Q2 and first half year 2020 presentation

10 July 2020

CEO Espen Eldal

Europris MER TIL OVERS

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Norway’s #1 discount variety retailer

Customers
- 32 million customer transactions in 2019
- Widely recognised brand and price position[1]
- Increasing market share and gaining new customers

Marketing
- 1 million leaflets in distribution
- Around 400 000 subscribers to digital newsletter

Stores
- Cost-efficient locations and operations
- 234 of 249 like-for-like (LFL) stores profitable in 2019
- Track-record of 15 new or relocated stores p.a.

Logistics
- More than 40 years of wholesaler experience
- Efficient set-up and nationwide reach
- New modern central warehouse from Q2 2019

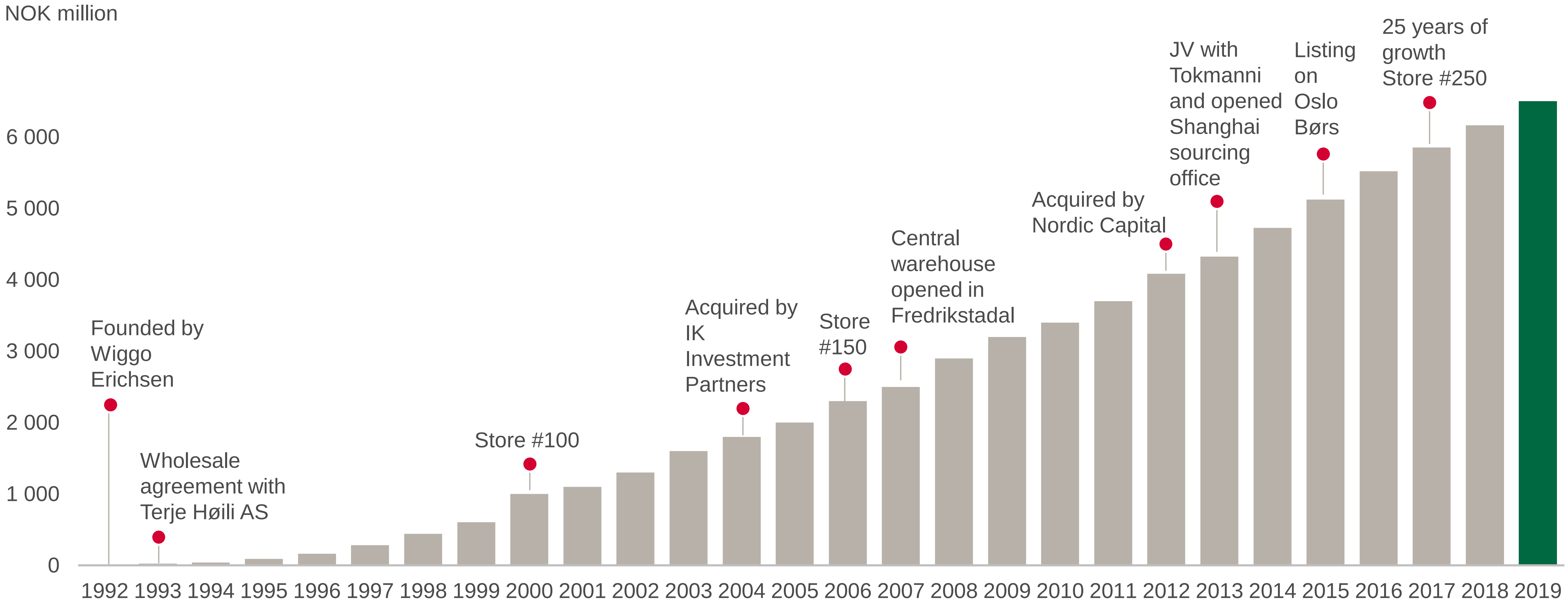
Sourcing
- From more than 30 countries
- Pan-Nordic agreement with ÖoB and Tokmanni

264

Stores

[1] Mediacom annual market survey

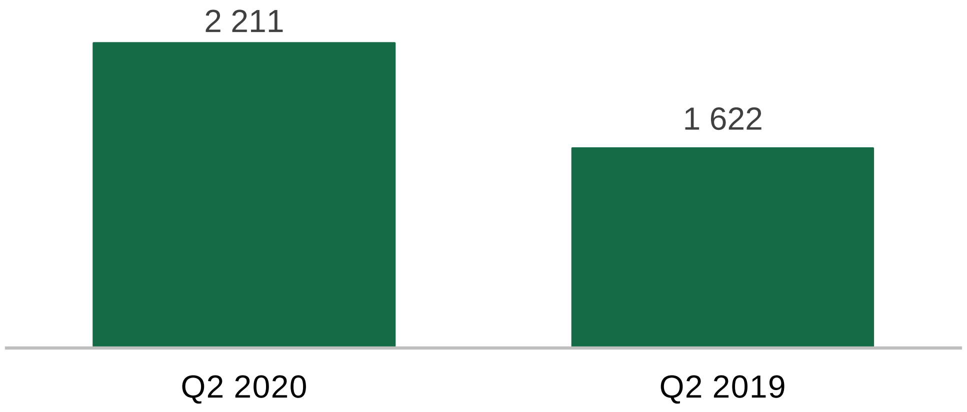
Europris – 27 years with growth



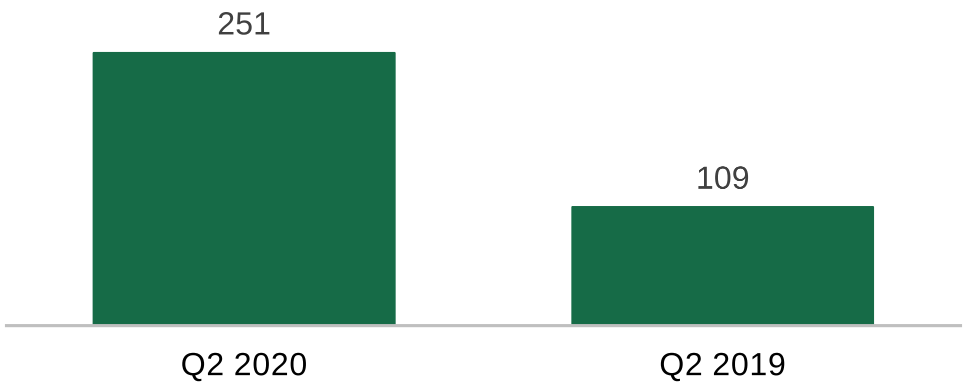
Highlights second quarter 2020

- Record sales driven by increased demand following the Covid-19 outbreak
  - 34.6% like-for-like growth
- Solid gross margin management – balancing campaigns and the product offering
  - Gross margin up to 43.9% (42.4%)
- Opex-to-sales ratio reduced to 20.5% (24.2%)
  - Last year includes additional warehouse costs of NOK 35 million
- Adjusted EBITDA at all time high – NOK 517 million (296)
- Successful launch of new e-commerce platform
- Espen Eldal appointed CEO of the group

Group revenue (NOK million)



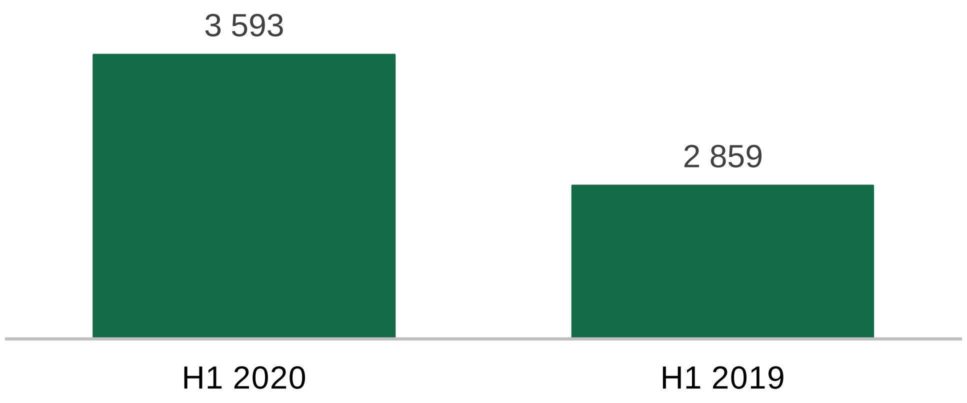
Adjusted net profit (NOK million)



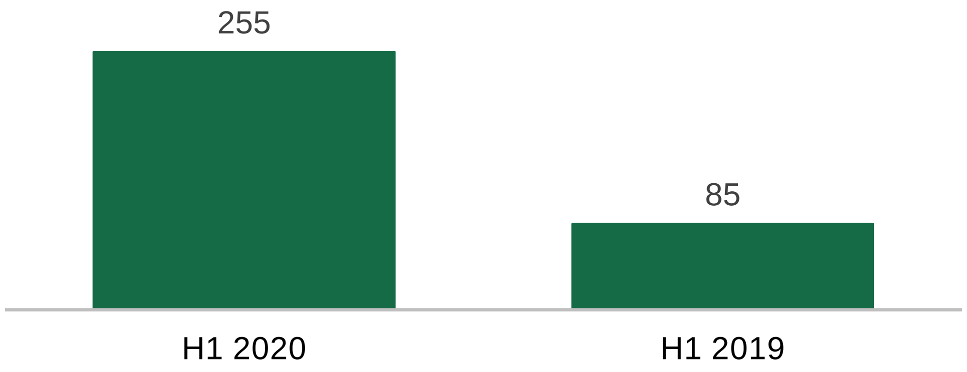
Highlights first half 2020

- Group revenue increased by 25.7%
  - Growth evenly distributed between customers and basket
  - Significant outperformance of the market
- Gross margin increased by 0.6%-points
- Improved cost control with Opex-to-sales ratio of 23.9% (27.3%)
- Adjusted net profit increased by 200% to NOK 255 million (85)
- Solid financial position - cash and available credits of NOK 1,315 million (336)
- Covid-19: safeguarding employees and operations the top priority

Group revenue (NOK million)



Adjusted net profit (NOK million)



Covid-19 operational update

- Well-being of employees and customers remains the highest priority
  - Adhering to the guidelines issued by the Norwegian Institute of Public Health
  - Maintains strict infection control measures as integrated part of the store concept
  - Keeping close dialogue with suppliers to safeguard flow of goods

- Positive impact on sales
  - Increased consumption in private households
  - Cross-boarder shopping in Sweden temporarily halted
  - Norwegians preparing for a domestic summer holiday

- Large currency fluctuations in recent months
  - Purchases in USD and EUR hedged for six months
  - Renegotiations and price adjustments performed on a continuous basis

- Remarkable efforts have been shown by all employees managing all time high sales and simultaneously adhering to new strict routines

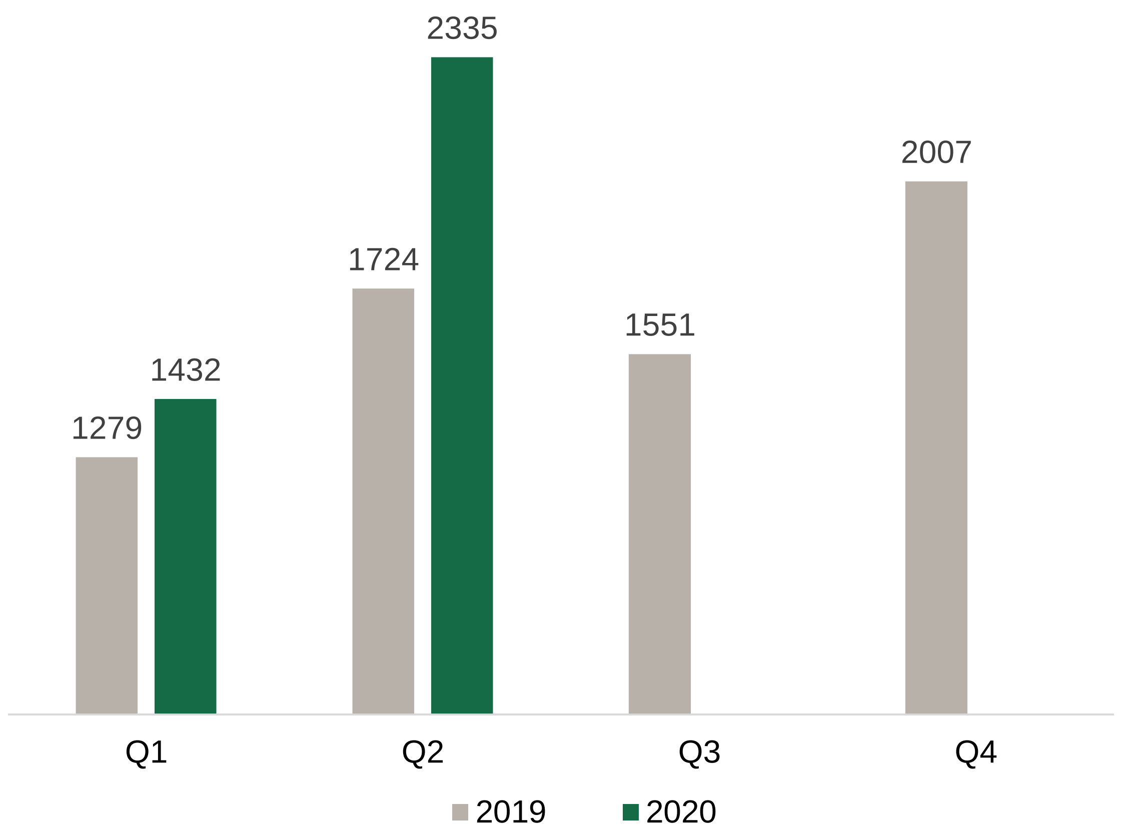
Sales performance

- Total retail sales growth of 35.4% in Q2
  - 33.5% adjusted for one additional sales day
  - Positive sales impact from Covid-19 infection control measures

- All categories demonstrate strong growth
  - The seasonally important category «Home and garden» increased by 44.6% driven by good weather and Norwegians prepare for summer holidays at home

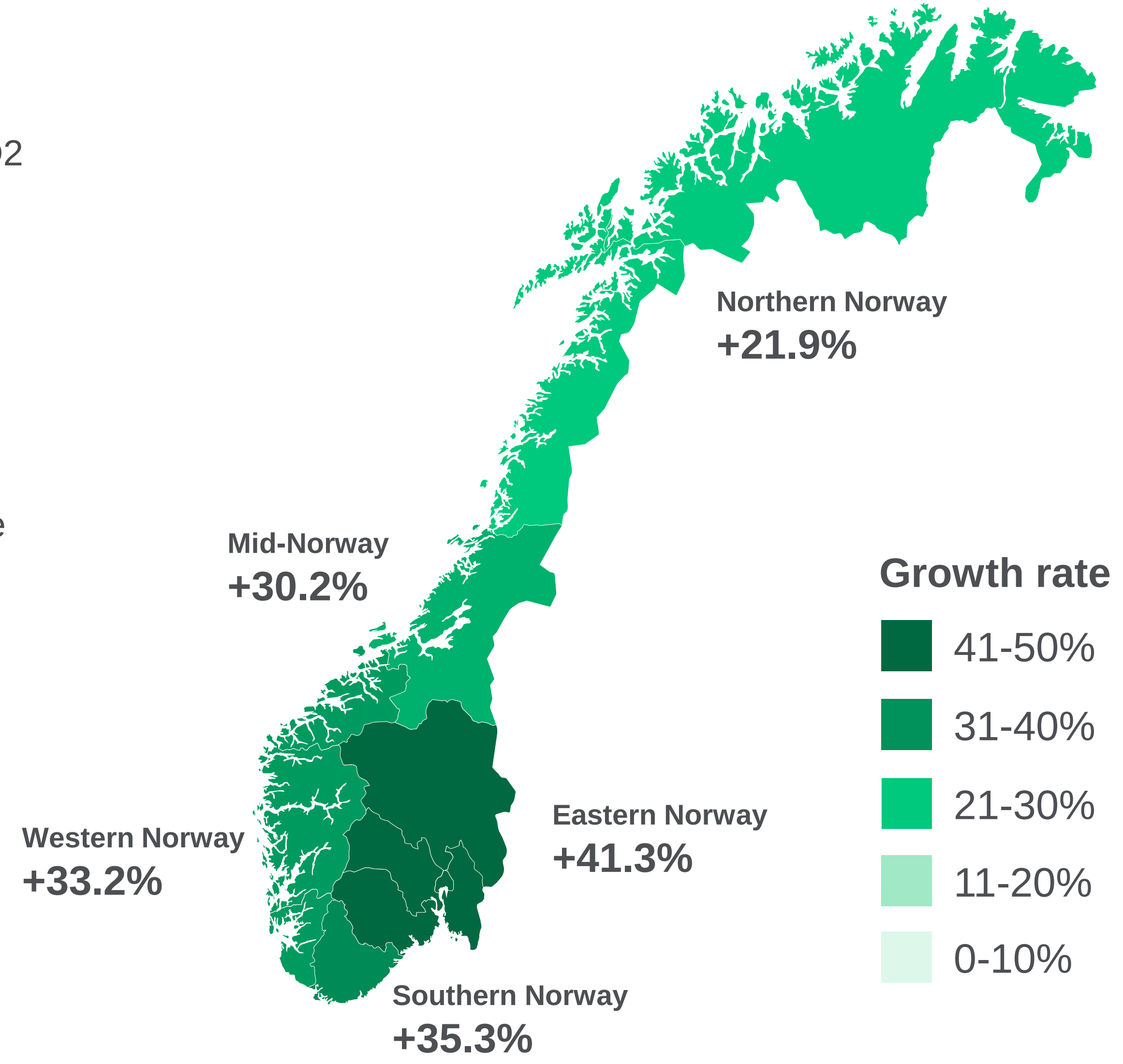
- Sales growth relatively evenly distributed between customers and basket
  - Basket increase driven by a larger number of items per customer

Retail sales per quarter (NOK million)



Solid sales growth across all geographies

- Strong sales growth in all regions of Norway
  - 258 of the chain's 259 like-for-like stores had sales growth in Q2
- Highest growth in Eastern Norway with 41.3%
  - Region most impacted by Covid-19
  - Boarder with Sweden temporarily closed
- Northern Norway grew with 21.9%
  - Region least impacted by Covid-19
  - Less change in consumer behaviour – population used to more planned shopping due to geographical distance to shops



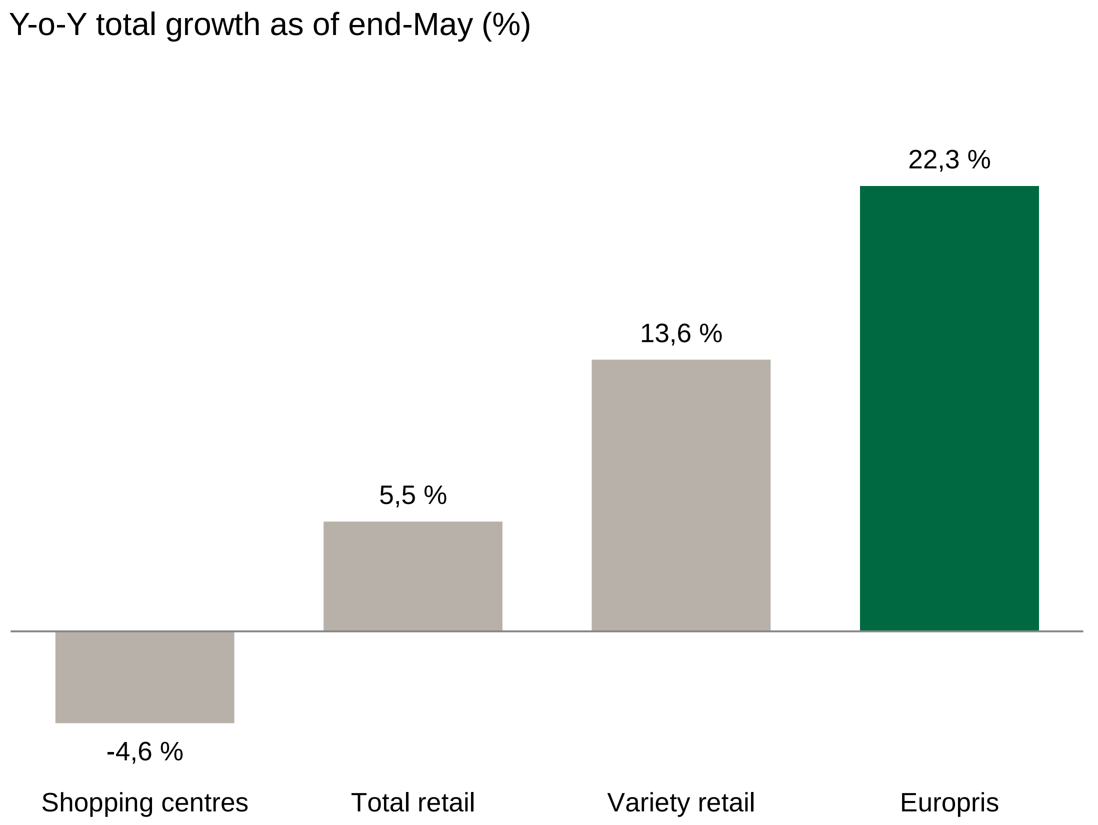
Outperforming a mixed and challenging retail market

- Significantly outperforming the market in the first five months of the year
  - Market figures for June not yet available

- May figures confirm that retail in general is recovering and to some extent improving from the Covid-19 shut-down

- Large variations between market segments
  - Shopping centres heavily impacted by Covid-19
  - Variety retail is thriving

Total sales growth development*



* Source: Kvarud analyse, Shopping Centre Index, Virke retail index (using figures reported by statistics Norway) and Europris

Increased frequency and new customers

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- Europris chain with 25.5% growth in H1 2020
  - Customer transactions up 10.7% to 16.7 million

- Analysis of 10.7% growth in customer transactions
  - Three-quarters is due to increased frequency of existing customers
  - A quarter is due to unique new customers

- Most customers pay by card
  - Cash sales down 2.3%-points to 12.7% in H1 2020 due to Covid-19

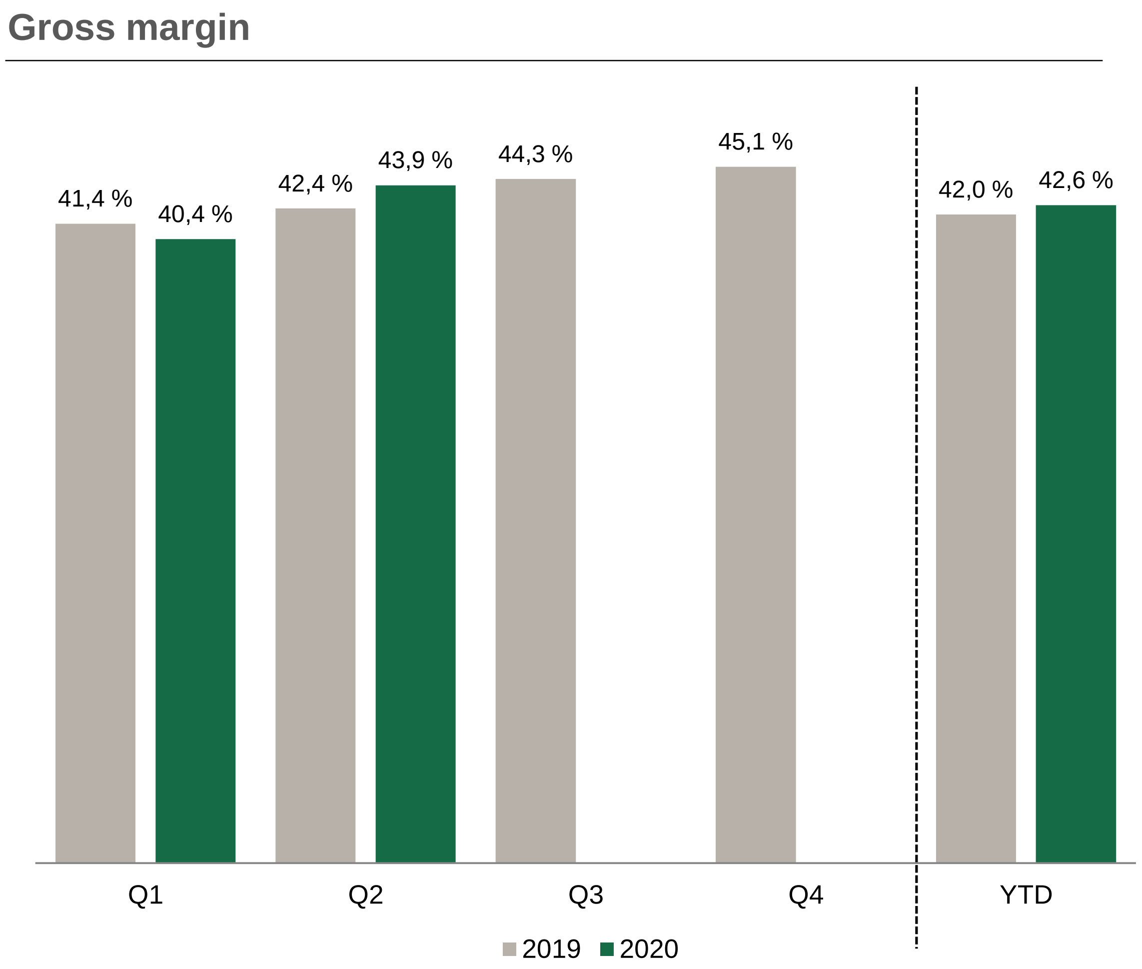
- Around 2.7 million unique customers in the first half
  - Assuming that cash customers have a slightly higher frequency than card customers

Source: Europris

Gross margin development

- Gross margin was 43.9% in Q2 2020 up from 42.4% in Q2 2019
  - Increased margin reflects balancing campaigns and product offering

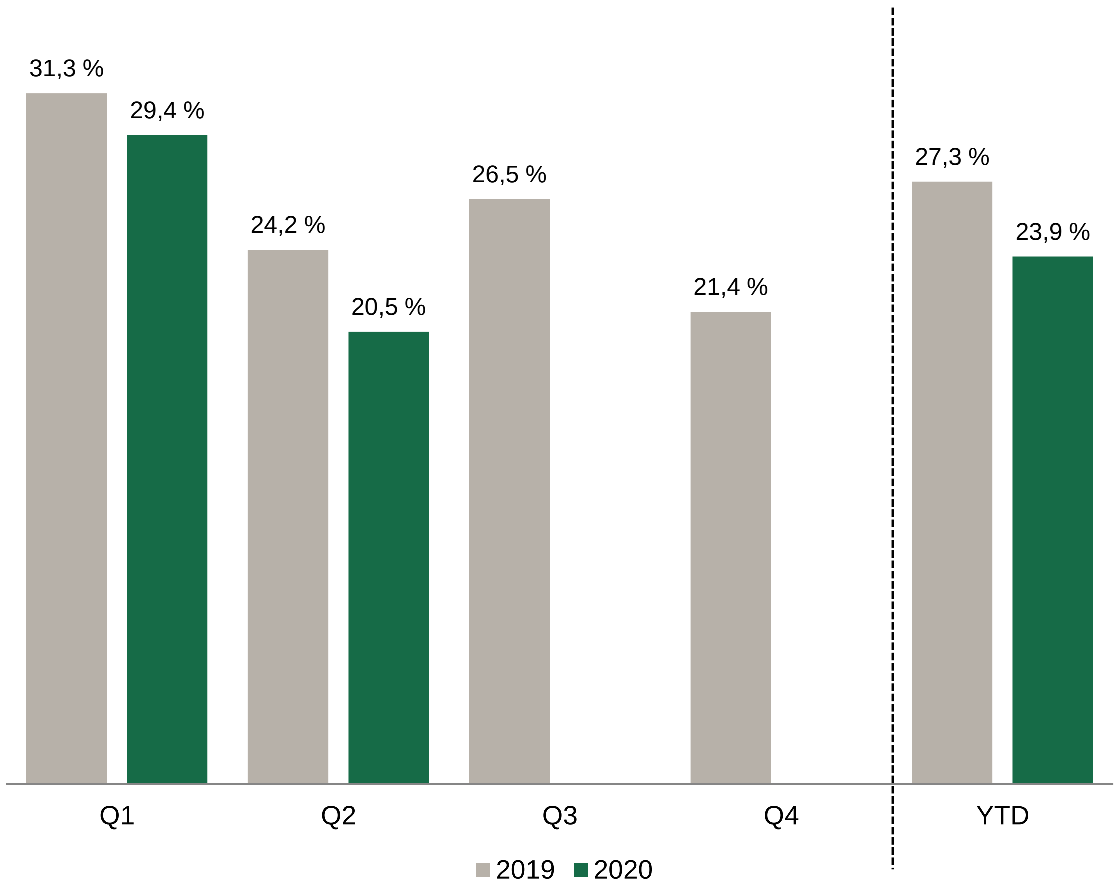
- Gross profit for the group up 41.2% to NOK 971 million
  - High sales growth
  - Solid gross margin management
  - Last year affected by a NOK 7 million loss due to supplier bankruptcy



OPEX development

- OPEX was NOK 454 million in Q2 2020 vs. NOK 392 million in Q2 2019, up by 15.8%
  - OPEX ratio was 20.5% (24.2%)
- Number of directly operated stores increased from 229 to 235, up by 2.6%
- Last year affected by logistics cost of NOK 35 million owing to the high fill-rate at the central warehouse
- Non-recurring items of NOK 5 million (8)
  - Related to rent for vacated warehouses and moving costs

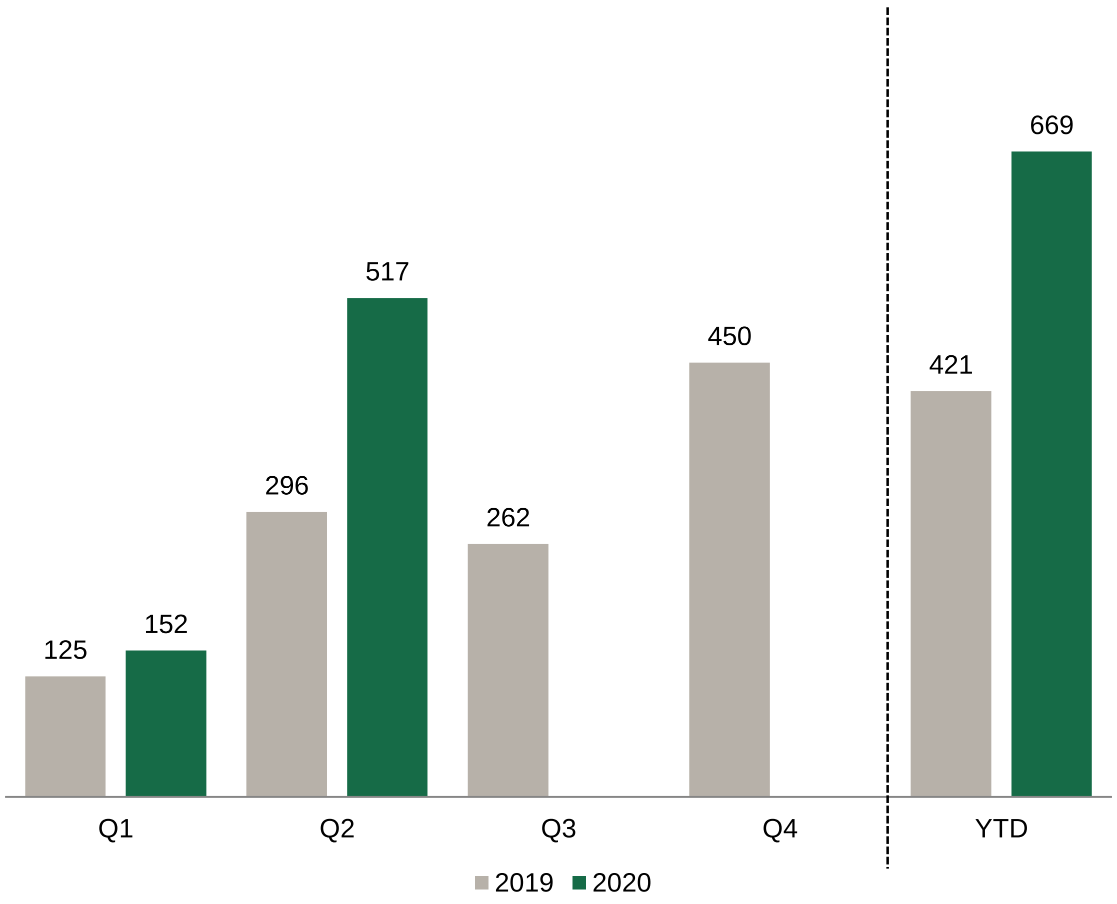
OPEX in % of group revenue



Adjusted EBITDA development

- Adjusted EBITDA was NOK 517m in Q2 2020 vs NOK 296 million in Q2 2019
- Adjusted EBITDA margin was 23.4% in Q2 2020 vs 18.2% in Q2 2019
- Adjusted EBITDA affected by
  - High sales growth
  - Strong gross margin management
  - Good cost control

Adjusted EBITDA (NOK million)



Cash flow

- Net change in working capital in the first half was positive at NOK 99 million (negative 196)
  - Positively affected by postponed payment of public duties and an increase in VAT and accounts payable
  - Seasonal increase in inventory reduced from last year
- Dividend payment of NOK 323 million, up by NOK 25 million from last year
- Cash and liquidity reserves at the end of the quarter was NOK 1,315 million (336)

Cash flow, NOK million	**Q2 2020**	**Q2 2019**	**YTD 2020**	**YTD 2019**
Cash from operating activities	825	349	626	48
- of which change in net working capital	*380*	*147*	*99*	*(196)*
Cash used in investing activities	(43)	(51)	(75)	(72)
Cash from financing activities	(733)	(303)	(992)	(399)
Net change in cash	**49**	**(5)**	**(441)**	**(423)**
Cash at beginning of period	78	10	568	427
Cash at end of period	127	4	127	4

Our strategic focus areas

Strengthen price and cost position

Improve customer experience

Drive customer growth

Strengthen price and cost position

Improve customer experience

Drive customer growth

In progress with new warehouse transition

2019	• 1 May: Take over of new warehouse in Moss ✓ • Q2: Operation start in low-bay area. Start testing of high-bay automation ✓ • Q2: Lease expires at one small warehouse in Fredrikstad ✓
2020	• Q1: Operation start in high-bay area (mid February) ✓ • Q2: Lease expires at two smaller warehouses and at the second largest warehouse in Fredrikstad ✓ • Q3: Start testing of automation in low-bay area
2021	• H1: Start of automated shuttle solution in low-bay area • H1: All distribution out of the new warehouse in Moss
2022	• 28 February: Lease expires at the largest warehouse, Øra in Fredrikstad • Total reduction in opex/group revenue ratio expected between 0.75 to 1.25 percentage points after the transition period

Timeline is based on estimations as of Q2 2020

ÖoB operational and financial update

- ÖoB grew sales by 8.8% in the first half to SEK 2,053 million (1,886)
  - One new store opening year to date and the chain operates 92 stores across Sweden at 30 June (93 stores)
  - Sales growth driven by an increase in the average basket
- Strong sales growth following Covid-19 – variations between the stores
  - Suburban stores performing well while stores close to the Norwegian boarder and some city stores experience lower traffic
  - Two stores are temporarily closed and another three operate with reduced opening hours
- EBITDA for the first half was SEK 13.9 million (10.7)*
  - Profits impacted by sales mix and additional costs as a result of infection control measures
- More favorable sales mix in June as the summer season has started
  - ÖoB is well prepared to capitalize from a summer where most Swedes stay in Sweden

* Source: preliminary and unaudited figures from ÖoB

Strengthen price and cost position

Improve customer experience

Drive customer growth

Flexible concept and operational adaptability

- Operational challenges from record strong growth
  - Flexibility in the concept and the organisation’s ability to quickly adapt makes Europris resilient to unforeseen market changes
- Making sure customers get the goods they need while maintaining a safe shopping environment
  - Buyers have made significant efforts to increase purchasing volumes
- Adjustments of campaigns and product selections started early
  - Seasonal product promotions were adjusted
  - Replacement for sold-out products purchased when possible
  - Significant focus on stock-lots to ensure good deals and traffic generators to the stores

“Tax-free” days at Europris with stock-lots towards the end of the season

Strengthen price and cost position

Improve customer experience

Drive customer growth

Successful launch of new e-commerce platform

- New e-commerce platform launched on 21 April
  - Simpler and more flexible shopping solution
  - E-commerce product range significantly expanded

- “Shop the way you like”
  - Click and collect in 2hrs for selected items in all stores
  - Click and collect on all products from the central warehouse and pick up at your local Europris store
  - Home delivery
  - … or in one of the 264 physical stores

- E-commerce grew by 99% in Q2 and accounted for 2.1% of chain sales
  - Home deliveries grew by 167%
  - Click and collect grew by 87% and accounted for 80% of e-commerce sales

Utilising data to analyse consumer behaviour

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- Europris has developed e-crm and expertise in data analysis
  - Increased access to data enables targeted marketing and detailed analysis of consumer behaviour

- Example: Analysing changes in store traffic during Covid-19

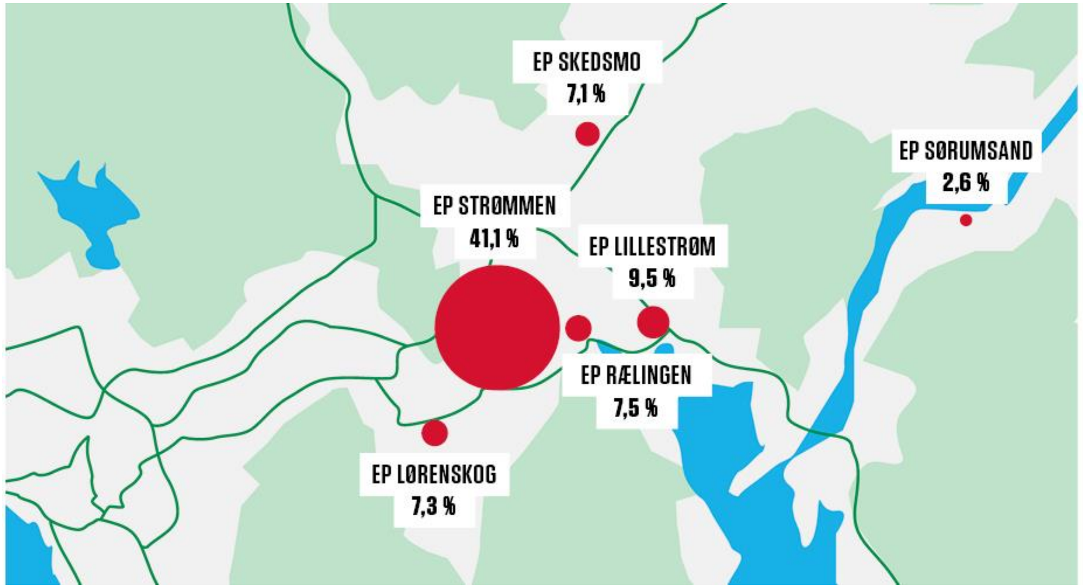
- Case: Strømmen Storsenter
  - Prior to Covid-19 the store at Strømmen had a healthy development
  - The week after 12 March customer traffic fell by 37%
  - Analysing 21.000 unique payment cards used at Strømmen in the 15 weeks before and after 12 March showed a significant change in consumer behaviour
  - The customers remained loyal to Europris
  - They reduced shopping at Strømmen by 31.4%, but total spend with Europris increased by 36% through increased frequency and basket
  - Europris used targeted marketing to increase traffic in the Strømmen area after 12 March

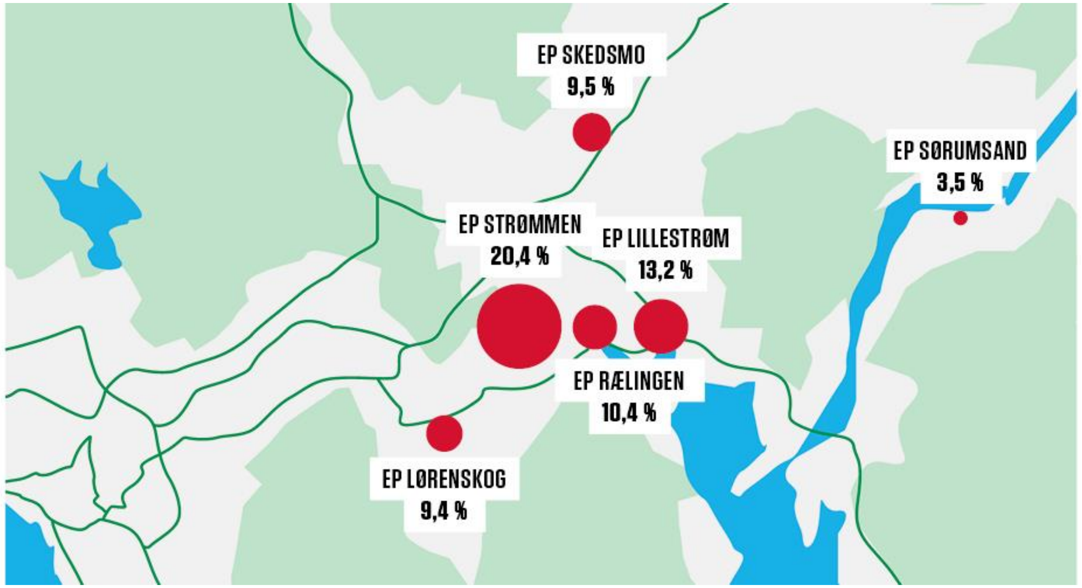
Strømmen Storsenter, the 2nd largest shopping centre in Norway.

Utilising data to analyse consumer behaviour

- Analysis of 21,000 unique payment cards used at the Europris store at Strømmen Storsenter

15 weeks before 12 March:		**15 weeks after 12 March:**	
Total spend NOK:	12.5m	Total spend NOK:	17.0m
Basket value:	NOK 178	Basket value:	NOK 227
Days between each visit:	31.4	Days between each visit:	29.5





Driving customer growth by utilising opportunities in existing store base and opening new stores

- As planned, no new store openings in Q2
  - The store at Haugenstua in Oslo was closed
  - Six stores in pipeline for 2020 and beyond, including a city concept store in Oslo
- Location of stores has a significant impact on the group's visibility and footfall
  - Constantly on the look-out for prime store locations
  - See considerable potential for new stores and store relocations
- Post Covid-19 market conditions favours Europris' market-winning retail concept

The new Europris store at Lindås, scheduled to open in Q3

Outlook

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Outlook

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- Too early to draw conclusions about the long-term financial effects of the current situation
  - Flexibility in the concept and the organisation’s ability to quickly adapt makes Europris resilient to unforeseen market changes

- Drive customer growth by utilising opportunities in new and existing stores
  - Six stores planned for 2020 and beyond. One store closure scheduled for Q4 2020
  - 1-2 franchise takeovers expected for the rest of 2020

- Expects ÖoB's 2019 financials and supporting due diligence material in Q3
  - Forming the basis for the option strike price

- Well positioned as Norway’s number one in the sector, with ample opportunities and the financial position to continue a profitable growth journey

Sustainable quality in the product offering

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Be the *best* discount variety retailer *in Europe*

Fogra Reklamefoto

Q&A

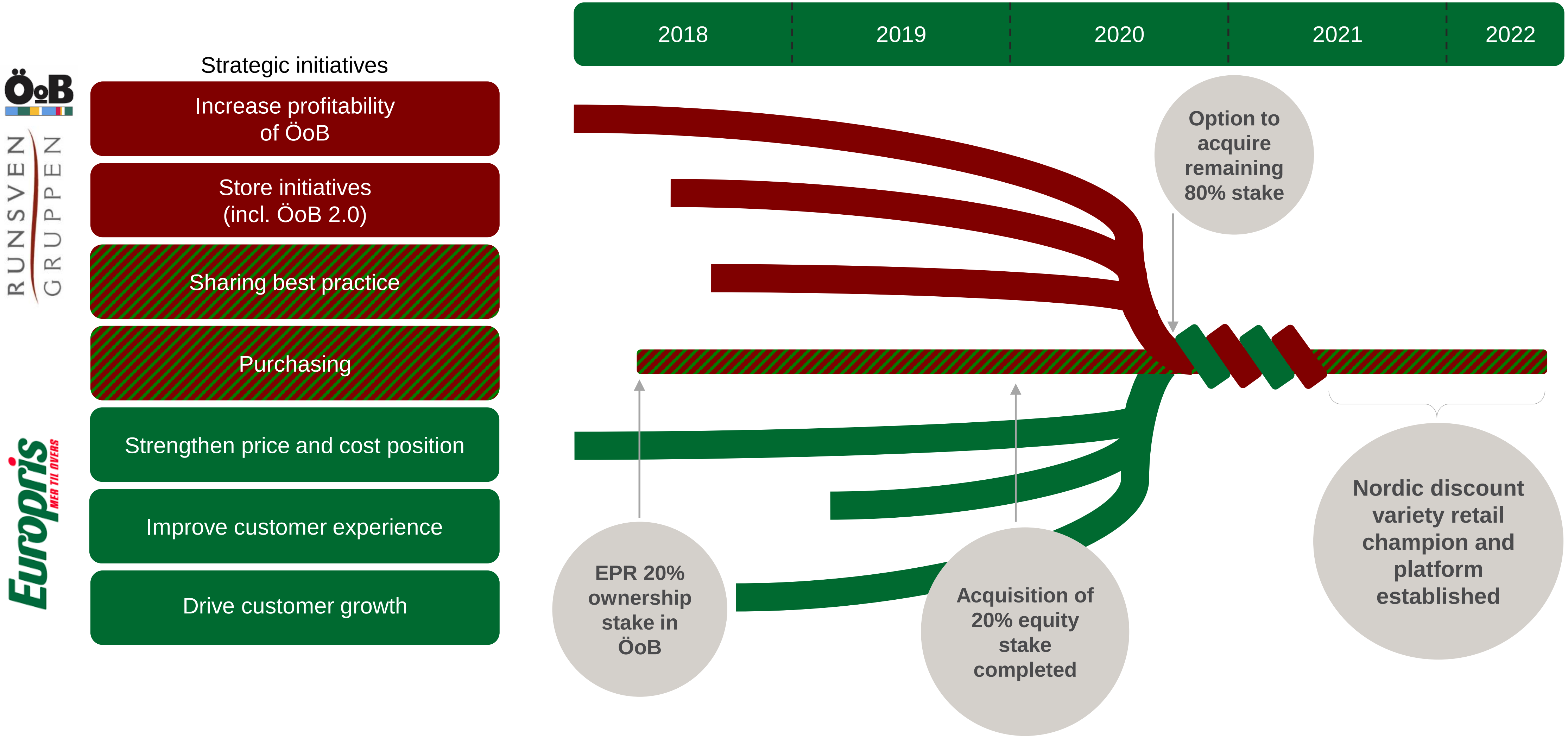
Next event: Q3 presentation 30 October 2020

Appendix

Content

A low-risk synergistic partnership today

Potential for true European scale tomorrow



Transaction highlights

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20% initial stake in Runsven-gruppen AB	• Based on EV using fixed multiple of 7.7x actual EBITDA 2018 • Purchase price settled in Q4 at NOK 115 million based on ÖoB EqV of NOK 574 million • Shares acquired in the market by Europris at a total cost price of NOK 98 million • Share for share transaction, settled by treasury shares • 2.6% ownership stake in Europris (4,35m shares)
Option to acquire remaining 80% stake	• Exercisable in 2020 within six months after agreement on ÖoB's 2019 EBITDA • Based on EV using fixed multiple of 7.7x average 2019 and 2020 EBITDA • Share for share transaction
Lock-up	• Shares issued to sellers of ÖoB are subject to lock-up

Sales days and store projects

Number of sales days

Year	Q1	Q2	Q3	Q4	Total
2019	76	71	79	80	306
2020	77	72	79	80	308
2021	76	71	79	81	307

Number of store projects (franchise projects in brackets)

2019	Q1	Q2	Q3	Q4	Total
New stores	1	4	1	-	6
Store closures	-	-	-	-	-
Relocations	-	3	(1)	2	5 (1)
Modernisations	7	1	2	4	14

2020E	Q1	Q2	Q3	Q4	Total
New stores	1	-	1	2	4
Store closures	-	1	-	1	2
Relocations	1	-	1	-	2
Modernisations	2	5	2	3(1)	12(1)

Note: Number of projects in 2020 is a moving target, and is subject to change during the year based on operational considerations. An updated view will be presented during the quarterly presentations going forward

Analytical info[1]

Seasonality	• As rule-of-thumb, the Easter impact is approximately NOK 50 million in revenue and NOK 10 million of EBITDA
Quarterly OPEX	• As rule-of-thumb, OPEX in year ago quarter + inflation + NOK 1.5 – 1.6 million per extra directly operated store (DOS)
CAPEX	• New store – NOK 2.3 million per store (5 per year) • Relocation – NOK 1.5 million per store (10 per year) • Modernisation – NOK 1.0 million per store (10 per year) • Category development – NOK 10 million per year • IT & Maintenance – NOK 35 million per year
Estimated one-time CAPEX items 2020	• New warehouse of approximately NOK 7 million (IT, system integration, fixtures and fittings)

[1] All figures are approximations and subject to change without further notice

Analytical info: New warehouse

NOK million	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	2021	2022
Investments								
IT, office equipment and other (Capex)	28	1.5	3.7	~1.7	~	~7		
Automation, part 1 (lease)	52	15.9		~43.4	~	~59		
Automation, part 2 (Capex)	65	1.5	21.4	~17.3	~11.5	~52		

Depreciation of automation part 1 starts in Q3 2020 and depreciation of automation part 2 starts in Q1 2021

NOK million	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	2021	2022
OPEX items								
Ordinary rent	68	17.9	17.1	~16.5	~16.5	~68	~52	~39
Redundant warehouse capacity in 2019/2020 and Øra lease from H2 2021 (lease ends March 2022)	14	2.9	3.4	~	~	~6	~13	~5
Non-recurring moving expenses	5	2	1.5	~1.2	~	~5	~3-5	

No material changes from previous estimates

Alternative performance measures (APMs)

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.	**Adjusted earnings per share** is Adjusted net profit divided by the current number of shares, adjusted by the average of treasury shares.
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.	**Working capital** is the sum of inventories, trade receivables and other receivables less the sum of accounts payable and other current liabilities.
Gross profit represents group revenue less the cost of goods sold excluding unrealised foreign currency effects.	**Capital expenditure** is the sum of purchases of fixed assets and intangible assets.
Gross margin is gross profit represented as a percentage of group revenue.	**Financial debt** is the sum of term loans and financial leases.
Opex is the sum of employee benefits expense and other operating expenses.	**Net debt** is the sum of term loans and financial leases less bank deposits and cash.
EBITDA (earnings before interest, tax, depreciation and amortisation) represents Gross profit less Opex.	**Directly operated store** means a store owned and operated by the group.
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).	**Franchise store** means a store operated by a franchisee under a franchise agreement with the group.
Adjusted EBITDA is EBITDA adjusted for non-recurring items.	**Chain** means the sum of directly operated stores and franchise stores.
Adjusted profit before tax is profit before tax adjusted for non-recurring items.	**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.
Adjusted net profit is net profit adjusted for non-recurring items.	