

Europris

MER TIL OVERS

Q2-20



EUROPRIAS ASA

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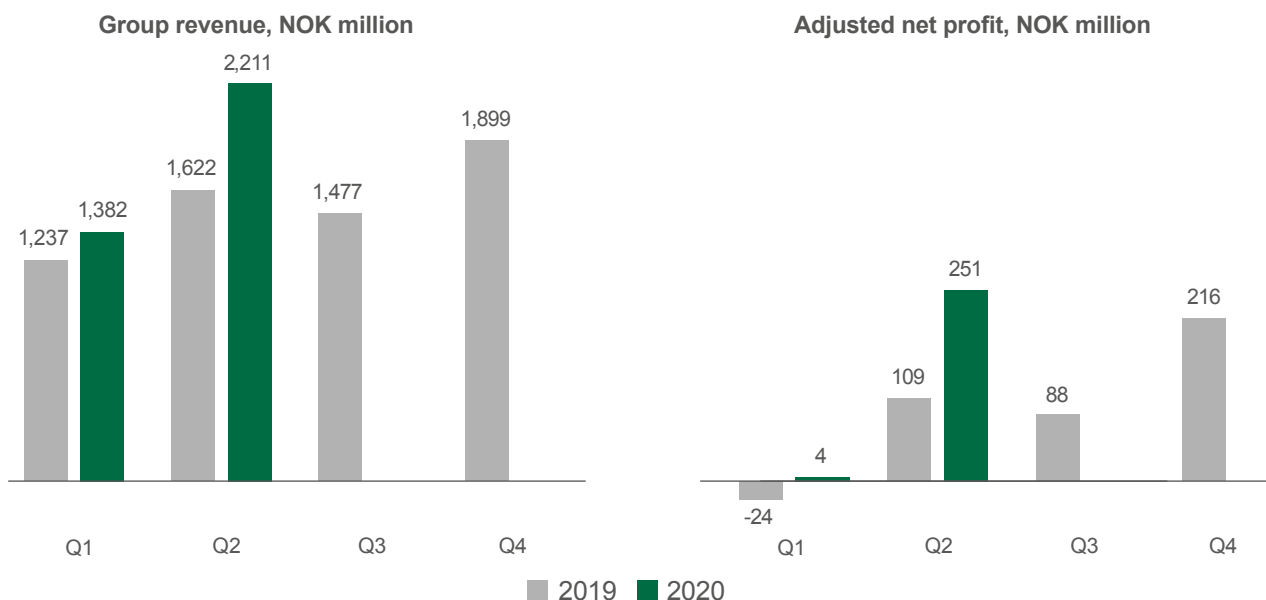
Second quarter 2020

- Record sales driven by increased demand following the Covid-19 outbreak
 - » Group revenue increased by 36.3 per cent to NOK 2,211 million (2019: NOK 1,622 million)
 - » 34.6 per cent like-for-like growth
- Gross margin 43.9 per cent (42.4 per cent)
 - » Solid gross-margin management through balancing campaigns and the product offering
- Opex-to-sales ratio reduced to 20.5 per cent (24.2 per cent)
 - » Last year included NOK 35 million in additional warehouse costs related to the high fill rate
- Adjusted EBITDA rose by 75 per cent to NOK 517 million (NOK 296 million)
- Successful launch of new e-commerce platform
- Espen Eldal appointed CEO of the group

First half 2020

- Group revenue increased by 25.7 per cent to NOK 3,593 million (NOK 2,859 million)
 - » Sales growth relatively evenly distributed between increases in customers and in baskets
 - » Significant outperformance of the market
- Gross margin increased by 0.6 percentage points to 42.6 per cent (42 per cent)
- Improved cost control with Opex-to-sales ratio of 23.9 per cent (27.3 per cent)
- Adjusted net profit increased by 200 per cent to NOK 255 million (NOK 85 million)
 - » Adjusted earnings per share of NOK 1.54 (NOK 0.52)
- Inventory reduced by NOK 125 million to NOK 1,591 million (NOK 1,716 million)
- Solid financial position – cash and available credits of NOK 1,315 million (NOK 336 million)
- Covid-19: safeguarding employees and operations the top priority
 - » Europris adheres at all times to the guidelines issued by the Norwegian Institute of Public Health
 - » Infection control measures maintained and integrated as part of the concept in the stores
 - » Business continuity plans initiated early to safeguard employee health, supply of goods and store operations

Figures for the corresponding period last year in brackets. The figures are unaudited.
See page 26 for definitions of APMs.



KEY FIGURES



Figures are stated in NOK million

	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
CHAIN KEY FIGURES					
Total retail sales	2,334.9	1,723.9	3,767.3	3,002.8	6,561.3
Growth (%)	35.4%	12.3%	25.5%	7.3%	6.4%
Like-for-like sales growth (%)	34.6%	9.8%	24.2%	5.0%	4.4%
Total number of stores at end of period	264	263	264	263	264
- Directly operated stores	235	229	235	229	231
- Franchise stores	29	34	29	34	33
GROUP KEY INCOME STATEMENT FIGURES					
Sales directly operated stores	2,014.0	1,439.6	3,237.6	2,504.7	5,490.5
Sales from wholesale to franchise stores	174.8	157.8	317.8	314.5	665.6
Franchise fees and other income	21.9	24.3	37.7	39.6	78.4
Group revenue	2,210.7	1,621.6	3,593.1	2,858.7	6,234.4
% growth	36.3%	13.6%	25.7%	8.8%	7.2%
COGS excluding unrealised foreign exchange effects	1,239.5	933.7	2,063.9	1,658.8	3,523.3
Gross profit	971.2	687.9	1,529.2	1,199.9	2,711.0
% margin	43.9%	42.4%	42.6%	42.0%	43.5%
Opex	458.9	400.4	870.0	787.2	1,596.4
Non-recurring items	4.9	8.0	9.8	8.0	18.7
Opex excluding non-recurring items	454.0	392.4	860.2	779.2	1,577.7
% of group revenue	20.5%	24.2%	23.9%	27.3%	25.3%
Adjusted EBITDA	517.2	295.5	669.0	420.7	1,133.3
% margin	23.4%	18.2%	18.6%	14.7%	18.2%
Adjusted EBIT	380.0	165.4	397.6	169.2	617.7
Adjusted profit before tax	321.2	139.2	328.1	109.6	499.1
Adjusted net profit	250.6	109.1	254.7	84.8	390.0
Adjusted earnings per share	1.51	0.68	1.54	0.52	2.41
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES					
Net change in working capital	379.9	146.7	99.1	(195.8)	160.6
Capital expenditure	40.7	49.0	67.4	73.1	157.0
Financial debt			1,197.0	1,762.8	1,656.3
Lease liabilities - IFRS 16 effect			1,925.8	2,037.8	2,004.0
Cash			127	4.4	568.0
Net debt			2,995.9	3,796.3	3,092.2

ALTERNATIVE PERFORMANCE MEASURES



Figures are stated in NOK million

	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Group revenue	2,210.7	1,621.6	3,593.1	2,858.7	6,234.4
Cost of goods sold (COGS)	1,269.5	937.7	2,063.0	1,669.7	3,543.7
Unrealised foreign exchange effects	(30.0)	(3.9)	0.9	(10.9)	(20.3)
Gross profit	971.2	687.9	1,529.2	1,199.9	2,711.0
% margin	43.9%	42.4%	42.6%	42.0%	43.5%
Employee benefits expense	277.1	218.8	540.5	459.4	985.3
Other operating expenses	304.4	293.1	571.5	541.3	1,060.9
<i>Other operating expenses - IFRS 16 effect</i>	<i>(122.6)</i>	<i>(111.5)</i>	<i>(242.0)</i>	<i>(213.4)</i>	<i>(449.8)</i>
Opex	458.9	400.4	870.0	787.2	1,596.4
Non-recurring items	4.9	8.0	9.8	8.0	18.7
Opex excluding non-recurring items	454.0	392.4	860.2	779.2	1,577.7
% of group revenue	20.5%	24.2%	23.9%	27.3%	25.3%
Adjusted EBITDA	517.2	295.5	669.0	420.7	1,133.3
Depreciation	23.5	27.0	47.2	53.0	99.6
<i>Depreciation - IFRS 16 effect</i>	<i>113.6</i>	<i>103.1</i>	<i>224.2</i>	<i>198.5</i>	<i>416.1</i>
Adjusted EBIT	380.0	165.4	397.6	169.2	617.7
Net financial income (expense)	(15.5)	(13.2)	(38.5)	(23.9)	(51.3)
<i>Net financial expense - IFRS 16</i>	<i>(13.3)</i>	<i>(11.7)</i>	<i>(26.3)</i>	<i>(21.9)</i>	<i>(46.9)</i>
Unrealised foreign exchange effects	(30.0)	(3.9)	0.9	(10.9)	(20.3)
Profit (loss) from associated companies	-	2.6	(5.5)	(2.9)	-
Adjusted profit before tax	321.2	139.2	328.1	109.6	499.1
Adjusted net profit	250.6	109.1	254.7	84.8	390.0
Adjusted earnings per share	1.51	0.68	1.54	0.52	2.41
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES					
Net change in working capital	379.9	146.7	99.1	(195.8)	160.6
Purchases of fixed assets	32.5	43.6	50.7	64.6	137.6
Purchases of intangible assets	8.1	5.3	16.6	8.5	19.4
Capital expenditure (incl. IFRS 16 effects)	40.7	49.0	67.4	73.1	157.0
Financial debt			3,122.8	3,800.5	3,660.3
<i>Lease liabilities - IFRS 16</i>			<i>1,925.8</i>	<i>2,037.7</i>	<i>2,004.0</i>
Cash			126.9	4.4	568.0
Net debt			1,070.1	1,758.5	1,088.3

For definitions of APMs see page 26.

COVID-19 OPERATIONAL UPDATE



During the period, the top priority at Europris was to make sure that the chain adhered to all national guidelines for infection control, and to ensure a safe working environment for employees and a safe shopping experience for customers. The group established an emergency team at an early stage, and this has coordinated all the measures taken as well as providing information to employees.

Following the Covid-19 outbreak and the introduction of national infection control measures in Norway on 12 March, Europris has experienced strong sales growth. The first period was strongly affected by the hoarding of groceries and other necessities, and developments varied greatly between the chain's stores. Hoarding subsided gradually after a short time, and sales have stabilised. Europris has since seen strong sales growth across all store locations and categories.

Well-being of employees and customers is still the highest priority

No Europris employees tested positive for Covid-19 during the second quarter. The four employees who tested positive in the first quarter are all healthy and did not develop any serious symptoms. In cases where employees have tested positive, Europris has collaborated with local authorities. Employees have received the necessary help from the health care system and close follow-up by the group's HR department. Two of the chain's stores were closed as a result of proven infection among employees, both in March. They closed immediately, but reopened after thorough disinfection by an external cleaning specialist.

Strict infection control measures continue

Europris adheres at all times to the guidelines issued by the Norwegian Institute of Public Health, and established good routines at an early stage for informing employees, customers and partners.

All infection control measures are maintained and integrated as part of the concept in the chain's stores. Strict routines have been introduced in the chain's 264 stores for cleaning all contact surfaces, such as trollies, baskets and touch screens. In addition, the cleaning frequency has been increased for all premises. Government advice for safe trading is followed. Information posters are displayed at

entrances and hand sanitisers are provided for customers. Floor marking has been introduced to ensure the recommended distance between both customers and employees, and plexiglass screens have been introduced in the checkout area.

At the same time, infection control measures are maintained at both the central warehouse and head office, facilitating social distancing, extensive use of home working and an increased cleaning frequency. Furthermore, restrictions on travel and physical meetings are being maintained.

Impact on sales

Immediately after the introduction of national infection control measures, Europris experienced abnormal sales growth owing to tendencies to hoard groceries and other necessities. Developments for the chain's stores varied greatly during this initial period. Sales declined in shopping malls, town centres and holiday-cabin areas, while stores located on the outskirts of city centres and near the border with Sweden experienced strong sales growth. However, a common denominator for all stores was a large increase in the shopping basket.

Customer behaviour changed after a few weeks, and Europris experienced strong sales growth across its entire store network. The stores with the strongest growth are located in eastern Norway, where the closure of the border with Sweden has led to increased sales. This is also the region where most cases of infection have been registered. The region with the lowest sales growth is northern Norway, where changes to the shopping pattern as a result of Covid-19 have been smaller. The population in this region has reported few cases of infection, and is used to following a more planned shopping pattern owing to the geographical distance to shops.

At 30 June 2020, all stores were open and observing normal business hours.

Sourcing and flow of goods

Europris has worked closely with its suppliers during the period to secure enough goods for the stores. This has worked well, with only minor delays recorded. Employees at Tokmanni and the Europris purchasing office in Shanghai have made consider-

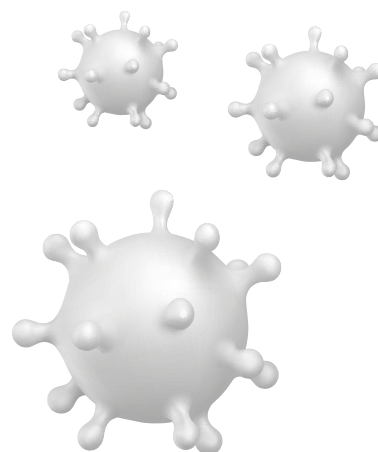
able efforts to secure deliveries of summer season goods, and have followed up production of goods for the second half.

The strong sales growth has been a challenge for both purchasing and logistics. Product volumes for the season and the capacity of central warehousing and distribution were planned in accordance with expected normal growth. The high sales growth has resulted in a need for more products and an upscaling of capacity in the logistics function.

Furthermore, the extraordinary sales growth has led to some circumstances where products are sold out and, in certain cases, Europris has had to look for replacement products – especially for seasonal products with long lead times. To secure enough goods for the stores, Europris' buyers have purchased stock-lots of consumables which will be used in campaigns to ensure customer traffic throughout the summer.

Effect from currency fluctuations

The Norwegian krone strengthened during the second quarter but is still volatile and weaker than at 31 December 2019. Over time, this will affect purchase prices for Europris. The group is keeping to its currency hedging policy, which specifies that all purchase orders placed in USD and EUR are hedged six months ahead. This has historically provided sufficient time to adjust retail prices. Purchase prices are renegotiated, too, particularly with suppliers who do not have their cost base in USD or EUR. Such renegotiations are also carried out for purchase orders already placed.



PERIOD REVIEW



In the wake of the Covid-19 outbreak, Europris has experienced strong sales growth driven by changed consumer behaviour as a result of strict national infection control measures. The control and travel measures have led to increased consumption of consumer goods by households, and most Norwegians are preparing for a summer holiday in their own country. In sum, this has favoured the Europris concept of low prices and a wide range of products offered through a unique and accessible nationwide store network. Europris has clearly played an important societal role during this critical period through its own supply chain of necessary goods for people and communities.

Remarkable efforts has been made by all employees in managing record sales while simultaneously adhering to strict new routines. In particular, employees in the chain's stores have made an outstanding commitment to maintaining important control measures so that customers have a safe shopping environment. At the same time, procurement and logistics employees have ensured the supply of goods and scaled up capacity to handle an unforeseen growth of more than 30 per cent. Lastly, good gross-margin management and cost control were demonstrated during the quarter. All this is reflected in record adjusted EBITDA, which rose by 75 per cent to NOK 517 million.

Sales performance

The Europris chain increased its revenues by 35.4 per cent during the second quarter, including an extra sales day in June. Adjusted for the extra sales day, growth was 33.5 per cent. Sales for like-for-like stores grew by 34.6 per cent. Sales growth was relatively evenly distributed during the quarter, with a slight overweight in May.

This strong sales growth was significantly influenced by the Covid-19 pandemic. National infection control measures have resulted in increased consumption by households, while travel restrictions mean that most Norwegians are preparing for a summer holiday in their own country. In particular, the closure of the frontier with Sweden has led to increased sales because of the temporary halt to cross-border shopping.

Europris experienced strong sales growth throughout the chain in the second quarter, and as many as 258 of the chain's 259 like-for-like stores experienced sales growth. The stores in eastern Norway, which have historically seen the largest leakage of trade to Sweden, enjoyed the biggest sales growth in the quarter, at 41.3 per cent. Elsewhere in the country, sales growth was relatively uniform at 30-35 per cent except for northern Norway, where growth was 21.9 per cent.

Second-quarter sales growth by region

Northern Norway	21.9%
Mid-Norway	30.2%
Western Norway	33.2%
Southern Norway	35.3%
Eastern Norway	41.3%
Nationally	35.4%

All Europris' categories delivered strong growth in the second quarter, with the seasonally important home and garden category showing the highest increase at 44.6 per cent. The latter has been positively influenced by Norwegians making preparations to spend their summer holidays at home or at their holiday cabin, combined with good weather during the quarter. At 13 per cent for the quarter, the lowest growth was recorded by hobby and office, which is the smallest category in Europris. Sales of office accessories for B2B customers fell because many companies have introduced home working.

Sales growth for the quarter is relatively evenly distributed between a rise in the number of customers and an expansion in the basket, with the latter driven mainly by a larger number of items per customer.

Europris continuously analyses customer traffic and behaviour. A case in point is analysing anonymous payment cards registered at the tills. Comparing sales receipt data from the first half of 2020 with the first half of last year shows that the number of sales receipts increased by 10.7 per cent. Existing customers account for about three-quarters of this, and unique new customers for the remainder. Some customers pay in cash, although their share of total sales has fallen during Covid-19 from 15 per cent in 2019 to 12.7 per cent in 2020. Assuming customers paying in cash have a slightly higher shopping frequency than customers using cards, Europris had around 2.7 million unique customers in its stores during the first half of 2020.

Market figures for the second quarter are not yet available, but cumulative figures for May confirm that general retail is recovering and to some extent improving from the Covid-19 shutdown, although large variations exist between the various market segments.

Sales growth to May

	Total growth	Like-for-like growth
Virke: total retail*	5.5%	n/a
Virke: wide range – other*	13.6%	n/a
Kvarud shopping centre index**	(4.6%)	(5.0%)
Europris chain	22.3%	21.0%

* Virke Retail Index (using figures reported by Statistics Norway)

** Kvarud Analyse shopping centre index, May 2020 report.

Europris continues to outperform the market by a significant margin and expects figures for the first half to confirm the positive trend when they become available.

Operational review

Concept and category development

Europris has a seasonal concept where the most important seasons are in the second and fourth quarters. To ensure that full attention is devoted to

implementing the important seasons, no major concept and category projects are pursued during these quarters.

Market conditions in the first six months of 2020 were exceptionally challenging, but Europris has developed a flexible operational platform which can adapt quickly to market changes. Adjustments to both product selection and marketing were made early to meet the changes in demand. The chain increased its focus and purchases of groceries and consumables, while adjusting planned campaigns for seasonal products. Buyers realised at an early stage that shortages existed in the market for some categories, and initiated purchases of attractive stock-lots to ensure good traffic generation throughout the summer season. This has materialised as “tax-free days” at Europris in late June and early July, where the group’s purchasers have acquired large lots from European suppliers and retailers who have experienced a negative Covid-19 effect.

This flexibility in concept, where the entire organisation is accustomed to rapid changes between campaigns and seasons, is a good illustration of Europris’ competitive advantage. Combined with its wide range of products, this makes the group very resilient to unforeseen market changes.

E-commerce and e-crm

Europris launched its new e-commerce platform on 21 April. This has been a success, with customers embracing the new and improved solutions. The shopping experience is simpler and more flexible, while the product range has been significantly expanded. Although e-commerce still represents only a small part of the chain’s sales, Europris sees great potential in developing good shopping solutions which improve the customer experience. The group believes customers should be given the opportunity to shop in the way which suits them best, whether this is in the physical stores, using click and collect or requesting home delivery.

Second quarter e-commerce sales

NOK million	Q2 2020	Q2 2019	Growth
Home deliveries	9.8	3.6	167%
Click and collect	39.8	21.3	87%
Total e-commerce sales	49.6	24.9	99%
Percentage of total chain sales	2.1%	1.4%	

Over the past few years, Europris has developed e-crm systems and increased its expertise with data analysis. This has enabled the group to perform better analyses of customer shopping patterns and thereby make marketing more targeted. In the second quarter, this capability was used to analyse how customer behaviour has changed during the Covid-19 pandemic and to make active use of digital marketing in regions where developments were weaker.

As an example, Europris has analysed how customer behaviour changed after the outbreak of the pandemic at the chain's store in Strømmen

Storsenter, Norway's second largest shopping centre. Social distancing and infection control measures meant that this facility, like other shopping centres, experienced a marked decline in visitor numbers after Covid-19. Before the outbreak, the Europris store at Strømmen Storsenter was making very positive progress with double-digit growth in the number of customers. In the week after 12 March, it saw a 37 per cent decline in customer traffic. Europris has analysed 21,000 unique payment cards used at Strømmen in the 15 weeks before 12 March and compared this to how the same cards were deployed in the 15 subsequent weeks.

Case: Change in customer behaviour during Covid-19

Data for the 21,000 unique payment cards	15 weeks before 12 March	15 weeks after 12 March
Total spend in the Europris chain (NOK million)	12.5	17.0
Of which at the Strømmen store (NOK million)	5.1	3.5
Share spent at the Strømmen store (% of total)	41.1%	20.4%
Basket value (NOK)	178	227
Number of days between each visit	31.4 days	29.5 days

The analysis shows that, while customers remained loyal to Europris after Covid-19, they made considerably less use of the Strømmen store. Their shopping has moved to other stores in the area, where crowds are smaller. The analysis also shows that these customers, like other users of the chain, have increased their basket value and frequency of visits after Covid-19.

Developing the store estate

As planned, Europris did not open or relocate any stores during the second quarter. It completed one store expansion in the period. The group will continue to develop the existing store base as an important value driver in the future.

The location of Europris stores has a significant impact on the group's visibility and footfall. It currently has 264 physical stores in Norway, and sees a potential for increasing that number considerably. Europris is constantly on the look-out for prime store locations and is in negotiations at any particular time over a number of such sites. Given the post-Covid-19 market conditions, the group believes it can negotiate with potential landlords from a position of strength based on its market-winning retail concept.

The chain's store at Haugenstua in Oslo was closed in June. The store made weak progress in recent years as a result of increased competition from other retailers in the area with better locations.

Total costs related to the closure of the store are estimated at NOK 5.1 million, which was expensed in the second quarter. No employees lost their jobs as a result of the closure, and Europris expects a significant proportion of customers to start shopping at other Europris stores in the area.

At 30 June, the chain had 264 stores. Of these, 235 were directly operated and 29 were franchises.

New stores opened in 2020

Month	Store	County
March	Tau	Rogaland

Store closures in 2020

Month	Store	County
June	Haugenstua	Oslo

Store relocations in 2020

Month	Store	County
January	Bryne	Rogaland

Store expansions in 2020

Month	Store	County
February	Moelv	Innlandet
February	Reknes	Møre og Romsdal
April	Strusshamn	Vestland

The potential closure of the Europris store at Grini in Viken county is still awaiting a hearing in the district court. This was scheduled for April 2020 but has been postponed to November 2020 as a result of Covid-19.

In connection with the opening of a new store in the centre of Kongsberg, which is scheduled for the fourth quarter, the existing facility outside the town will be closed since local regulations do not permit retailing at this location.

New central warehouse progressing as planned

During the first half of 2019, Europris moved into the new central warehouse in Moss and

commenced operations from the low-bay area, taking it past the first milestone in the warehouse project.

The automatic high-bay warehouse became operational in the first quarter of 2020 as the second milestone to be passed. It increased storage capacity at the central warehouse from 34,000 to 99,000 pallet places. Operations in the high-bay warehouse were scaled up gradually towards full operation during the second quarter of 2020 without any significant problems. High sales growth during the quarter significantly increased the volume of goods handled in the warehouse. Loading and unloading of goods in the high-bay facility have at times been close to the maximum capacity for today's two-shift scheme. The technical solutions have worked well even with these heavy workloads.

With the relocation process from the last small warehouse completed in May, the vacated warehouses was handed over to the landlords by end of June. Europris had thereby gone from operating at five to two locations. From July until the first half of 2021, the group will run its logistics from the old central warehouse in Fredrikstad and the new central warehouse in Moss.

The third and final milestone is the automation of goods picking in the low-bay area, which will improve efficiency. This project is progressing as planned, and is scheduled to start up in the first half of 2021. With the third and final milestone passed, all warehouse operations will be concentrated in the new and highly efficient central warehouse in Moss. Testing the automated picking solution is scheduled to start in the third quarter of 2020, after a short delay owing to travel restrictions as a result of Covid-19. This is within the group's overall time frame for the project.

From now until 2022 will be a transitional period for Europris, since some additional costs will be incurred before the savings from the new warehouse fully materialise. These savings are estimated at 0.75-1.25 percentage points of group revenues once all the stages have been completed and rent payments for all the old warehouses have ceased.

Overview of estimated rental costs and non-recurring expenses in the transitional period

NOK million	2019	2020				2020	2021	2022
		Q1	Q2	Q3	Q4			
Ordinary rent	68	17.9	17.1	~ 16.5	~ 16.5	~ 68	~ 52	~ 39
Non-recurring rent	14	2.9	3.4	-	-	~ 6	~ 13	~ 5
Non-recurring moving expenses	5	2.0	1.5	~ 1.2	-	~ 5	~ 3-5	-

No material changes have occurred from previous estimates.

Ordinary rent refers to warehouses which Europris will operate from, while non-recurring rent relates to the outstanding term of leases for vacated warehouses. Non-recurring rent in 2021 and 2022 may be reduced if the premises are sub-let. Owing to the current inventory position, Europris extended its rent payments during the second quarter of 2019 for part of the premises in Fredrikstad until 30 June 2020. These costs are included as non-recurring rent in the table above. In addition to non-recurring rent, Europris will have some extra operational costs in 2020 related to both new and old central warehouses.

Overview of estimated investments

NOK million	2019	2020				2020	2021	2022
		Q1	Q2	Q3	Q4			
IT, office equip. and other CAPEX	28	1.5	3.7	~ 1.7	-	~ 7	-	-
Automation, high-bay (lease)	52	15.9	-	~ 43.4	-	~ 59	-	-
Automation, low-bay (CAPEX)	65	1.5	21.4	~ 17.3	~ 11.5	~ 52	-	-

No material changes have occurred from previous estimates.

Employees and organisation: higher sickness absence owing to Covid-19

Sickness absence in the stores increased during the second quarter as a result of Covid-19. The government's quarantine rules, as well as the closure of schools and day care nurseries, have meant that many employees were prevented from going to work. Absences were highest in April and have since been gradually reduced in step with the relaxation in Covid-19 infection control measures. Sickness absence for the quarter in the stores was 9.4 per cent (8.3 per cent).

Head office and the distribution centre experienced a decrease in absences from work, which continued the positive trend from 2019. Head office employees have largely been able to work from home even if quarantined or needing to look after children. Sickness absence for the quarter at head office and the distribution centre was three per cent (5.1 per cent).

Sickness absence	Q2 2020	Q2 2019	FY 2019
Stores	9.4%	8.3%	8.3%
Head office and distribution centre	3.0%	5.1%	5.9%

No lost-time injuries were experienced in the quarter.

Update on the ÖoB equity transaction

Europris completed its acquisition of a 20 per cent equity stake in ÖoB on 13 December 2019, with payment in Europris shares. As part of the agreement with ÖoB, the group holds an option to acquire the remaining 80 per cent of ÖoB shares.

Pricing at both stages is based on an EV/EBIT-DA multiple of 7.7, adjusted for net debt and average net working capital.

ÖoB has been delayed in completing its financial statements for 2019 owing to capacity constraints resulting from Covid-19 and a change of CFO. The general meeting of ÖoB approved the annual report on 30 June and Europris expects to receive ÖoB's financial statements and supporting due diligence material in the third quarter. A financial due diligence will then be carried out to determine the company's EBITDA for 2019, which forms the basis of the preliminary purchase price for the remaining 80 per cent of the shares in parent company Runsvengruppen AB. The final purchase price will be calculated in accordance with average EBITDA for 2019 and 2020.

Europris' option runs for six months from the date the parties reach agreement on ÖoB's 2019 EBITDA. During this period, Europris will complete a full due diligence of the company before the board of directors decides whether to exercise the option. The group will update stakeholders and the market on a continuous basis.

ÖoB operational and financial update

ÖoB's sales developed positively in the first half of 2020, with a growth of 8.8 per cent which increased revenues to SEK 2,053 million (SEK 1,886 million). The chain has opened one new store so far this year, and operated 92 stores across Sweden at 30 June 2020.

Sales growth was relatively low at the beginning of the year, but has accelerated in the wake

of the Covid-19 outbreak. Like Europris, ÖoB experienced a period with hoarding of groceries and other necessities in March. As the hoarding diminished, relatively big differences emerged between stores in the chain. Those located close to the Norwegian border and some city stores in central Stockholm experienced a significant reduction in traffic, while stores in suburban areas continued to show a strong sales performance. Owing to reduced customer traffic, ÖoB has temporarily closed two of its stores while another three are operating with reduced opening hours.

ÖoB's sales growth is driven by an increase in the average basket, while the number of customers is relatively stable despite the two store closures. Groceries were the key growth driver in March and April, but ÖoB has seen a positive trend for the non-food categories as the summer season has started. The company has a good selection of seasonal products for the summer and is thus able to profit from the fact that most Swedes will spend this period in Sweden.

ÖoB's accounts for the first half of the year, showed an EBITDA of SEK 13.9 million (SEK 10.7 million). The high share of groceries has put pressure on the gross margin, and operations during Covid-19 have been challenging. That applies particularly to warehousing and logistics, where some additional costs have been incurred as a result of infection control measures.

FINANCIAL REVIEW

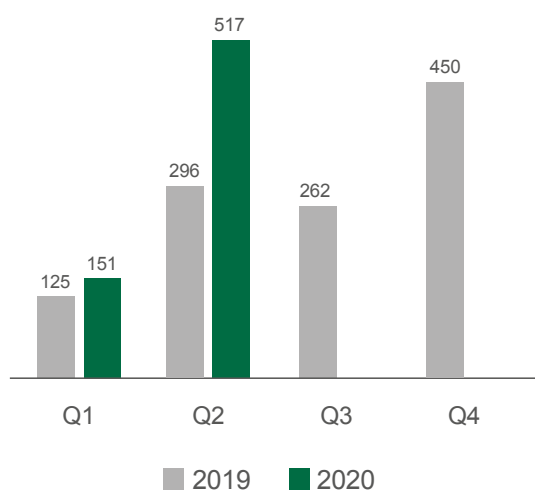


Profit and loss – second quarter

Group revenue in the second quarter amounted to NOK 2,211 million (NOK 1,622 million), an increase of 36.3 per cent. Revenue growth was mainly driven by the 34.6 per cent rise in the chain's like-for-like sales, reflecting increased turnover resulting from Covid-19 infection control measures. The quarter had one more sales day than the same period of last year.

Gross profit for the group was NOK 971 million (NOK 688 million). The gross margin was 43.9 per cent (42.4 per cent). This increase reflects solid gross-margin management through balancing campaigns and the product offering. Last year was affected by a NOK 7 million provision for loss owing to the bankruptcy of a supplier, which had a negative margin effect of 0.4 per cent.

Operating expenditure (Opex), excluding non-recurring items, was NOK 454 million in the second quarter (NOK 392 million), a rise of 15.7 per cent. Opex was affected by the 2.6 per cent increase in the number of directly operated stores from 229 to 235, and amounted to 20.5 per cent of group revenue (24.2 per cent). The second quarter of 2019 was affected by logistics costs of NOK 35 million owing to the high fill-rate at the central warehouse. Non-recurring items came to NOK 5 million (NOK 8 million) in the quarter, and related to rent for vacated warehouses and moving costs.



Adjusted EBITDA was NOK 517 million (NOK 296 million), up by NOK 221 million or 75 per cent.

The adjusted profit before tax came to NOK 321 million (NOK 139 million), an increase of NOK 182 million or 131 per cent.

The group recognised a net unrealised currency loss of NOK 30 million on hedging contracts and accounts payable (net currency loss of NOK 4 million).

Adjusted net profit for the second quarter of 2020 was NOK 251 million (NOK 109 million).

Profit and loss – first half

Group revenue for the first half of 2020 amounted to NOK 3,593 million (NOK 2,859 million), up by 25.7 per cent. The key drivers for revenue growth were the 24.2 per cent increase in the chain's like-for-like sales, as well as new store openings and franchise takeovers. The first half had two more sales days than the same period of last year.

Gross profit for the group was NOK 1,529 million (NOK 1,200 million). The gross margin was 42.6 per cent, compared with 42 per cent for the same period of last year.

Opex excluding non-recurring items came to NOK 860 million (NOK 779 million). This represented an increase of 10.4 per cent from the same period of last year. Operating expenses were 23.9 per cent (27.3 per cent) of group revenue. Opex in the first half was affected by the increase from 229 to 235 directly operated stores. The group has good overall cost control.

Adjusted EBITDA was NOK 669 million (NOK 421 million), up by NOK 248 million or 59 per cent. The adjusted EBITDA margin was 18.6 per cent (14.7 per cent).

The group recorded a net unrealised currency gain of NOK 1 million on hedging contracts and on accounts payable (net currency loss of NOK 11 million).

In January 2020, bank borrowings were refinanced and NOK 8 million was booked in one-off costs related to this refinancing.

The group recorded an estimated loss of NOK 5.5 million (NOK 2.9 million) on its 20 per cent stake in Runsvengruppen AB (ÖoB). This is based on preliminary and non-audited figures from the associated company.

Adjusted net profit for the first half of 2020 was NOK 255 million (NOK 85 million).

Cash flow

Net change in working capital for the period was positive at NOK 99 million (negative at NOK 196 million). Net working capital was positively affected by postponed payment of public duties payable and an increase in the payable VAT following the revenue increase. Last year's figures were affected by a rise in inventory levels, mainly at the central warehouse.

Capital expenditure was NOK 67 million (NOK 73 million). The decrease from the year before reflected fewer store projects.

Financial position and liquidity

Financial debt at 30 June 2020 was NOK 3,123 million (NOK 3,801 million). Adjusted for the IFRS 16 effect, financial liabilities amounted to NOK 1,197 million (NOK 1,763 million).

Net debt at 30 June 2020 was NOK 2,996 million (NOK 3,796 million). Adjusted for the IFRS 16 effect, net financial liabilities were NOK 1,070 million (NOK 1,759 million).

Cash and liquidity reserves for the group at 30 June 2020 amounted to NOK 1,315 million (NOK 336 million). A total dividend of NOK 323 million was paid in the second quarter, up by NOK 25 million from last year.

Risk factors

The Europris group is exposed to a variety of risks, as described in the directors' report and note 2 of the consolidated financial statements in the annual report for 2019. During the first half of the year, the group updated its risk matrix to take account of the ongoing Covid-19 pandemic. This new risk factor is commented in detail under the section "Covid-19 operational update" on page 6.

Related parties

Related parties of the Europris group include its associates, key management personnel, directors and major shareholders. No significant transactions were conducted with related parties during the first half of 2020.

Changes to the executive management team

On 28 April, the board of directors of Europris ASA resolved to appoint Espen Eldal as CEO of the group. Eldal served for many years as CFO of Europris and is part of a very solid and experienced leadership team at the group.

The board carried out a detailed process in appointing the new CEO, who was chosen from a number of highly qualified candidates. In their final assessment, the directors gave particular emphasis to Eldal's knowledge of and experience with the Europris concept, his commercial acumen and his strong support in the organisation.

The search for Eldal's successor as CFO was commenced immediately.

Outlook

The ongoing Covid-19 pandemic has disrupted consumer behaviour and changed the national and global economic outlook. In these demanding market conditions and uncertain times, Europris' important role for many people and communities has strengthened. Considerable efforts have been and will be made to keep all stores open to provide customers with the goods they need. In the short term, Covid-19 has had a positive impact on sales for Europris, driven by changes in consumer behaviour and the closure of the border with Sweden. Looking further ahead, sales performance will depend on the length and magnitude of the extraordinary virus control measures, the depth and length of the expected economic recession, and the impact on consumers' disposable income.

The new central warehouse in Moss is progressing as planned. Within a year, Europris will move all its operations to a single highly automated warehouse. Together with the Nordic sourcing partnership with Tokmanni and ÖoB, this is an important step in strengthening the group's cost position while also reinforcing its low-cost profile.

Europris has strengthened its position as the market leader in the discount variety retail sector. This sector continues to gain market share in

Norway, and the group is also growing its proportion of it. With a solid concept built around campaigns and seasons, Europris has built up a unique ability to adapt product selection and marketing quickly to changing market conditions. Combined with the wide range of products, this makes Europris very resilient to unforeseen market changes. That in turn ensures the concept is more flexible and resilient in uncertain times.

Over the years, the group has increased its digital competence with the aim of becoming an omnichannel retailer. Its new e-commerce platform and an efficient e-crm system allow Europris to offer seamless interaction between digital and physical sales channels, ensuring that customers can shop in the way which suits them best. E-commerce sales are expected to continue delivering solid growth, albeit from a low base. Furthermore, increased digitalisation provides better data which can be used in analysing consumer behaviour and market trends, providing a driver for further growth.

Europris has a healthy pipeline of new stores. The board has approved an additional six stores for 2020 and beyond, including a city concept store in Oslo. Two of the new stores are subject to planning permission. One store closure is scheduled for the

fourth quarter of 2020. The group took over one franchise store during the second quarter. An additional one or two takeovers are expected for 2020.

The long-term financial and operational ambitions of Europris remain unchanged.

Europris' key strategic priority areas are:

- strengthen the price and cost position
- improve the customer experience
- drive customer growth.

Long-term financial and operational ambitions are:

- continue to deliver like-for-like growth above the market figure over time
- aim to open an average of five new stores net per annum, depending on the availability of locations which meet strict requirements for the rate of return as well as the potential for relocations, expansion and refurbishment
- increase the EBITDA margin over time through improved sourcing and a more cost-effective value chain
- dividend policy of paying out 50-60 per cent of net profit while maintaining an efficient balance sheet.

Statement by the board of directors

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2020 has been prepared in accordance with current applicable accounting standards, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group. We also confirm that the directors' report contains a true and fair review of the development and performance of the group, together with the risks and uncertainties facing the group.

Fredrikstad, 9 July 2020

THE BOARD OF DIRECTORS OF EUROPRIS ASA

Tom Vidar Rygh
Chair

Hege Bømark

Claus Juel-Jensen

Bente Sollid Storehaug

Tone Fintland

Pål Wibe

Karl Svensson

Espen Eldal
CEO

EUROPRIS ASA

Q2 AND FIRST HALF 2020



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS



Figures are stated in NOK 1,000	Notes	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total operating income (group revenue)		2,210,658	1,621,649	3,593,125	2,858,712	6,234,389
Cost of goods sold (COGS)		1,269,483	937,673	2,063,044	1,669,745	3,543,730
Employee benefits expense		277,084	218,787	540,480	459,408	985,347
Depreciation	5	137,118	130,087	271,381	251,513	515,673
Other operating expenses		181,824	181,642	329,564	327,837	611,057
Operating profit		345,149	153,460	388,656	150,209	578,582
Net financial income (expense)		(28,801)	(24,950)	(64,852)	(45,762)	(98,172)
Profit (loss) from associated companies	7	-	2,600	(5,500)	(2,900)	-
Profit before tax		316,348	131,110	318,305	101,546	480,410
Income tax expense		69,596	28,272	71,237	22,978	104,974
Profit for the period		246,751	102,837	247,068	78,568	375,436
Attributable to the equity holders of the parent		246,751	102,837	247,068	78,568	375,436
Interim condensed consolidated statement of comprehensive income						
Profit for the period		246,751	102,837	247,068	78,568	375,436
Total comprehensive income		246,751	102,837	247,068	78,568	375,436
Attributable to the equity holders of the parent		246,751	102,837	247,068	78,568	375,436

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



Figures are stated in NOK 1,000	Notes	30 June 2020	30 June 2019	31 Dec 2019
		Unaudited	Unaudited	Audited
ASSETS				
Total intangible assets	5	2,058,147	2,043,618	2,044,669
Total fixed assets	5	2,673,558	2,728,439	2,743,235
Total financial assets	6,7	145,311	165,506	151,266
Total non-current assets		4,877,016	4,937,563	4,939,170
Inventories		1,591,257	1,716,270	1,550,331
Trade receivables		146,517	138,616	181,774
Other receivables	6	82,335	77,991	76,417
Cash		126,880	4,367	568,036
Total current assets		1,946,989	1,937,244	2,376,558
Total assets		6,824,006	6,874,806	7,315,727
EQUITY AND LIABILITIES				
Total paid-in capital	8	234,946	213,121	234,946
Total retained equity		1,666,645	1,352,683	1,742,923
Total shareholders' equity		1,901,591	1,565,804	1,977,870
Provisions		102,353	66,170	31,763
Borrowings	6	997,000	18,061	14,280
Lease liabilities	6	1,925,769	2,037,792	2,003,993
Other non-current liabilities	6	-	-	-
Total non-current liabilities		3,025,122	2,122,023	2,050,036
Borrowings	6	200,000	1,744,766	1,642,007
Current lease liabilities	6	430,209	398,401	414,088
Accounts payable		672,464	546,457	616,769
Tax payable		48,931	12,203	116,380
Public duties payable		279,759	186,472	243,072
Other current liabilities	6	265,929	298,680	255,505
Total current liabilities		1,897,293	3,186,979	3,287,821
Total liabilities		4,922,415	5,309,002	5,337,857
Total equity and liabilities		6,824,006	6,874,806	7,315,727

Fredrikstad, 9 July 2020

The board of directors of Europis ASA

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



Figures are stated in NOK 1,000

Attributed to equity holders of the parent

	Share capital	Treasury shares	Share premium	Other paid-in capital	Retained earnings	Total equity
At 1 January 2020	166,969	(1,150)	51,652	17,475	1,742,923	1,977,870
Profit for the period	-	-	-	-	247,068	247,068
Dividend	-	-	-	-	(323,346)	(323,346)
Other comprehensive income	-	-	-	-	-	-
At 30 June 2020	166,969	(1,150)	51,652	17,475	1,666,645	1,901,591

(unaudited)

Attributed to equity holders of the parent

	Share capital	Treasury shares	Share premium	Other paid-in capital	Retained earnings	Total equity
At 1 January 2019	166,969	(5,370)	51,652	-	1,575,677	1,788,928
Profit for the period	-	-	-	-	78,568	78,568
Dividend	-	-	-	-	(298,717)	(298,717)
Net purchase of treasury shares	-	(130)	-	-	(2,845)	(2,975)
Other comprehensive income	-	-	-	-	-	-
At 30 June 2019	166,969	(5,500)	51,652	-	1,352,683	1,565,804

(unaudited)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



Figures are stated in NOK 1,000		Notes	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
			Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities							
Profit before income tax			316,348	131,110	318,305	101,546	480,410
Adjusted for:							
Depreciation of fixed and intangible assets	5		137,118	130,087	271,381	251,513	515,673
Profit/loss from associated companies			-	(2,600)	5,500	2,900	-
Changes in net working capital			379,912	146,747	99,132	(195,839)	160,602
Income tax paid			(8,371)	(55,976)	(67,883)	(111,936)	(124,173)
Net cash generated from operating activities			825,007	349,367	626,435	48,184	1,032,512
Cash flows from investing activities							
Purchases of fixed and intangible assets	5		(40,687)	(48,987)	(67,372)	(73,137)	(157,029)
Acquisition			(2,380)	(2,424)	(7,979)	1,075	(2,711)
Net cash used in investing activities			(43,067)	(51,410)	(75,352)	(72,062)	(159,740)
Cash flows from financing activities							
Net change RCF (Revolving Credit Facility)			(300,000)	100,000	200,000	100,000	-
Proceeds from borrowings			-	-	1,000,000	-	-
Repayment of debt to financial institutions			-	(861)	(1,651,675)	(1,341)	-
Principal paid on lease liabilities			(110,107)	(103,875)	(217,218)	(195,688)	(430,009)
Dividend			(323,346)	(298,717)	(323,346)	(298,717)	(298,717)
Buy-back of treasury shares			-	-	-	(2,975)	(2,975)
Net cash from financing activities			(733,453)	(303,453)	(992,239)	(398,722)	(731,702)
Net increase (decrease) in cash			48,488	(5,496)	(441,156)	(422,600)	141,070
Cash at beginning of period			78,392	9,862	568,036	426,967	426,967
Cash at end of period			126,880	4,367	126,880	4,367	568,036

The accompanying notes are an integral part of the interim condensed consolidated financial statements.



Note 1 Corporate information

The interim condensed consolidated financial statements of Europris ASA and its subsidiaries (collectively, the group) for the second quarter and the six months ended 30 June 2020 were authorised for issue by the board on 9 July 2020.

Europris ASA is domiciled in Norway. The group is a discount variety retailer with stores across Norway.

These condensed interim financial statements have not been audited.

Note 2 Basis of preparation and changes to the group's accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the second quarter and the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements at 31 December 2019.

New standards, interpretations and amendments adopted by the group

The accounting policies adopted in preparing the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2019. New standards and interpretations effective at 1 January 2020 do not impact the annual consolidated financial statements of the group or the interim condensed financial statements of the group.

Note 3 Critical accounting estimates and judgements

The preparation of interim condensed financial statements requires management to make accounting judgements and estimates that impact how accounting policies are applied and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates. The critical accounting estimates and judgements are consistent with those in the consolidated financial statements for 2019.

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 forms 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 Fixed and intangible assets

Figures are stated in NOK 1,000

	Fixtures and fittings	Land	Right-of-use asset	Software	Trademarks	Goodwill	Total
Carrying amount 1 January 2020	313,396	24,966	2,404,873	45,699	387,573	1,611,397	4,787,904
Acquisition of subsidiaries	640	-	15,925	-	-	6,334	22,899
Additions	50,737	-	138,310	16,637	-	-	205,684
Disposals	-	-	(13,400)	-	-	-	(13,400)
Depreciation	(37,694)	-	(224,194)	(9,493)	-	-	(271,381)
Carrying amount 30 June 2020	327,078	24,966	2,321,514	52,843	387,573	1,617,731	4,731,706

	Fixtures and fittings	Land	Right-of-use asset	Software	Trademarks	Goodwill	Total
Carrying amount 1 January 2019	238,323	23,739	1,988,873	47,167	387,573	1,605,947	4,291,624
Acquisition of subsidiaries	1,544	-	21,291	-	-	4,947	27,782
Additions	76,903	1,227	617,562	8,471	-	-	704,163
Disposals	-	-	-	-	-	-	-
Depreciation	(42,560)	-	(198,464)	(10,489)	-	-	(251,513)
Carrying amount 30 June 2019	274,211	24,966	2,429,262	45,150	387,573	1,610,895	4,772,056

Note 6 Financial instruments - fair value

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities at 30 June 2020 and 31 December 2019:

	30 June 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Figures are stated in NOK 1,000				
Financial assets				
Loans and receivables				
Non-current receivables	24,500	24,500	24,400	24,400
Total	24,500	24,500	24,400	24,400
Financial liabilities				
Other financial liabilities				
Borrowings	1,197,000	1,197,000	1,656,287	1,656,287
Lease liabilities	1,925,769	1,925,769	2,003,993	2,003,993
Current lease liabilities	430,209	430,209	414,088	414,088
Total	3,552,979	3,552,979	4,074,368	4,074,368
Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Interest rate swaps	-	-	605	605
Foreign exchange forward contracts	5,668	5,668	-	-
Total	5,668	5,668	605	605
Derivatives - liabilities				
Foreign exchange forward contracts	14,925	14,925	13,409	13,409
Total	14,925	14,925	13,409	13,409

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All the group's financial instruments measured at fair value are classified as level 2.

Specific valuation methods being used to value financial instruments include:

- fair value of interest rate swaps is measured as the net present value of estimated future cash flows based on observable yield curves
- fair value of foreign exchange forward contracts is measured by 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 7 Investment in associated company

In June 2018, the group acquired 20 per cent of Runsvengruppen AB (ÖoB), a Swedish discount variety retailer. ÖoB has its headquarters in Skänninge and runs 92 stores across Sweden.

The Europris group owns 20 per cent of the shares and voting rights in Runsvengruppen AS.

Based on equity value, using a fixed multiple of 7.7 on adjusted EBITDA for ÖoB in 2018, the purchase price was determined as NOK 115.2 million. NOK 4.3 million in transaction expenses has also been recognised as part of the acquisition cost, bringing the total investment to NOK 119.5 million. In addition, the group recorded an estimated profit of NOK 6.4 million from its 20 per cent stake in 2018. No profit or loss are recorded in 2019. An estimated loss of NOK 5.5 million was booked in the first half of 2020.

The vendor note issued when closing the deal is converted to 4,349,695 Europris shares, corresponding to 2.61 per cent of the share capital.

Note 8 Treasury shares

The number of treasury shares held by Europris ASA changed as follows in the period from 1 January to 30 June 2020.

Change in number of treasury shares

Treasury shares 1 January 2020	1,150,305
Buy-back of treasury shares	-
Sale of shares	-
Treasury shares 30 June 2020	1,150,305

Average cost price for treasury shares are NOK 22.47.

Forward looking statements

The condensed interim report contains forward-looking statements, based on various assumptions. These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although Europris believes that these assumptions were reasonable when made, it cannot provide assurances that its future results, level of activity or performances will meet these expectations.

ALTERNATIVE PERFORMANCE MEASURES



APMs are used by Europris for annual and periodic financial reporting in order to provide a better understanding of Europris financial performance and are also used by management to measure operating performance. In the discussion of the reported operating results, financial position and cash flows, Europris refers to these measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. Europris management makes regular use of these Alternative Performance Measures and is of the opinion that this information, alongside with comparable IFRS measures, is useful to investors who evaluate the group's financial performance. APMs are adjusted IFRS figures defined, calculated and used in a consistent and transparent manner and should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

- **Total retail sales** are retail sales from all stores, both directly operated and franchise stores.
- **COGS excluding unrealised foreign exchange effect** is the cost of goods sold except for unrealised gains or losses on the foreign currency derivatives and unrealised foreign currency exchange gains and losses on inventory trade payables.
- **Gross profit** represents group revenue less the cost of goods sold excluding unrealised foreign currency effects.
- **Gross margin** is gross profit represented as a percentage of group revenue.
- **Opex** is the sum of employee benefits expense and other operating expenses.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) represents Gross profit less Opex.
- **Non-recurring items** are expenses which by nature are related to special events outside normal course of business (e.g IPO costs, moving cost, rent for vacated warehouse)
- **Adjusted EBITDA** is EBITDA adjusted for non-recurring items.
- **Adjusted profit before tax** is profit before tax adjusted for non-recurring items.
- **Adjusted net profit** is net profit adjusted for non-recurring items.
- **Adjusted earnings per share** is Adjusted net profit divided by the current number of shares, adjusted by the average of treasury shares.
- **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.
- **Financial debt** is the sum of term loans and financial leases.
- **Net debt** is the sum of term loans and financial leases less bank deposits and cash.

Other definitions

- **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.

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