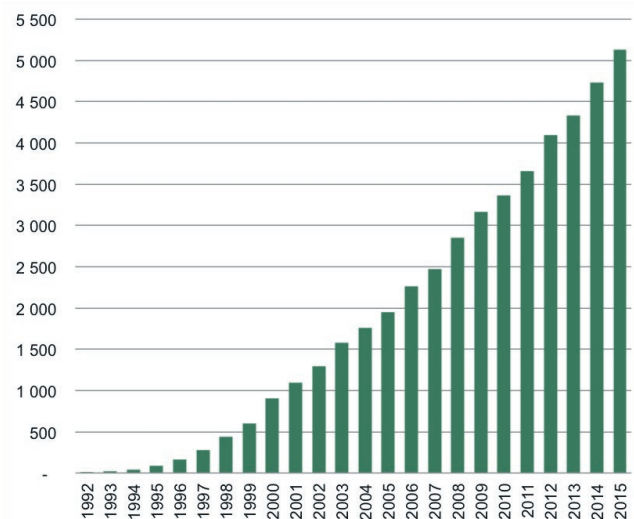


Sources: Ultima database and Euromonitor. Includes grocery retail and variety retail; all variety retail defined as discount. Only Coop Obs among grocery retail chains

is defined as "discount" for the purpose of this analysis. Euromonitor defines Rema 1000, Kiwi, Rimi and Coop Prix as "discounters". However, these have been excluded from this comparison with other geographical markets where the "discount" concepts are believed to be more differentiated on such aspects as price and private label penetration.

Not only is the Norwegian discount retail market showing superior growth rates, but Europris is also developing faster than the competition. This underpins the potential for sustained healthy margins combined with significant future growth.

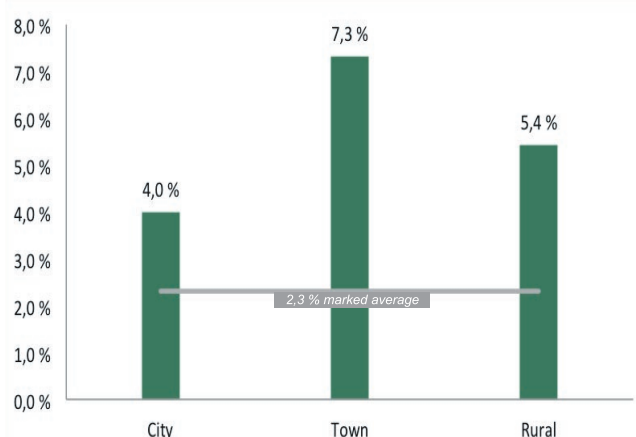
Since 2005, Europris has shown an average top-line growth of 10.1 per cent per year. Organic growth is closely linked to the roll-out of new stores, store upgrades and increases in seasonal sales.



Source: Europris

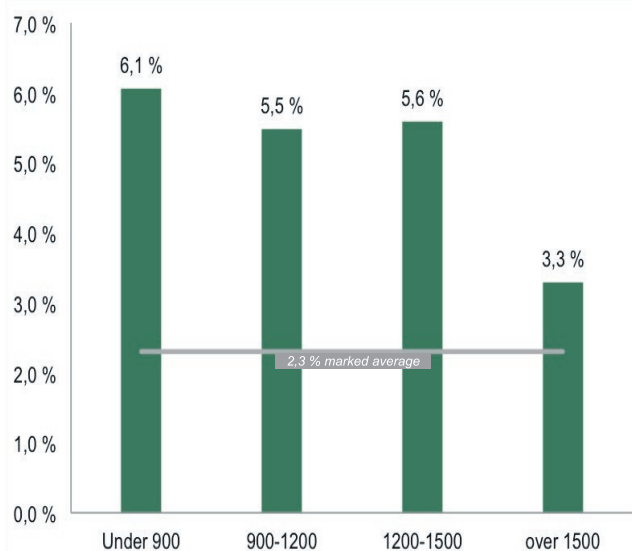
Through this successful formula, Europris has experienced a like-for-like annual growth of five per cent since 2010 – more than twice the figure for Norwegian shopping centres. In 2015, Europris' like-for-like growth was 5.4 per cent compared with a market average of 2.3 per cent.

Like-for-like growth is superior across regions ...



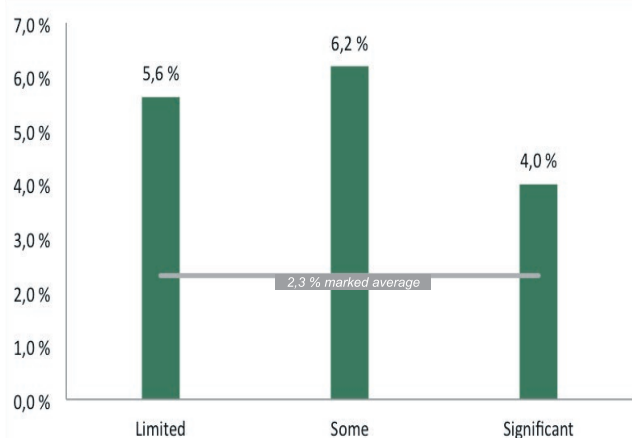
Source and definitions: Europris analysis. City: above 25,000 inhabitants in catchment area. 53 stores in 2015. Town: between 10,000 and 25,000 inhabitants in catchment area. 108 stores in 2015. Rural: less than 10 000 inhabitants in catchment area. 50 stores in 2015.

...across store sizes...



Source and definitions: Europris analysis. Less than 900 sq.m sales space: 42 stores in 2015. Between 900 and 1,200 sq.m sales space: 108 stores in 2015. Between 1,200 and 1,500 sq.m sales space: 44 stores in 2015. More than 1,500 sq.m sales space: 17 stores in 2015.

...and unchallenged by the competition.



Source and definitions: Europris analysis; Level of competition based on Europris' assessment and available market data. Limited competition: 50 stores in 2015. Some competition: 104 stores in 2015. Significant competition: 57 stores in 2015.

Europris will further develop its seasonal sale concept in 2016 by focusing on new and underpenetrated selling events such as Easter, spring, Halloween and Black Friday. By strengthening its status as Norway's "seasonal store", Europris is looking to cement its position as the number one destination store and to continue its strong like-for-like growth.

Expanding the seasons and developing categories and products are keywords for Europris growth ambitions beyond 2016 and towards 2020. At the same time, e-commerce and business-to-business (B2B) offer new and exciting opportunities.

While Europris has taken the leading position in the discount retail segment, significant potential remains to be exploited with its winning formula. Up to 2020, the group plans to open a net figure of roughly eight new stores per annum and to reach 270 stores by the end of this decade.

All this will be accomplished while staying true to Europris' vision and values, which entails being positive, proactive and clear as well as setting the right priorities and showing business acumen in all aspects of the group's operations.



Right: Europris Begby.
Photo by Erik Faulkland.

MANAGEMENT



From left: Jon Boye Borgersen, marketing and business development director, Ole Petter Harv, IT director, Pål Christian Andersen, logistics director, Espen Eldal, CFO, Petter Wilschow, HR and legal director, Øyvind Haakerud, operations director, Knut Spæren, purchasing director, and Martin Bjørklund, group projects and IR director. In front: Pål Wibe, CEO.

"PAY LESS – SAVE MORE"

Europris has a clear and reliable discount variety retailer concept that consumers can easily understand and relate to. That is the core of what we offer.

In Europris, we say "pay less – save more" because the ambition is to be recognised as the Norwegian retailer with low prices. In addition to providing customers with everyday low prices, Europris want to offer convenience and enjoyable shopping experiences. Europris is growing strongly while focusing intensively on quality.

To ensure we act as a single team, Europris' professionals have put together a set of values. These are based on the best of what everyone at Europris represents. We live by our values, and they form the underlying foundation of the Europris culture.

Positive attitude

We strive to have an infectious and positive attitude. We celebrate and recognise shared successes, and we are unassuming and a bit "crazy".

Proactive

We share ideas and take new initiatives. We dare to commit, to challenge and to make decisions. We are inquisitive and open, and dare to choose new paths and to "think outside the box".

Clear

We strive to have a clear message and communicate precise expectations and feedback. We are candid and honest, and give and take responsibility.



*Left:
The Europris
convention, February
2015.*

The “pay less – save more” culture and the underlying set of values also define the direction to be taken by our management culture. This means that every manager in the Europris chain must have a common understanding of what we are doing in the chain’s different units and why we do it. We

believe it is vital in modern retailing for everyone in the organisation to understand the reasons for and the facts behind the actions taken and the activities pursued.

This means that all our employees should be given the chance to understand what is happening with us and why. Our formula for success is based on everyone at Europris understanding the facts of what we do, enabling them to make better decisions. This also means we must develop managers who want and know how to develop the “pay less – save more” attitude in both human and commercial terms for customers, employees and partners.

Our values and management philosophy are a result and an extension of the Europris corporate culture itself. Putting our values and management culture into practice is a long-term job. It is also part of our “pay less – save more” cultural programme, which was launched in 2014 but is firmly anchored in the corporate culture and in the people who helped to start Europris in 1992.

In the “pay less – save more” culture, we work together in a single Europris team, living in accordance with our values both internally and externally. Everyone works to create “pay less – save more” in all aspects of what we do in order to generate enthusiasm and energy, which will also benefit customers, partners and shareholders.

Business acumen

We create and exploit opportunities. We generate profitability and adhere to the “pay less – save more” principle. We are modest and know our customers.

Simple

We must set the right priorities. We apply the “good enough” principle, think and work intelligently, and make life easy for customers and colleagues.

“Our value based management sets some rules for how management in the company should be practised, rules that we want everyone to live by.”

FINANCIAL CONTENTS



CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT	40
BALANCE SHEET	41
STATEMENT OF CHANGES IN EQUITY	44
STATEMENT OF CASH FLOWS	45
NOTES	46

EUROPRIS ASA FINANCIAL STATEMENTS

INCOME STATEMENT	74
BALANCE SHEET	75
STATEMENT OF CHANGES IN EQUITY	78
STATEMENT OF CASH FLOWS	79
NOTES	82

EUROPRIS ASA GROUP 2015



CONSOLIDATED INCOME STATEMENT



Figures are stated in NOK 1,000

	Note	2015	2014
Net sales	5	4,525,748	4,152,951
Other income	5	103,483	105,886
Total operating income	5	4,629,232	4,258,837
Cost of goods sold (COGS)	16	2,569,337	2,423,728
Employee benefits expense	6,7,8	702,336	616,314
Depreciation	12,13	71,061	126,207
Impairment	12	-	78,344
Other operating expenses	6,9,13	753,932	678,372
Total operating expenses		4,096,665	3,922,964
Operating profit		532,567	335,872
Interest income	10	5,740	7,744
Other financial income	10	7,269	36,361
Total financial income	10	13,009	44,105
Interest expense	10	123,206	142,332
Other financial expense	10	54,759	31,154
Total financial expense	10	177,966	173,486
Net financial income (expense)	10	(164,956)	(129,381)
Profit before tax		367,610	206,491
Income tax expense	11	90,029	57,200
Profit for the year	14	277,582	149,291
Consolidated statement of comprehensive income			
Profit for the year		277,582	149,291
Other income and expense		-	-
Total comprehensive income for the year		277,582	149,291
Earnings per share (basic and diluted)	14	1.51	0.46

Notes 1 to 26 are an integral part of the consolidated financial statements

CONSOLIDATED BALANCE SHEET



Figures are stated in NOK 1,000

ASSETS	Note	31-12-2015	31-12-2014
Non-current assets			
Intangible assets			
Software	12	40,744	32,393
Trademarks	12	387,573	387,573
Goodwill	12	1,582,487	1,579,928
Total intangible assets	12	2,010,804	1,999,894
Fixed assets			
Fixtures and fittings	13	225,178	185,784
Total fixed assets	13	225,178	185,784
Financial assets			
Other investments		372	370
Other receivables	15,21	4,839	16,263
Total financial assets		5,211	16,633
Total non-current assets		2,241,193	2,202,311
Current assets			
Inventories	16	1,109,189	984,336
Trade and other receivables			
Trade receivables	15,21	239,627	229,550
Other receivables	15,20,21	56,877	106,682
Total trade and other receivables	15,21	296,504	336,233
Cash and cash equivalents	17,21	447,116	245,016
Total current assets		1,852,808	1,565,585
Total assets		4,094,001	3,767,896

Notes 1 to 26 are an integral part of the consolidated financial statements

CONSOLIDATED BALANCE SHEET



Figures are stated in NOK 1,000

EQUITY AND LIABILITIES	Note	31-12-2015	31-12-2014
Equity			
Paid-in capital			
Share capital	18	166 969	9 255
Share premium	18	903 193	916 245
Total paid-in capital	18	1 070 162	925 500
Retained equity			
Other equity		458 305	279 102
Total retained equity		458 305	279 102
Total shareholders' equity		1 528 467	1 204 602
Liabilities			
Non-current liabilities			
Provisions			
Pension liability	8	-	55
Deferred tax liability	11	57 920	72 762
Total provisions		57 920	72 818
Other non-current liabilities			
Borrowings	19,21	1 648 385	1 481 445
Other non-current liabilities	20,21,24	4 266	41 873
Total other non-current liabilities		1 652 651	1 523 317
Total non-current liabilities		1 710 572	1 596 135
Current liabilities			
Borrowings	19,21	-	110 500
Accounts payable	21,22	444 888	481 507
Tax payable	11	107 985	99 525
Public duties payable	22	127 154	112 670
Short-term debt to parent company	22, 24	-	100
Other current liabilities	21,22	174 935	162 857
Total current liabilities		854 962	967 159
Total liabilities		2 565 534	2 563 294
Total equity and liabilities		4 094 001	3 767 896

Notes 1 to 26 are an integral part of the consolidated financial statements

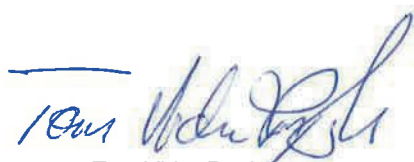


RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2015 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Fredrikstad, 9 March 2016

THE BOARD OF DIRECTORS OF EUROPRIS ASA



Tom Vidar Rygh
Chair



Michael Haaning



Hege Bømark



Christian W. Jansson



Bente Sollid Storehaug



Anne Carine Tanum



Pål Wibe
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



Figures are stated in NOK 1,000

	Share capital	Share premium	Retained earnings	Total
Equity 01.01.2014	9,255	916,245	45,590	971,090
Reversal of dividend payable 2013	-	-	84,221	84,221
Profit for the period	-	-	149,291	149,291
Other comprehensive income	-	-	-	-
Equity 31.12.2014	9,255	916,245	279,102	1,204,602
Equity 01.01.2015	9,255	916,245	279,102	1,204,602
Capital reduction ¹	(5,553)	(797,974)	-	(803,527)
Capital contribution by transfer from distributable equity (bonus issue) ²	144,378	(46,000)	(98,378)	-
Proceeds from shares issued (initial public offering) ³	18,889	830,922	-	849,811
Profit for the period	-	-	277,581	277,581
Other comprehensive income	-	-	-	-
Equity 31.12.2015	166,969	903,193	458,305	1,528,467

¹ Restructuring of the company's share capital implemented by redemption of 222,120,000 preference shares, see of the Norwegian Public Limited Companies Act, section 12-1 paragraph 2.

² The share capital was increased by NOK 144,378 by increasing the par value of the company's 148,080,000 shares by NOK 0.975 from NOK 0.025 to NOK 1 per share through a transfer from other equity, were of NOK 98,378 from retained earnings and NOK 46,000 from previously paid in capital.

³ In the offering, Europris ASA issued a total of 18,888,888 new shares to investors at an average subscription price of NOK 44.99.

In accordance with sections 9-4 and 9-5 of the Norwegian Public Limited Liability Companies Act, the board is mandated to acquire the company's own shares on specified conditions.

CONSOLIDATED STATEMENT OF CASH FLOWS



Figures are stated in NOK 1,000

	Note	2015	2014
Cash flows from operating activities			
Profit before income tax		367,610	206,491
Adjusted for:			
– Depreciation fixed assets	13	54,414	47,101
– Depreciation intangible assets	12	16,647	79,106
– Write-down intangible assets	12	-	78,344
– Gain on sale of fixed assets		-	(5)
– Changes in pension liabilities		(55)	(254)
– Unrealised (gain) and loss on derivatives	10	27,720	(30,374)
– Net interest expense exclusive of change in fair value of derivatives	10	137,236	160,861
Changes in net working capital (exclusive effect of acquisitions and inclusive translation differences):			
– Inventory		(107,641)	(104,990)
– Accounts receivable and other short-term receivables		5,610	(28,436)
– Accounts payable and other short-term debt		(30,442)	74,386
Cash generated from operations		471,099	482,230
Interest paid		(78,569)	(138,232)
Income tax paid		(95,254)	(48,126)
Net cash generated from operating activities		297,276	295,872
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	308
Purchases of fixed assets		(92,324)	(84,470)
Purchases of intangible assets		(24,998)	(9,624)
Acquisition of franchise stores		(2,656)	(27,904)
Interest received		5,740	7,744
Net cash used in investing activities		(114,238)	(113,946)
Cash flows from financing activities			
Proceeds from borrowings		1,642,318	-
Payment of shareholder loan		(17,735)	-
Repayment of debt to financial institutions		(1,651,806)	(229,570)
Net capital increase		46,284	-
Net cash from financing activities		19,061	(229,570)
Net decrease/increase in cash and cash equivalents		202,100	(47,643)
Cash and cash equivalents at beginning of year (01.01)		245,016	292,659
Cash and cash equivalents at end of year (31.12)		447,116	245,016

Notes 1 to 26 are an integral part of the consolidated financial statements

NOTE 1 ACCOUNTING PRINCIPLES

1.1 Basis of preparation

The consolidated financial statements for Europris ASA ("the group") have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS), as well as Norwegian disclosure requirements pursuant to section 3-9 of the Norwegian Accounting Act at 31 December 2015.

The board of directors approved the consolidated financial statements on 9 March 2016.

The consolidated financial statements have been prepared in accordance with the historical cost convention, modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss:

- » Derivative instruments are recognised at fair value through profit or loss.

The group has applied the going concern assumption in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information regarding future expectations.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where the assumptions and estimates are significant for the consolidated financial statements are disclosed in note 3.

1.2 Consolidation

The consolidated financial statements include the parent company Europris ASA and all of its subsidiaries.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Subsequent changes to the fair

value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances, revenue and expenses arising from transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The consolidated financial statements include Europris ASA and its subsidiaries:

Company	Ownership/voting share
Europris ASA	parent company
Europris Holding AS	100%
Europris AS	100%
Europris Butikkdrift AS	100%
Kvinesdal Lavpris AS	100%
Levanger Lavpris AS	100%

The companies Lillesand Lavpris AS, Solheimsviken Lavpris AS, Sotra Lavpris AS and Vesterled Lavpris AS were all acquired in 2014 and merged at 1 January 2015.

The companies Brennåsen Lavpris AS and Surnadaløra Lavpris AS were acquired and merged with effect from 1 January 2015. All mergers have been accounted for as business combinations under common control implying continuity of group values. Kvinesdal Lavpris AS and Levanger Lavpris AS were

acquired in 2015 and will be merged with effect from 1 January 2016.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. When the group ceases to have control, any remaining interest in the entity is re-measured to its fair value at the date when control ceases, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the remaining interest as an associate, joint venture or financial asset.

IFRS 10 "Consolidated financial statements" is based on the principle of using the control term as the decisive criteria to decide whether a company should be included in the consolidated financial statements. The application guidance to the standard provides guidance when determining whether an entity has control over a franchisee. Based on the guidance in IFRS 10, the group has determined that it does not control its franchisees and the franchises are therefore not consolidated. This is based on a judgement of the criteria in IFRS 10 of whether or not Europris controls the franchises. Through the franchise agreements Europris essentially only has control and rights related to protection of the brand name. Such rights are not sufficient to gain control under the provisions of IFRS 10. The decision-making rights that affect variable returns are primarily held by the franchisee and Europris has only a small portion of the rights to variable returns from its involvement with the franchisee. Based on an assessment of these criteria in IFRS 10 it is not clear that Europris controls the franchises, and thus they are not consolidated.

1.3 Segment reporting

The Europris group as a whole is defined and identified as one operating segment. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the group management. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker.

1.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Non-monetary items that are measured at fair value in foreign currency are translated into the functional currency at the reporting date. Changes in exchange rates are recognised continuously through profit or loss.

The consolidated financial statements are presented in NOK, which is the group's presentation and functional currency.

1.5 Revenue recognition

The group operates a chain of retail stores selling low-price consumer goods, including sales to franchise stores. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by debit or credit cards. The fees received from franchises are recorded as "other income".

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the group's activities. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1.6 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Norway where the company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised regarding goodwill arising from business combinations. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for the deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. It is not recognised only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference.

Deferred income tax assets are recognised on

deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

1.7 Property, plant and equipment

Property, plant and equipment are recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised when replaced. All other repairs and maintenance expenditures are recognised in profit or loss in the period when the expense is incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to depreciate their cost to residual value over their estimated useful lives, as follows:

Technical and electrical installations	5-15 years
Fixture and fittings	7-10 years
Vehicles	5 years
Machinery and equipment	3 years
IT equipment	3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

1.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as financial leases. Financial leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and the finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.9 Intangible assets

GOODWILL

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value are less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating unit (CGU) that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated

represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are performed annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

TRADEMARKS AND CONTRACTUAL RIGHTS

Separately acquired trademarks and contractual rights are shown at historical cost. Trademarks and contractual rights acquired in a business combination are recognised at fair value at the acquisition date. From 2014, trademarks (the brand name "Europris") are deemed to have an indefinite lifetime and are not amortised as a consequence, but tested for impairment annually. Contractual rights and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of contractual rights over their estimated useful life of four years.

Contractual rights have been written down to nil at 31 December 2014.

SOFTWARE

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- » it is technically feasible to complete the software product so that it will be available for use
- » management intends to complete the software product and use or sell it
- » there is an ability to use or sell the software product
- » it can be demonstrated how the software product will generate probable future economic benefits

- » adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- » the expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives of 4-5 years.

1.10 Financial assets

CLASSIFICATION

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category at initial recognition or are not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "other (losses)/gains – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary securities classified as available-for-sale are recognised in other comprehensive income.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

1.11 Inventories and cost of goods sold

Inventories are stated at the lower of cost and net realisable value. Net realisable value is estimated sales price less estimated transaction costs. Historical cost is calculated using a weighted average historical cost and includes expenditures directly linked to getting the goods to their final location and condition. There is continuous assessment of foreseeable obsolescence. The group's inventories consist solely of goods purchased for resale.

Goods for sale are often purchased in currencies other than Norwegian kroner, and the Norwegian krone purchase price is locked in through the use of foreign currency derivative contracts. Unrealised gains and losses on these contracts are presented in the profit or loss as part of other financial income / other financial expense. Realised gains or losses on the foreign currency derivatives that are economic hedges for inventory purchases are included as part of cost of goods sold (COGS). Similarly, unrealised foreign currency exchange gains and losses on inventory trade payables are classified as other financial income / other financial expense, while realised foreign currency exchange gains or losses at the point of time of payment are included as part of COGS.

1.12 Trade receivables

Trade receivables are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest method minus the allowance for uncollectible accounts. If immaterial, the interest element is not considered.

1.13 Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash with a maximum term of three months. Funds originally restricted for more than three months are not included in cash and cash equivalents.

Bank overdrafts are presented in the statement of cash flows less cash and cash equivalents.

1.14 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. If immaterial, the interest element is not considered.

1.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current unless the group has an unconditional right to delay the payment of the debt for more than 12 months from the reporting date.

1.16 Post-employment benefits

The group has two post-employment schemes: one defined contribution and one early-retirement scheme. The early-retirement scheme is effective from 1 January 2011 and is deemed to be a defined benefit collective arrangement, but recognised as a defined contribution agreement as there is insufficient reliable information required in order to estimate the group's proportionate share of pension expense, pension liability and pension funds in the collective arrangement.

In a defined contribution arrangement, the group contributes to a public or private insurance plan. The group has no remaining liabilities when the contribution to the insurance plan is made. The contribution is recognised as a personnel expense when it is paid.

1.17 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that an outflow of economic resources will be required from the group, and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and an assessment of all possible outcomes and the accompanying probabilities.

1.18 Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. In cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

A contingent asset is not recognised in the financial statements, but disclosed if it is probable that the benefit will flow to the group.

1.19 Subsequent events

New information after the reporting date regarding the group's financial position at the reporting date is taken into consideration in the consolidated financial statements. Events after the reporting date that do not affect the group's financial position at the reporting date, but will affect the financial position of the group in the future, are noted if they are considered significant.

1.20 New standards, amendments and interpretations not yet adopted by the group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The standard is effective for accounting periods beginning on or after 1 January 2018. The group has yet to assess IFRS 9's full impact.

IFRS 15 "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts and related interpretations". The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16 "Leases" specifies how to recognise, measure, present and disclose leases. The new standard is effective for annual reporting periods beginning on or after 1 January 2019, with early application permitted but only if the entity is also applying IFRS 15 "Revenue from contracts with customers". IFRS 16 replaces IAS 17, IFRIC 4, SIC 15 and SIC 27.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). Interest expense on the lease liability will be presented as a finance cost. The implementation of IFRS 16 will affect the statement of cash flows. Variable lease payments and interest payments will be shown in operating activities and interest payments and down payments will be shown in financing cash flows. Cash flows from operating activities will improve and cash flow from financing activities will decrease.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



NOTE 2 FINANCIAL RISK MANAGEMENT

The group's core business is low-price retail. This exposes the group to a variety of financial risks: market (including currency, fair value interest rate and price risk), credit and liquidity risk. The goal of the group's overall risk management programme is to minimise potential adverse financial performance effects of these risks, which result from unpredictable changes in capital markets. The group uses financial derivatives to hedge against certain risks.

The financial risk management programme for the group is carried out by its central treasury department under policies approved by the board. The treasury department identifies, evaluates, hedges and reports financial risks in cooperation with the various operating units within the group. The board approves the principles of overall risk management as well as policies covering specific areas, such as currency exchange risk, interest rate risk, credit risk, the use of financial derivatives and liquidity management.

2.1 MARKET RISK

2.1.A CURRENCY EXCHANGE RISK

The group is exposed to currency exchange risk arising from the import of goods for sale. These transactions are mainly settled in USD and EUR. The group aims to achieve predictable cash outflows in NOK by using forward contracts as a hedging strategy for its exposure to USD and EUR. The hedging strategy is based on an assessment of the possibilities and estimated time period required to adjust the business to the changes in foreign exchange rates.

The following table illustrates the sensitivity of the group to potential currency changes.

Figures are stated in NOK 1,000

Foreign currency sensitivity	Changes in currency	Effect on post-tax profit	
		2015	2014
USD/NOK	+/-1%	+/- 6,271	+/- 5,032
EUR/NOK	+/-1%	+/- 1,421	+/- 1,543

The simulations above do not include potential changes in the fair value of forward contracts. The profit changes reflected above will have the same effect on the group's equity.

The hedge does not qualify for hedge accounting.

2.1.B PRICE RISK

The group has limited exposure to price risk.

2.1.C INTEREST RATE RISK

The group's exposure to interest rate risk arises from its non-current borrowings. The interest rate risk that arises from loans with floating interest rates is managed by using interest rate swaps.

The following table illustrates the sensitivity of the group to potential interest rate changes.

Figures are stated in NOK 1,000

Interest rate sensitivity	Changes in interest rate	Effect on post-tax profit
2015	+/-1%	+/- 6,023
2014	+/-1%	+/- 3,512

These simulations do not include potential changes in the fair value of interest rate swaps arising from the change in floating market interest rates. The profit changes reflected above will have the same effect on the group's equity.

2.2 CREDIT RISK

The group has limited exposure to credit risk, since most of the group's revenue transactions are settled by cash or debit cards. However, a small share of its revenue comes from franchise agreements, where each franchisee is granted credit. As a franchisor, the group monitors its franchisees closely to mitigate the credit risk. Losses on trade receivables have historically been limited.

2.3 LIQUIDITY RISK

The treasury department prepares and monitors cash flow forecasts of the group's liquidity requirements to ensure that the group has sufficient cash and cash equivalents to meet operational commitments, and to maintain sufficient flexibility to meet unused credit facility requirements (see note 19) without breaching financial covenants.

2.4 CAPITAL MANAGEMENT RISK

The group's objectives when managing capital are to ensure its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the loan agreements (see note 19 for further information).

To improve the capital structure, the group may adjust the level of capital expenditures and utilise available credit facilities.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

3.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group prepares estimates and assumptions regarding future expectations. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and assumptions that represent a significant risk of causing material adjustments to the book value of assets and liabilities within the next financial year are discussed below.

3.1.A ESTIMATED IMPAIRMENT OF GOODWILL AND TRADEMARKS

The group tests annually whether goodwill and trademarks have suffered any impairment, in accordance with the accounting policy stated in note 1.9. Recoverable amounts of cash generating units have been determined on the basis of value-in-use calculations. These calculations require the use of estimates (see note 12 for further information). The group has not recognised any impairment of goodwill and trademarks in 2015.

3.1.B ESTIMATED IMPAIRMENT OF CONTRACTUAL RIGHTS

Estimated useful lives and cash flows related to contractual rights were revised in 2014. Contractual rights were written down to nil in 2014 (see note 12 for further information).

3.1.C PROVISION FOR OBSOLESCENCE

The group makes provisions for impairment. These provisions are estimate-based and require in-depth knowledge about goods and market.

3.2. JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING PRINCIPLES

IFRS 10 (Consolidated financial statements) requires entities to consolidate entities it controls. The standard provides extended guidance to determine whether control is present. Franchising is explicitly mentioned in the standard. The franchises are not included in the consolidated financial statements of Europris ASA. This is based on a judgement of the criteria in IFRS 10 of whether Europris controls the franchises. Through the franchise agreement Europris essentially only has control and rights related to protection of the brand name. Such rights are not sufficient to gain control under the provisions of IFRS 10. The decision-making rights that affect variable returns are primarily held by the franchisee and Europris has only a small portion of the rights to variable returns from its involvement with the franchisee. Based on an assessment of these criteria in IFRS 10, it is not clear that Europris controls the franchises, and they are thus not consolidated.

The group confirms that there have not been any other judgements that are deemed to have a significant impact on the consolidated financial statements.

NOTE 4 SEGMENT INFORMATION

The group management is the group's chief operating decision-maker. Reporting to the group management, which is responsible for evaluating profitability and achievements, is on a consolidated basis that is the basis for the group management's assessment of profitability at a strategic level. The group as a whole is therefore defined and identified as one segment.

NOTE 5 TOTAL OPERATING REVENUE

The group's business area is discount variety retail in the Norwegian market.

Figures are stated in NOK 1,000

	2015	2014
Net sales	4,525,748	4,152,951
Income from franchise fees	102,229	100,932
Other income	1,254	4,954
Total other income	103,483	105,886
Total operating revenue	4,629,232	4,258,837

NOTE 6 EMPLOYEE BENEFIT EXPENSE

Figures are stated in NOK 1,000

	2015	2014
Salary expenses	597,917	528,769
Social security costs	80,529	70,870
Pensions expenses	12,343	9,014
Other benefits	11,547	7,660
Total	702,336	616,314
Number of employees	2,118	1,903
Full-time employees	1,392	1,242

The group is required to have a mandatory pension plan under Norwegian law. The group has a pension plan that fulfills the legal requirements, which covers all employees and is a defined contribution plan.

Figures are stated in NOK 1,000

AUDITOR REMUNERATION	2015	2014
Audit services	1,029	1,155
Technical services related to financial reporting	602	372
Audit services related to IPO process for Europris ASA group	2,371	-
Total	4,002	1,527

Auditor fees are presented excluding VAT. No auditor remuneration has been recorded in equity in connection with equity transactions.

NOTE 7 MANAGEMENT REMUNERATION

Figures are stated in NOK 1,000

Name	Title	Salary	Bonus	Pension	Other
Pål Wibe	CEO	3,823	3,000	73	241

Figures are stated in NOK 1,000

REMUNERATION OF THE EXECUTIVE MANAGEMENT GROUP (INCLUDING CEO)	2015	2014
Salary expenses, including paid-out bonuses for 2014	21,931	21,051
Social security costs	3,520	3,800
Pensions expenses	643	288
Other benefits	1,503	489
Total	27,598	25,628
Number of employees in the executive management group	8	8

In addition, accrued bonus for the executive management group for 2015 is recognised in the financial statements at NOK 6,900, exclusive of social costs.

REMUNERATION STATEMENT

The board will provide a statement on salary and other remuneration for senior executives at the annual general meeting on 13 May 2016.

REMUNERATION GUIDELINES

The board has established guidelines for the remuneration to the members of the executive management. The company's policy is to offer the executive management competitive remuneration based on current market standards, group and individual performance. The remuneration consists of a basic salary element combined with a performance-based bonus programme as set forth below. The executive management participates in the company's insurances and is entitled to certain fringe benefits such as free newspaper, car and phone. The remuneration committee is a sub-committee of the board which acts as a preparatory and advisory body in relation to the group's remuneration of executive management and ensures thorough and independent preparation of matters relating to the compensation of executive personnel.

BONUS PROGRAMME

Europris has established a bonus scheme for the executive management, which is based on financial and operational performance. The maximum bonus under this scheme is 11 months of gross base salary for the CEO and six months of gross base salary for the other executive managers.

The executive management group is employed in the Europris Holding AS subsidiary, and works for the group company Europris AS.

The CEO and the director of marketing have a 12-month and six-month severance packages respectively. Apart from the aforementioned, none in the executive management group have severance packages.

Compensation for directors is stipulated at NOK 1,419 in 2015 (NOK 1,155 in 2014).

There are no loans or issued guarantees to the executive management group, the chair of the board or other related parties.

NOTE 8 PENSION LIABILITIES

The group has a contractual early retirement pension scheme (AFP). Pension costs in 2015 come to NOK 4,100 (NOK 3,302 in 2014). A total of 1,392 employees are members of the scheme (1,242 in 2014).

In addition, the group has a pension agreement with Vital Forsikring, that fulfills the legal requirement under Norwegian laws and covers all employees. The scheme is a defined contribution plan. Pension costs in 2015 were NOK 8,243 (NOK 5,712 in 2014).

In 2015, the scheme had 1,392 members (1,242 in 2014).

Figures are stated in NOK 1,000

PENSION LIABILITIES	2015	2014
Liability regarding former AFP arrangement	-	48
Payroll tax	-	7
Total	-	55

NOTE 9 OTHER OPERATING EXPENSES

Figures are stated in NOK 1,000

	2015	2014
Leasing and other cost of premises	337,311	298,208
Transport/distribution	118,427	117,745
Marketing and other expenses	298,194	262,419
Total	753,932	678,372

NOTE 10 FINANCIAL INCOME AND EXPENSES

Figures are stated in NOK 1,000

	2015	2014
Financial income:		
– Interest income on cash and cash equivalents	3,719	5,964
– Other interest income	2,022	1,780
Other financial income	4,875	19
Gain in fair value of financial instruments:		
– Unrealised income forward exchange contract	-	36,342
– Unrealised interest rate swap income	2,394	-
Total	13,009	44,105
Financial expenses:		
– Interest to financial institutions	76,939	136,618
– Financial leasing	497	718
– Other interest expense	1,134	896
Amortised interest on bank loan	44,637	4,100
Other financial expenses	10,020	20,686
Deferred arrangement fee	14,625	4,500
Loss in fair value of financial instruments:		
– Unrealised loss forward exchange contracts	30,114	-
– Unrealised interest rate swap loss	-	5,968
Total	177,966	173,486
Net financial income (expense)	(164,956)	(129,382)

NOTE 11 INCOME TAX EXPENSE

Figures are stated in NOK 1,000

TAX PAYABLE	2015	2014
Current tax on profits for the year	107,985	92,525
Additional provision for tax expense 2013 related to tax audit	-	6,200
Additional provision for tax expense 2014 related to tax audit	-	800
Total tax payable in the balance sheet	107,985	99,525
Deferred tax:		
Change in temporary differences	(10,113)	(37,632)
Change in temporary differences related to mergers and acquisitions	1,226	1,507
Effect from change in Norwegian tax rate from 27% to 25%	(4,779)	-
Total deferred tax	(13,666)	(36,125)
Reversed tax provision related to tax audit settlement	(4,290)	
Total income tax expense	90,029	57,200

The tax authority audit from 2013 was settled in June 2015 and resulted in a reversal of previous tax provisions.

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

Figures are stated in NOK 1,000

	2015	2014
Profit before tax	367,610	206,491
Tax calculated at domestic tax rates applicable to profits (27%)	99,255	55,753
Tax effects from:		
- Non-taxable income	(328)	(852)
- Non-deductible expenses	172	1,405
- Losses carried forward	-	95
Effect on valuation of temporary differences from change in Norwegian tax rate from 27% to 25%	(4,779)	-
Reversed tax provision related to tax audit settlement	(4,290)	-
Tax expense related to tax audit		800
Tax expense recognised in the income statement	90,029	57,200
Effective tax rate	24%	28%

Figures are stated in NOK 1,000

	2015	2014
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax asset:		
- Deferred tax asset to be recovered later than 12 months	(5,575)	(4,630)
- Deferred tax asset to be recovered within 12 months	(48,487)	(44,110)
Deferred tax assets	(54,062)	(48,739)
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered later than 12 months	111,983	118,406
- Deferred tax liabilities to be recovered within 12 months	-	3,096
Deferred tax liabilities	111,983	121,502
Deferred tax liabilities (net)	57,920	72,762

Figures are stated in NOK 1,000

	2015	2014
Change in deferred tax liabilities recognised in the balance sheet:		
Balance at 01.01.	72,762	110,300
Change during the year recognised in the income statement	(14,842)	(37,538)
Balance at 31.12.	57,920	72,762

Specification of change in deferred tax/tax asset:

Figures are stated in NOK 1,000

	Tangible fixed assets	Receivables	Non-current debt	Total
Deferred tax liabilities:				
Balance at 01.01.2014	131,837	6,147	13,014	150,998
Recognised deferred tax in profit for the period	(25,338)	(3,051)	(1,107)	(29,496)
Balance at 31.12.2014	106,499	3,096	11,907	121,502
Balance at 01.01.2015	106,499	3,096	11,907	121,502
Recognised deferred tax in profit for the period	2,360	(3,901)	(8,783)	(10,324)
Balance at 31.12.2015	108,859	(805)	3,124	111,177

Figures are stated in NOK 1,000

	Inventories	Financial instruments	Provision for pension and other liabilities	Loss carried forward	Total
Deferred tax liabilities:					
Balance at 01.01.2014	(32,542)	(4,251)	(2,712)	(1,193)	(40,698)
Recognised deferred tax in profit for the period	(15,612)	8,201	(1,917)	1,193	(8,136)
Balance at 31.12.2014	(48,155)	3,950	(4,629)	-	(48,834)
Balance at 01.01.2015	(48,155)	3,950	(4,629)	-	(48,834)
Recognised deferred tax in profit for the period	(1,580)	(1,897)	(946)	-	(4,423)
Balance at 31.12.2015	(49,734)	2,053	(5,575)	-	(53,257)

NOTE 12 INTANGIBLE ASSETS

Figures are stated in NOK 1,000

	Software	Trademarks	Contractual rights	Goodwill	Total
Financial year 2014					
Carrying amount at 01.01.2014	39,200	387,573	141,019	1,557,392	2,125,184
Additions	9,624	-	-	22,535	32,160
Sales/disposals	-	-	-	-	-
Depreciation	16,431	-	62,675	-	79,106
Impairment	-	-	78,344	-	78,344
Carrying amount at 31.12.2014	32,393	387,573	-	1,579,927	1,999,894
At 31.12.2014					
Acquisition cost	71,398	411,352	250,700	1,579,928	2,313,377
Accumulated depreciation	39,005	23,779	172,356	-	235,140
Accumulated impairment	-	-	78,344	-	78,344
Net carrying amount at 31.12.2014	32,393	387,573	-	1,579,928	1,999,894
Financial year 2015					
Carrying amount at 01.01.2015	32,393	387,573	-	1,579,928	1,999,894
Additions	24,998	-	-	2,559	27,557
Sales/disposals	-	-	-	-	-
Depreciation	16,647	-	-	-	16,647
Impairment	-	-	-	-	-
Carrying amount at 31.12.2015	40,744	387,573	-	1,582,487	2,010,805
At 31.12.2015					
Acquisition cost	96,396	411,352	250,700	1,582,487	2,340,934
Accumulated depreciation	55,652	23,779	172,356	-	251,787
Accumulated impairment	-	-	78,344	-	78,344
Net carrying amount at 31.12.2015	40,744	387,573	-	1,582,487	2,010,804

The group's trademark is linked to the brand name "Europris". This name has existed for a long time and has shown a healthy development since its origination. There are clear intentions to retain and further develop the "Europris" brand name in the foreseeable future. As a consequence, the brand name is not depreciated from 2014 but tested for impairment annually.

The group's recognised contractual rights are related to franchise agreements, leases, warranties and store locations. In recent years, the group has taken over a significant proportion of franchise stores, and associated cash flows have been transferred to the group. The remaining estimated cash flows from contractual rights are equal to nil, and the carrying amount of NOK 78 344 at 31 December 2014 was written down.

Goodwill comprises by a number of elements which individually cannot be quantified. Most significant is the well positioned business and the established reputation in the market. Europris' skilled workforce, supplier and customer relations (non-contractual) are also important elements.

IMPAIRMENT TESTING OF GOODWILL AND TRADEMARKS

Goodwill and trademarks are annually tested for impairment by comparing book value and recoverable amount (greater of fair value less costs to sell and value in use). Even though the group generates separated incoming cash flows, these are totally dependent of each other. The cash-flow-generating units are defined as being related to the group on an aggregated basis.

The recoverable amount of a cash-generating unit is calculated on the basis of value that the asset will provide to the business (value in use). In this calculation, the forecasts of future cash flows are based on budgets and long-term plans approved by the management covering a five-year period. The gross profit is stable in the period. EBITDA percentages of sales are also stable in the 2016–2020 period. Cash flows beyond the five-year period are calculated using the expected inflation rate as a long-term growth rate. A market-based rate of return of 8.9% before tax is derived using the weighted average cost of capital model (WACC).

The recoverable amount is significantly above the book value of the group's goodwill and trademarks.

NOTE 13 FIXED ASSETS

Figures are stated in NOK 1,000

	Fixtures and fittings
Financial year 2014	
Carrying amount at 01.01.2014	147,381
Additions	82,852
Additions through the acquisition of subsidiaries	2,954
Disposals	303
Depreciation charge for the year	47,101
Carrying amount at 31.12.2014	185,784
At 31.12.2014	
Cost	304,241
Accumulated depreciation	118,457
Net carrying amount at 31.12.2014	185,784
Financial year 2015	
Carrying amount at 01.01.2015	185,784
Additions	92,324
Additions through the acquisition of subsidiaries	1,484
Disposals	-
Depreciation charge for the year	54,414
Carrying amount at 31.12.2015	225,178
At 31.12.2015	
Cost	398,049
Accumulated depreciation	172,871
Net carrying amount at 31.12.2015	225,178

The group has financial leasing agreements. These agreements relate to stores and warehouse computer systems. The booked value of leased fixed assets is NOK 9 973 (NOK 14 129 in 2014).

Corresponding leasing debt is presented as long-term debt. Store computer systems are leased to franchisees. Lease costs are expensed by the respective company. The leased fixed assets are depreciated over four years, which is consistent with the leasing period.

Figures are stated in NOK 1,000

Operating lease payments	Leasing period	2015	2014
Fixtures	Ongoing agreements	12,137	9,620
Offices, shops and warehouses	Ongoing agreements	337,311	298,208

The group leases offices, shops and warehouses under irrevocable operating lease agreements. The rental period is between one and 15 years.

Figures are stated in NOK 1,000

Commitment operating lease at 31 December 2015

Within 1 year	304,425
1 to 5 years	1,031,423
After 5 years	351,239

NOTE 14 EARNINGS PER SHARE

Earnings per share are calculated by dividing profit attributable to ordinary shareholders by a weighted average of ordinary shares outstanding during the period. Owing to the share split of 1:4 in May 2015, the figures per share are re-calculated for all periods presented.

Figures are stated in NOK 1,000, except per share amount

	2015	2014 (restated) ¹	2014 Pro forma ²
Profit for the period	277,581	149,291	149,291
Dividends to holders of preference shares	(43,828)	(81,431)	-
Profit available to holders of ordinary shares	233,754	67,860	149,291
Weighted average of ordinary shares outstanding	154,999	148,080	166,969
Earnings per ordinary share (basic and diluted)³	1,51	0,46	0,89
Calculation of weighted average of ordinary shares outstanding			
Number of ordinary shares opening	37,020	37,020	37,020
Share split (ratio 1:4) 22.05.2015	111,060	111,060	111,060
Adjusted number of ordinary shares after share split	148,080	148,080	148,080
Share issue initial public offering 22.06.2015	18,889	-	18,889
Number of shares closing	166,969	148,080	166,969
Adjusted number of ordinary shares opening including share split	148,080	148,080	148,080
Weighted number of shares from IPO "as if" effective at 01.01.2014 (pro forma)	-	-	18,889
Weighted number of shares from IPO effective at 22.06.2015 (actual)	6,919	-	-
Weighted average of ordinary shares outstanding	154 999	148 080	166 969

¹ In the calculation of EPS in Note 14 to the 2014 annual financial statements, dividends to the holders of the preference shares were inadvertently not deducted.

² Since the preference shares were redeemed with the funds obtained from the IPO, pro forma figures for 2014 have been prepared that illustrate what the EPS would have looked like if the capital reorganisation had taken place at 1 January 2014. This EPS figure is believed to be more comparable with the actual EPS for the future. No adjustment has been made for interest on the shareholder loan that was redeemed in the IPO owing to immateriality.

³ There are no instruments with a dilutive effect.

NOTE 15 TRADE RECEIVABLES AND OTHER RECEIVABLES

Figures are stated in NOK 1,000

	2015	2014
Other receivables		
Trade receivables	241,467	231,390
Provision for impairment	(1,840)	(1,840)
Net trade receivables	239,627	229,550
Accrued revenue	16,208	40,732
Prepaid expenses	27,360	22,825
Other receivables	3,693	3,396
Forward exchange contracts	9,615	39,729
Other receivables	56,877	106,682
Total	296,504	336,232
Non-current receivables		
Prepaid establishment fee related to overdraft agreements	-	14,625
Deposits and loans to franchisees	1,977	1,638
Interest rate swap agreement	2,863	-
Total	4,840	16,263
Total current and non-current receivables	301,343	352,495

The carrying amount of trade receivables, prepayments and other receivables is assessed not to differ materially from fair value.

Figures are stated in NOK 1,000

PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES	2015	2014
At 01.01	1,840	1,840
Change in provision	-	-
At 31.12	1,840	1,840
Ageing of trade receivables		
Not due	221,692	215,327
Due	17,935	14,223
Total	239,627	229,550

Accounts receivable older than 90 days constituted an insignificant portion of overdue items at 31.12. This applies to both years.

NOTE 16 INVENTORIES AND COST OF GOODS SOLD

Figures are stated in NOK 1,000

	2015	2014
Inventories	1,149,069	1,019,160
– Provision for obsolescence	(39,881)	(34,824)
Booked value	1,109,189	984,336
Provision for obsolescence		
At 01.01	(34,824)	(25,673)
Change in accruals	(5,057)	(9,151)
Provision for impairment at 31.12	(39,881)	(34,824)

The group makes provisions for impairment of inventory. These provisions are estimated and require in-depth knowledge about the goods and market conditions.

Figures are stated in NOK 1,000

	2015	2014
Cost of goods sold	2,635,697	2,433,493
Foreign exchange currency effects (realised)	(66,361)	(9,765)
Net cost of goods sold	2,569,337	2,423,728

NOTE 17 CASH AND CASH EQUIVALENTS

Figures are stated in NOK 1,000

	2015	2014
Cash and cash equivalents	447,116	245,016
Total	447,116	245,016

Net cash and cash equivalents in the consolidated statement of cash flows, include the following:

Figures are stated in NOK 1,000

	2015	2014
Cash and cash equivalents	426,684	244,758
Bank deposits restricted for employee tax withholdings	20,432	259
Net cash and cash equivalents	447,116	245,016

The group had a bank guarantee for employee tax withholdings in 2014.

The group has overdraft facilities totaling NOK 450 million. See note 19 for further information.

NOTE 18 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of Europris is NOK 166,968,888, consisting of 166,968,888 shares with par value of NOK 1.

The company's share capital consists of one class of shares, whereby all shares have the same voting rights.

Major shareholders at 31 December 2015		Number of shares	% of capital
NC EUROPRIS HOLDING BV		74,619,558	44.7%
FOLKETRYGDFONDET		5,479,985	3.3%
SKANDINAVISKA ENSKILDA BANKEN AB	NOMINEE ACCOUNT	5,425,793	3.2%
VERDIPAPIRFONDET DNB NORGE (IV)		3,902,494	2.3%
STATE STREET BANK & TRUST COMPANY	NOMINEE ACCOUNT	3,461,799	2.1%
J.P. MORGAN CHASE BANK N.A. LONDON	NOMINEE ACCOUNT	2,843,277	1.7%
VERDIPAPIRFONDET DNB NORGE SELEKTIV		2,529,563	1.5%
STATE STREET BANK AND TRUST CO.	NOMINEE ACCOUNT	2,429,279	1.5%
STOREBRAND NORGE I		2,065,269	1.2%
NORDKRONEN II AS		2,008,572	1.2%
THE BANK OF NEW YORK MELLON	NOMINEE ACCOUNT	1,873,211	1.1%
VERDIPAPIRFONDET DNB NORDEN (III)		1,794,025	1.1%
JP MORGAN CHASE BANK, NA	NOMINEE ACCOUNT	1,775,000	1.1%
SKANDINAVISKA ENSKILDA BANKEN AB	NOMINEE ACCOUNT	1,753,300	1.1%
STATE STREET BANK & TRUST COMPANY	NOMINEE ACCOUNT	1,667,350	1.0%
VERDIPAPIRFONDET KLP AKSJENORGE		1,606,728	1.0%
THE BANK OF NEW YORK MELLON SA/NV	NOMINEE ACCOUNT	1,456,762	0.9%
CANICA AS		1,450,000	0.9%
STATE STREET BANK AND TRUST CO.	NOMINEE ACCOUNT	1,349,326	0.8%
DNB LIVSFORSIKRING ASA		1,335,765	0.8%
OTHER SHAREHOLDERS		46,141,832	27.6%
Total shares		166,968,888	100.0%

Shares held by directors and CEO	Title	Number of shares
Tom Vidar Rygh (Retiro AS)	Chair	600,000
Christian W Jansson (Carl Westin Ltd)	Director	256,180
Pål Wibe (Nordkronen II AS)	CEO	2,008,572

NOTE 19 BANK BORROWINGS

Refinancing of the group's bank debt was completed in June 2015 with a new five-year term loan facility. The loan is syndicated through two credit institutions, Skandinaviska Enskilda Banken AB and DNB Bank ASA. The loan facility includes an overdraft facility.

Figures are stated in NOK 1,000

	2015		2014	
	Amortised cost	Nominal value	Amortised cost	Nominal value
NON-CURRENT LIABILITIES				
Debt to financial institutions	1,637,506	1,650,000	1,576,800	1,620,900
Total	1,637,506	1,650,000	1,576,800	1,620,900

The amortised cost of the bank debt is assessed not to differ materially from fair value. This is due to the refinancing in June 2015 and the low probability that the risk premium would materially change if the bank agreement had been entered into today. The group's business risk and credit risk have not significantly changed in the period.

Figures are stated in NOK 1,000

	2015	2014
CURRENT LIABILITIES		
First year installment non-current debt	-	110,500
Overdraft facilities		
Overdraft and multi-currency group account	140,000	115,000
Revolving facility loan	225,000	225,000
Capex facility	-	150,000
Guarantees	85,000	110,000
Total	450,000	600,000
Undrawn overdraft facilities	414,200	500,900

Figures are stated in NOK 1,000

	2015	2014
OTHER NON-CURRENT BORROWINGS		
Leasing	10,880	15,145
Total	10,880	15,145

Convenants related to bank agreement:

		Actual	Agreed
Leverage ratio - Net debt / EBITDA	31.12.2015	1.9	3.86

Covenants are measured and reported quarterly. In the bank agreement, the covenant (leverage ratio) will be at the same level for the five coming quarters.

Figures are stated in NOK 1,000

MATURITY STRUCTURE INCLUDING INTEREST

	2015	2014
Within 1 year	35,000	224,500
1 to 2 years	35,000	260,100
2 to 5 years	1,737,500	1,758,300
After 5 years	-	-

Figures are stated in NOK 1,000

EFFECTIVE INTEREST RATE AT 31.12

	2015	2014
Term loan A	2.12%	7.19%
Term loan B	-	7.24%
Term loan B2	-	7.60%

No assets are currently pledged under the new loan agreement.

Figures are stated in NOK 1,000

Debt and credit facilities secured by pledges in 2014

Long-term debt to credit institutions	1,466,300
Long-term leasing debt	15,145
Total overdraft facilities	600,000
Total	2,081,445

Figures are stated in NOK 1,000

Carrying amount of pledged assets in 2014

Fixed assets	185,784
Inventory	984,336
Accounts receivables	229,550
Total	1,399,670

NOTE 20 DERIVATIVES

Figures are stated in NOK 1,000

	2015	2014
Forward exchange contracts - expiring within 1 year	9,615	39,729
Interest rate swaps - expiring between 1 and 5 years	2,862	-
Total derivatives - asset	12,477	39,729
Interest rate swaps - expiring between 1 and 5 years	4,266	25,100
Total derivatives - liability	4,266	25,100
Net derivative asset / (liability)	8,211	14,630

FORWARD EXCHANGE CONTRACTS

The group faces currency risk arising from purchases in foreign currencies. The group hedges currency fluctuations by entering into forward exchange contracts. The group does not use hedge accounting. Forward exchange contracts are measured at fair value through profit or loss.

Figures are stated in NOK 1,000

	Amount in NOK	Average exchange rate
Nominal principal forward contracts (USD)	252,057	8.54
Nominal principal forward contracts (EUR)	51,022	9.28

INTEREST RATE SWAPS

The group has entered into interest rate swap agreements to hedge part of its interest rate risk fluctuations. The group does not use hedge accounting. The interest rate swaps are measured at fair value through profit or loss.

Figures are stated in NOK 1,000

	2015	2014
Lowest fixed interest rate in interest rate swap agreement	1.090%	1.961%
Highest fixed interest rate in interest rate swap agreement	1.288%	2.731%

Figures are stated in NOK 1,000

	2015	2014
Nominal principal in interest rate swap	825,000	1,207,675

NOTE 21 FINANCIAL INSTRUMENTS BY CATEGORY

Figures are stated in NOK 1,000

	2015	2014
Loans and receivables		
Non-current receivables	1,977	16,263
Accounts receivable and other receivables	286,889	296,504
Cash and cash equivalents	447,116	245,016
Financial liabilities measured at amortised cost		
Non-current debt	(1,648,385)	(1,481,445)
Other non-current debt	-	(16,773)
Short-term debt (first year installment)	-	(110,500)
Accounts payable and other short-term payables	(619,823)	(619,264)
Assets/liabilities measured at fair value through profit or loss		
Derivatives - asset	12,477	39,729
Derivatives - liability	(4,266)	(25,100)
Net financial instruments	(1,524,016)	(1,655,569)

All of the group's financial instruments that are measured at fair value are classified as level 2. Level 2 consists of financial instruments with no quoted prices in active markets for identical assets or liabilities that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 2 assets and liabilities are measured by using valuation methods. These valuation methods utilise observed data, and the group's own estimates. If all significant data required to measure the fair value of an instrument is observable data, then the instrument is classified as level 2.

Special valuation methods being used to value financial instruments include:

- » fair value of interest rate swaps are measured as the net present value of estimated future cash flows based on the observable yield curve
- » fair value of forward exchange contracts is measured as the net present value of the difference between the contractual forward rate and the forward rate of the currency at the balance-sheet date, multiplied by the contractual volume in foreign currency.

NOTE 22 ACCOUNTS PAYABLE AND OTHER CURRENT DEBT

Figures are stated in NOK 1,000

	2015	2014
Accounts payable	444,888	481,507
Debt to group companies	-	100
Social security taxes and VAT	127,154	112,670
Other current debt	174,935	162,857
Total	746,977	757,134

NOTE 23 GUARANTEES

The group had the following off-balance sheet guarantees at 31.12:

Figures are stated in NOK 1,000

	2015	2014
Supplier guarantees	12,790	10,160
Bank guarantees	22,490	26,150
Total	35,280	36,310

NOTE 24 RELATED PARTIES

The group's related parties include its associates, key management personnel, directors and major shareholders.

All subsidiaries included in note 1.2 are related parties of Europris ASA.

For management remuneration, refer to note 7 - Management remuneration.

Figures are stated in NOK 1,000

SHAREHOLDER LOAN FROM NC EUROPRIS HOLDING BV (RELATED PARTY)	2015	2014
Book value at 01.01	16,773	14,976
Loans granted during theyear	-	-
Interest	962	1,797
Loans repaid during the year	(17,735)	-
Book value at 31.12	-	16,773

Loans from related parties were repaid in full in connection with the IPO in June.
The loan from NC Europris Holding BV had an interest rate of 12% per annum.

There have been no other significant transactions with related parties.

NOTE 25 CONTINGENT LIABILITIES

There are no significant contingent liabilities at 31.12.2015.

NOTE 26 EVENTS AFTER THE BALANCE-SHEET DATE

The board will propose the distribution of an ordinary dividend of NOK 1.40 per share for the fiscal 2015.

No other events have occurred after the balance-sheet date and before the date of the approval of the financial statements that provide new information about conditions that existed at the balance sheet date (that are not currently reflected in the financial statements), nor have any significant events occurred after the balance sheet date that require further disclosures.

EUROPRIS ASA PARENT COMPANY 2015



INCOME STATEMENT



Figures are stated in NOK 1,000

	Note	2015	2014
Total operating revenue		-	-
Other operating expenses	2,3	30,317	20
Total operating expenses		30,317	20
Operating income		(30,317)	(20)
Group contribution from subsidiary	5	29,516	-
Interest income from group companies	5	962	1,797
Other interest income		711	857
Other financial income		100	
Total financial income		31,289	2,654
Interest expense to group companies	5	962	1,797
Other interest expense		-	1
Other financial expenses		10	1
Total financial expenses		973	1,799
Net financial income (expenses)		30,317	855
Profit before income tax		-	835
Income tax expense	6	-	226
Profit for the year		-	609
Statement of comprehensive income			
Profit for the year		-	609
Other comprehensive income		-	-
Total comprehensive income for the year		-	609

Notes 1 to 10 are an integral part of the financial statements

BALANCE SHEET



Figures are stated in NOK 1,000

ASSETS	Note	31-12-2015	31-12-2014
Non-current assets			
Financial assets			
Investments in subsidiaries	4	925,500	925,500
Loans to group companies	5,9	-	16,773
Total financial assets		925,500	942,273
Total non-current assets		925,500	942,273
Current assets			
Trade and other receivables			
Receivable from group companies	5,9	152,167	98,528
Other receivables		35	-
Total trade and other receivables		152,201	98,528
Cash and cash equivalents		284	177
Total current assets		152,485	98,705
Total assets		1,077,985	1,040,978

Notes 1 to 10 are an integral part of the financial statements

BALANCE SHEET



Figures are stated in NOK 1,000

EQUITY AND LIABILITIES	Note	31-12-2015	31-12-2014
EQUITY			
Paid-in capital			
Share capital	7	166,969	9,255
Share premium		903,193	916,245
Total paid-in capital		1,070,162	925,500
Retained earnings			
Other equity		1	98,379
Total retained earnings		1	98,379
Total shareholders' equity		1,070,163	1,023,879
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	5,9	-	16,773
Total non-current liabilities		-	16,773
Current liabilities			
Accounts payable		7,821	-
Tax payable	6	-	226
Current debt to group companies	5,9	-	100
Total current liabilities		7,821	326
Total liabilities		7,821	17,099
Total equity and liabilities		1,077,985	1,040,978

Notes 1 to 10 are an integral part of the financial statements



RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2015 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Fredrikstad, 9 March 2016

THE BOARD OF DIRECTORS OF EUROPRIS ASA



Tom Vidar Rygh
Chair



Michael Haaning



Hege Børmark



Christian W. Jansson



Bente Sollid Storehaug



Anne Carine Tanum



Pål Wibe
CEO

STATEMENT OF CHANGES IN EQUITY



Figures are stated in NOK 1,000

	Share capital	Share premium	Retained earnings	Total
Equity 01.01.2014	9,255	916,245	13,549	939,049
Reversal of dividend payable 2013	-	-	84,221	84,221
Profit for the period	-	-	609	609
Other comprehensive income	-	-	-	-
Equity 31.12.2014	9,255	916,245	98,379	1,023,879
Equity 01.01.2015	9,255	916,245	98,379	1,023,879
Capital reduction ¹	(5,553)	(797,974)	-	(803,527)
Capital contribution by transfer from distributable equity (bonus issue) ²	144,378	(46,000)	(98,378)	-
Proceeds from shares issued (Initial public offering) ³	18,889	830,922	-	849,811
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Equity 31.12.2015	166,969	903,193	1	1,070,163

¹ Restructuring of the company's share capital implemented by redemption of 222,120,000 preference shares, see of the Norwegian Public Limited Companies Act, section 12-1 paragraph 2.

² The share capital was increased by NOK 144,378 by increasing the par value of the company's 148,080,000 shares by NOK 0.975 from NOK 0.025 to NOK 1 per share through a transfer from other equity, were of NOK 98,378 from retained earnings and NOK 46,000 from previously paid in capital.

³ In the offering, Europris ASA issued a total of 18,888,888 new shares to investors at an average subscription price of NOK 44.99.

In accordance with sections 9-4 and 9-5 of the Norwegian Public Limited Liability Companies Act, the board is mandated to acquire the company's own shares on specified conditions.

STATEMENT OF CASH FLOWS



Figures are stated in NOK 1,000

	2015	2014
Cash flows from operating activities		
Profit before income tax	-	835
Income tax paid	(226)	(146)
Change in account payable	7,823	-
Change in other working capital	(29,651)	-
Net cash from operating activities	(22,055)	689
Cash flows from investing activities		
Payments received from loans to group companies	17,735	-
Net cash used in investing activities	17,735	-
Cash flows from financing activities		
Change in group cash pool deposits	(24,123)	(686)
Payment of shareholder loan	(17,735)	-
Net capital increase	46,284	-
Net cash from financing activities	4,427	(686)
Net increase in cash and cash equivalents	107	3
Cash and cash equivalents at 1 January	177	174
Cash and cash equivalents at 31 December	284	177

Notes 1 to 10 are an integral part of the financial statements

NOTE 1 ACCOUNTING PRINCIPLES



Europris ASA is the parent company of the Europris group, consisting of Europris Holding AS and subsidiaries.

The financial statements of Europris ASA have been prepared in accordance with the simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act and the directive of simplified IFRS issued by the Norwegian Ministry of Finance on 21 January 2008.

The board approved the financial statements on 9 March 2016.

1.1 Simplified IFRS

The company has applied the following simplifications to the IFRS recognition and measurement principles:

- » IFRS 1 First-time adoption of IFRS no 7 regarding use of continuity of historical acquisition cost of investments in subsidiaries.
- » IAS 10 Events after the reporting period nos 12 and 13 and IAS 18 Operating revenues no 30 are waived regarding recognition of dividends and group contribution from group companies. Dividends and group contributions are recognised as income in the same year as the dividend or group contribution is recognised in the financial statements of the group company that pays the dividend or group contribution, in accordance with the generally accepted accounting principles in Norway.

1.2 Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention. The company has applied the going concern assumption when preparing its financial statements.

1.3 Revenue recognition

Group contributions and dividends received from subsidiaries are recognised as income if the amount is within net income of the subsidiary after the acquisition date. Group contributions and dividends that exceed the net income of the subsidiary after the acquisition date are recognised as a reduction of carrying value of the subsidiary. When recognising income, the gross group contribution (before tax) is presented on a separate line in the income statement.

Group contributions to subsidiaries from the company increase the carrying value of the investment. Group contributions to subsidiaries are recognised net, after tax.

1.4 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Deferred tax/deferred tax asset is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The company recognises previously deferred tax assets to the extent that it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce deferred tax assets to the extent that the company no longer considers it probable that it can utilise the deferred tax asset.

Deferred tax liabilities and deferred tax assets are measured on the basis of the anticipated future tax rate relating to items where the temporary difference has arisen.

Deferred tax liabilities and deferred tax assets are recognised at nominal value and are classified as fixed assets (non-current liabilities) in the balance sheet.

Current tax and deferred tax are recognised directly in equity to the extent that the tax items relate to equity transactions or changes in accounting principles.

1.5 Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash with a maximum term of three months.

1.6 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that an outflow of economic resources will be required from the company and amounts can be estimated reliably.

If the effect is material, provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, if relevant, the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and an assessment of all possible outcomes and the accompanying probabilities.

1.7 Contingent liabilities and assets

A contingent liability is recorded in the books of accounts only if the contingency is probable and the amount of the liability can be estimated. In cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is disclosed.

A contingent asset is not recognised in the financial statements, but disclosed if it is probable that the benefit will flow to the company.

1.8 Subsequent events

New information after the reporting date regarding the company's financial position at the reporting date is taken into consideration in the financial statements. Events after the reporting date that do not affect the company's financial position at the reporting date, but that will affect the financial position of the company in the future, are disclosed if they are considered significant.

NOTES TO THE FINANCIAL STATEMENTS



NOTE 2 EMPLOYEES, PENSIONS AND REMUNERATION TO AUDITOR

The company has no employees. As a result, it has no obligation to have a pension scheme according to the Norwegian Act on mandatory occupational pensions.

No salaries or other remunerations have been paid to the CEO or the company's directors. There are no obligations to pay the directors a settlement in the event of a termination of service.

No loans or guarantees have been provided for any related parties except as disclosed in note 3.

Figures are stated in NOK 1,000

	2015	2014
Statutory audit	-	20
Audit services related to IPO process for Europris ASA group	2,371	-
Total audit fees	2,371	20

NOTE 3 OTHER OPERATING EXPENSES

Nonrecurring items of NOK 30 million related to the IPO in June 2015 are included in other operating expenses.

NOTE 4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at acquisition cost and accounted for using the cost method.

Figures are stated in NOK 1,000

Subsidiary	Registered office	Ownership share	Equity 31.12.2015	Net income 2015	Carrying value
Europris Holding AS	Fredrikstad	100%	1,428,208	(3,314)	925,500

NOTE 5 NON-CURRENT LIABILITIES TO PARENT COMPANY, LOANS TO SUBSIDIARIES AND INTEREST

Liabilities and receivables to group companies are included with the following amounts:

Figures are stated in NOK 1,000

LIABILITIES	2015	2014
Other current liabilities	-	16,773
Loans from shareholders	-	16,873
Total liabilities	(22,055)	689

Figures are stated in NOK 1,000

RECEIVABLES	2015	2014
Group contribution	29,516	-
Deposits in the group's cash pool agreement	122,650	98,528
Non-current loans to subsidiaries	-	16,773
Total receivables	152,167	115,301

Loans from related parties were repaid in full in connection with the IPO in June 2015. These loans had an interest rate of 12% per annum.

Figures are stated in NOK 1,000

INTEREST EXPENSE	2015	2014
Interest expense on loans from shareholders	962	1,797
Total interest expense to group companies	962	1,797

Figures are stated in NOK 1,000

INTEREST INCOME	2015	2014
Interest income from loans to subsidiaries	962	1,797
Total interest income from group companies	962	1,797

NOTE 6 INCOME TAX EXPENSE

Figures are stated in NOK 1,000

BASIS FOR INCOME TAX EXPENSE AND TAX PAYABLE	2015	2014
Profit before tax	-	835
Non-deductible expenses	-	1
Basis for the tax expense	-	836

Figures are stated in NOK 1,000

RECONCILIATION OF INCOME TAX EXPENSE	2015	2014
Tax payable (27% of the basis for tax payable in the income statement)	-	226
Total tax payable	-	226
Income tax expense (27% of the basis for income tax expense)	-	226

Figures are stated in NOK 1,000

TAX PAYABLE IN THE BALANCE SHEET	2015	2014
Tax payable in income tax expense	-	226
Tax payable in balance sheet	-	226

NOTE 7 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of Europris ASA is NOK 166,968,888, consisting of 166,968,888 shares with par value of NOK 1.

The company's share capital consists of one class of shares, whereby all shares have the same voting rights.

Major shareholders at 31 December 2015		Number of shares	% of capital
NC EUROPRIS HOLDING BV		74,619,558	44.7%
FOLKETRYGDFONDET		5,479,985	3.3%
SKANDINAVISKA ENSKILDA BANKEN AB	NOMINEE ACCOUNT	5,425,793	3.2%
VERDIPAPIRFONDET DNB NORGE (IV)		3,902,494	2.3%
STATE STREET BANK & TRUST COMPANY	NOMINEE ACCOUNT	3,461,799	2.1%
J.P. MORGAN CHASE BANK N.A. LONDON	NOMINEE ACCOUNT	2,843,277	1.7%
VERDIPAPIRFONDET DNB NORGE SELEKTIV		2,529,563	1.5%
STATE STREET BANK AND TRUST CO.	NOMINEE ACCOUNT	2,429,279	1.5%
STOREBRAND NORGE I		2,065,269	1.2%
NORDKRONEN II AS		2,008,572	1.2%
THE BANK OF NEW YORK MELLON	NOMINEE ACCOUNT	1,873,211	1.1%
VERDIPAPIRFONDET DNB NORDEN (III)		1,794,025	1.1%
JP MORGAN CHASE BANK, NA	NOMINEE ACCOUNT	1,775,000	1.1%
SKANDINAVISKA ENSKILDA BANKEN AB	NOMINEE ACCOUNT	1,753,300	1.1%
STATE STREET BANK & TRUST COMPANY	NOMINEE ACCOUNT	1,667,350	1.0%
VERDIPAPIRFONDET KLP AKSJENORGE		1,606,728	1.0%
THE BANK OF NEW YORK MELLON SA/NV	NOMINEE ACCOUNT	1,456,762	0.9%
CANICA AS		1,450,000	0.9%
STATE STREET BANK AND TRUST CO.	NOMINEE ACCOUNT	1,349,326	0.8%
DNB LIVSFORSIKRING ASA		1,335,765	0.8%
OTHER SHAREHOLDERS		46,141,832	27.6%
Total shares		166,968,888	100.0%

Shares held by board of directors and CEO	Title	Number of shares
Tom Vidar Rygh (Retiro AS)	Chair	600,000
Christian W Jansson (Carl Westin Ltd)	Director	256,180
Pål Wibe (Nordkronen II AS)	CEO	2,008,572

NOTE 8 TRANSACTIONS WITH RELATED PARTIES

Information regarding salaries of senior executives is disclosed in note 1. Information on intercompany receivables and liabilities is disclosed in note 3. There has not been any material transactions with related parties in 2015 other than the information included in the notes.

NOTE 9 FINANCIAL INSTRUMENTS BY CATEGORY

Figures are stated in NOK 1,000

DEPOSITS AND RECEIVABLES	2015	2014
Non-current receivables	-	16,773
Accounts receivables and other current receivables	152,201	98,528
Cash and cash equivalents	284	177

Figures are stated in NOK 1,000

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	2015	2014
Other non-current liabilities	-	(16,773)
Other liabilities	-	(100)
Accounts payable	(7,821)	-
Net financial instruments	144,664	98,604

NOTE 10 SUBSEQUENT EVENTS

The board of directors will propose the distribution of an ordinary dividend of NOK 1.40 per share for the fiscal 2015.

There were no subsequent events after the balance sheet date and before the date of the approval of the financial statements which provide new information about conditions that existed at the balance sheet date (that are not currently reflected in the financial statements), or significant events after the balance sheet date that require further disclosures.



To the Annual Shareholders' Meeting of Europris ASA

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Europris ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2015, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2015, income statement, changes in equity, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of Europris ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Europris ASA as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Sarpsborg, 9 March 2016
PricewaterhouseCoopers AS



Dag Olav Haugen
State Authorised Public Accountant (Norway)

SHAREHOLDER INFORMATION

Europris ASA was listed on the Oslo Stock Exchange on 19 June 2015 at a price of NOK 45.00. The share price closed year-end 2015 at NOK 43.00, which implies a market value of NOK 7,180 million.

Europris ASA had 1,438 registered shareholders in the Norwegian Central Securities Depository (VPS) at 31 December 2015. The company's shareholders are located in 12 different countries in addition to Norway. More than 90% of the company's shareholders are based in Norway, while 76% of the shares are registered to foreign shareholders.



Analyst coverage

Eight equity analysts covered Europris ASA in 2015:

ABG Sundal Collier	petter.nystrom@abgsc.no andreas.lundberg@abgsc.no
Arctic Securities	magnus.berg@arcticsec.no
Bank of America Merrill Lynch	paul.steegers@baml.com
DNB Markets	ole.martin.westgaard@dnb.no erik.lundby@dnb.no
Fondsinans	iag@fondsinans.no
Goldman Sachs	rob.joyce@gs.com charles.burrows@gs.com
Nordea	rauli.juva@nordea.com
SEB	markus.bjerke@seb.no stefan.nelson@seb.se

Financial calendar

13 May 2016	Annual general meeting
13 May 2016	First quarter 2016
11 August 2016	Second quarter 2016
3 November 2016	Third quarter 2016

Share information

Number of shares	166,968,888
Nominal value per share	NOK 1.00
Ticker at Oslo Børs	EPR

Major shareholders at 31 December 2015

NC EUROPRIS HOLDING BV

FOLKETRYGDFONDET

SKANDINAVISKA ENSKILDA BANKEN AB

VERDIPAPIRFONDET DNB NORGE (IV)

STATE STREET BANK & TRUST COMPANY

OTHER SHAREHOLDERS

TOTAL SHARES

NOMINEE ACCOUNT

NOMINEE ACCOUNT

	Number of shares	% of capital
	74,619,558	44.7%
	5,479,985	3.3%
	5,425,793	3.2%
	3,902,494	2.3%
	3,461,799	2.1%
	74,079,259	44.4%
	166,968,888	100.0%



- **Directly operated store** means a store owned and operated by the group.
- **Franchise store** means a store operated by a franchisee under a franchise agreement with the group.
- **Chain** means the sum of directly operated stores and franchise stores.
- **Like-for-like** are stores which have been open for every month of the current calendar year and for every month of the previous calendar year.
- **Net sales** include sales through the directly operated stores and wholesale sales to franchise stores.
- **Gross profit** represents group revenue less the cost of goods sold.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) represents operating profit excluding depreciation expense.
- **Adjusted EBITDA** is EBITDA adjusted for nonrecurring expenses.
- **Adjusted net profit** is net profit adjusted for nonrecurring items and additional financial expenses related to the refinancing in connection with the IPO.
- **Adjusted earnings per share** is Adjusted net profit divided by the current total number of shares (166,968,888).
- **Working capital** is the sum of inventories, trade receivables and other receivables less the sum of accounts payable and other current liabilities.
- **Capital expenditure** is the sum of purchases of fixed assets and intangible assets.
- **Net debt** is the sum of term loans and financial leases less bank deposits and cash.

CONTACT

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Europris
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