

Q1 2022 presentation

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Europolis - Norway's #1 discount variety retailer



Customers

- 35 million customer transactions in 2021
- Widely recognised brand and price position¹
- Increasing market share and gaining new customers



Marketing

- 1 million leaflets in distribution
- 0.7 million subscribers to digital newsletter
- 1.1 million members in the Mer customer club



Stores

- Cost-efficient locations and operations
- 100% of like-for-like (LFL) stores profitable in 2021
- Track-record of 10-15 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 mid-2019



Sourcing

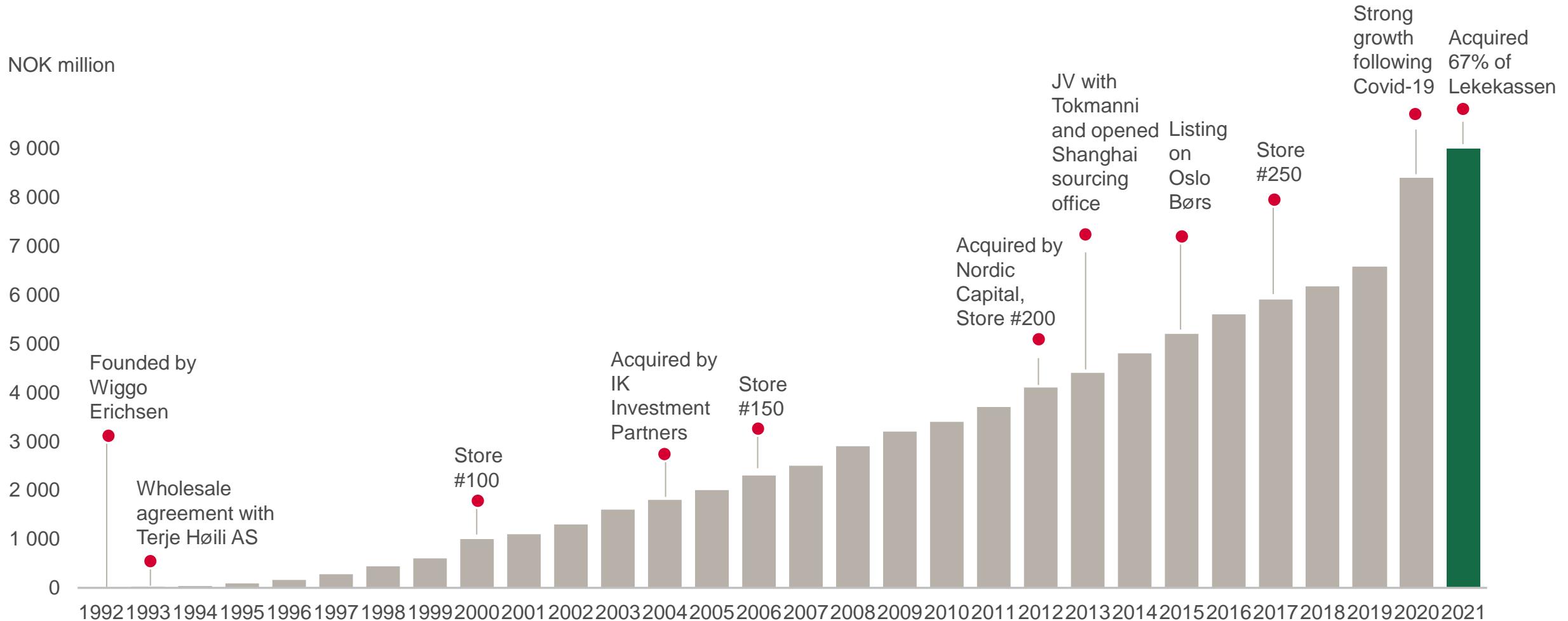
- From more than 30 countries
- Pan-Nordic agreement with ÖoB and Tokmanni



271
Stores

¹ Mediacom Brand Tracker 2021

29 years of consecutive growth



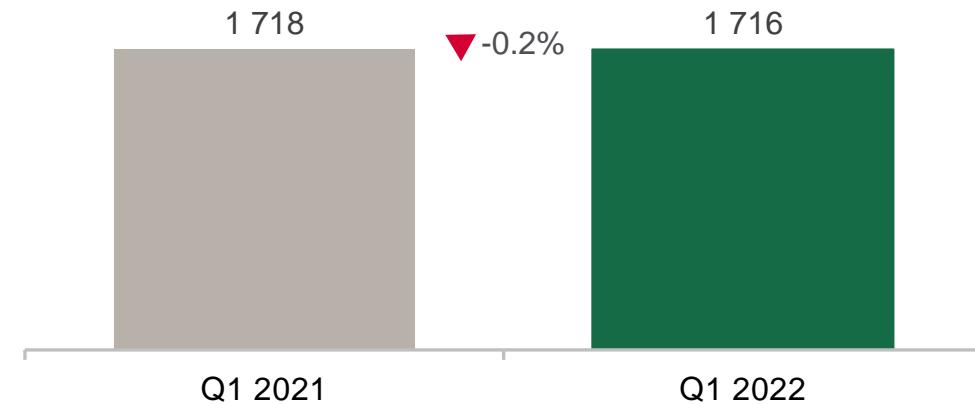
1992-2020: Europris chain sales (all stores, both directly operated by the group and the franchise stores)

2021: Europris chain sales, Lunehjem (consolidated as of March 2021) and Lekekassen (consolidated as of August 2021)

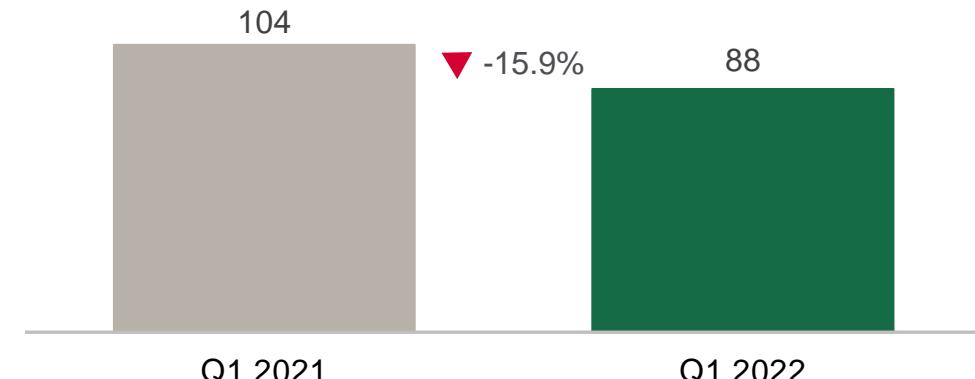
Europis shows strength – satisfactory Q1 in a challenging environment

- Total sales of NOK 1,716m, down 0.2%
 - Sales down 5.5% excluding acquisitions
 - Mild winter and negative timing effect of Easter
- Gross margin of 44.3%, up by 1%-point
 - Fixed-rate agreement for inbound freight
 - Negative effect from currency hedging
- Opex-to-sales ratio of 28.1% (26.3%)
 - Increase in opex of 6.6%, or +1.7% excluding acquisitions
- EBITDA of NOK 278m (292m), down 4.9%
- Net profit to parent of NOK 88m (104m), down 15.9%

Group sales (NOK million)



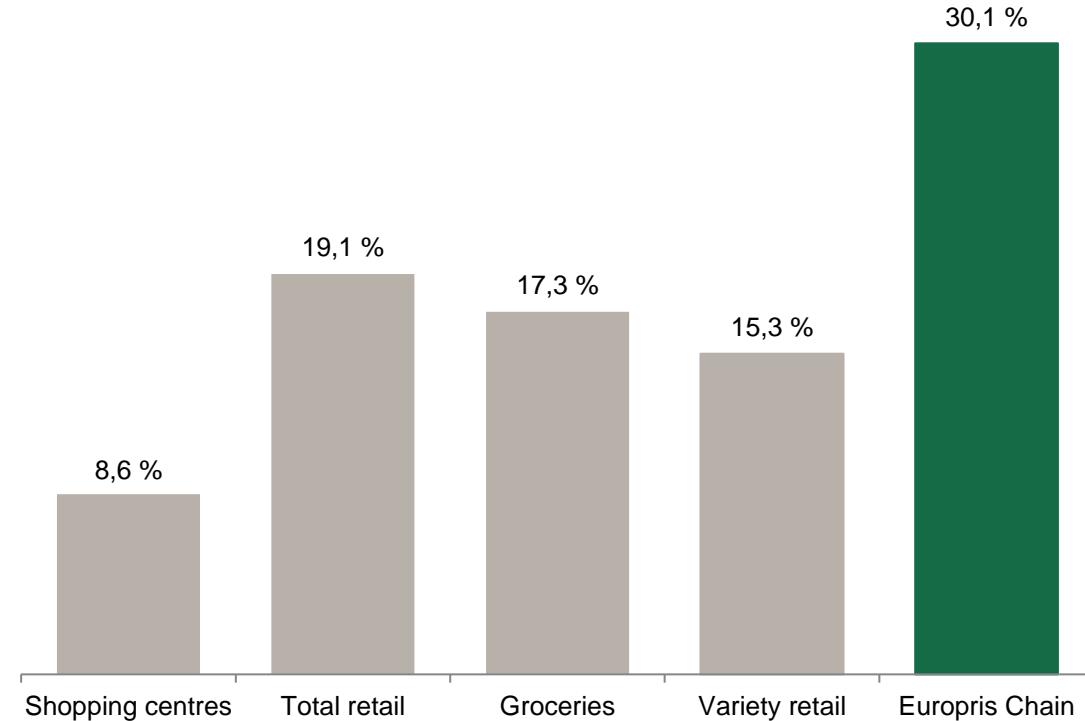
Net profit attributable to parent (NOK million)



Competitive edge has driven market outperformance last three years

- Overall strong market performance last three years
- Strong development for total retail segment
 - Closed borders
 - Increased consumption in private households
 - Shopping centres more heavily affected by social distancing and temporary closure of stores
- Europolis has significantly outperformed the market during Covid-19
 - Unique range of quality products at low prices

Retail sales development per March**, three-year-stacked (%)*



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

** Virke numbers (total retail, groceries and variety retail) updated per February for the 2022 numbers

Europolis chain: all stores, both directly operated by the group and the franchise stores

Financials

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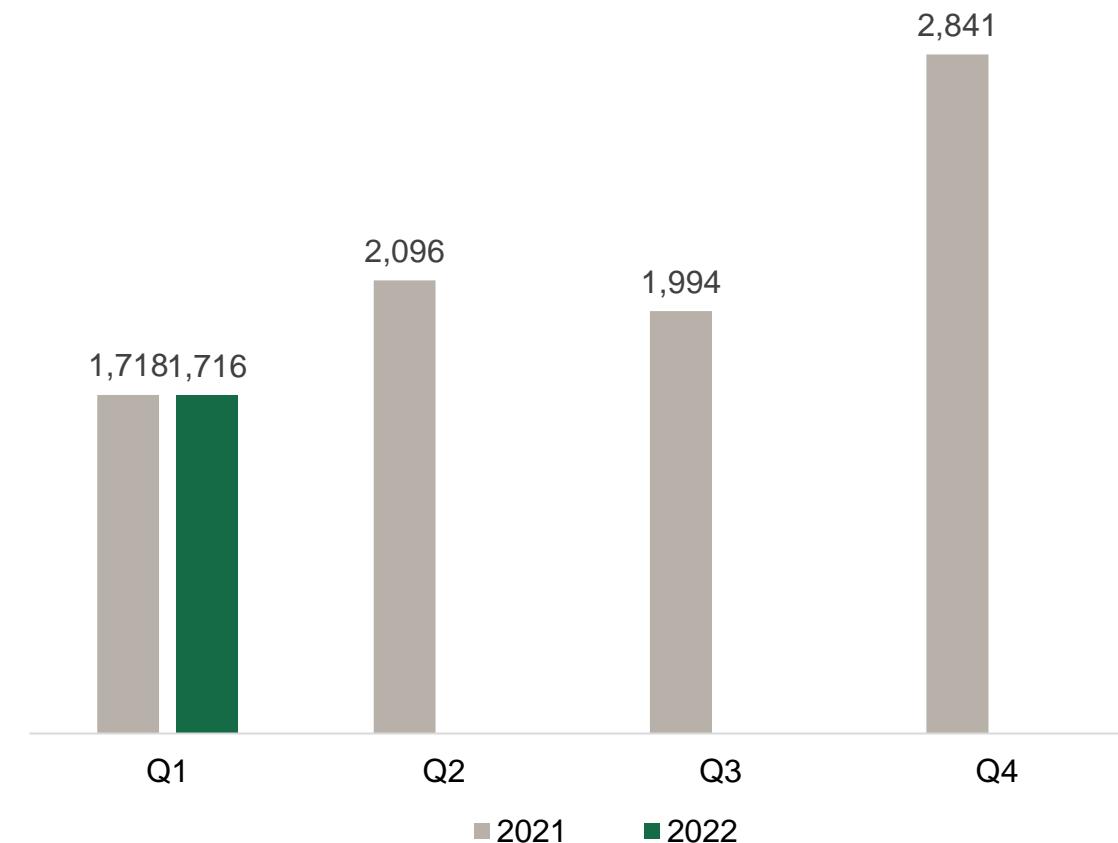


Growth strategy drives sales development in Q1-22

Europolis
MER TIL OVERS

- Group sales of NOK 1,716m, down 0.2%
 - Ex. acquisitions sales declined 5.5%
- Like-for-like sales decline of 6.7% for the Europolis chain*
 - Mild winter and timing of Easter affected basket size and traffic to stores negatively
 - Border trade picking up

Total group sales (NOK million)

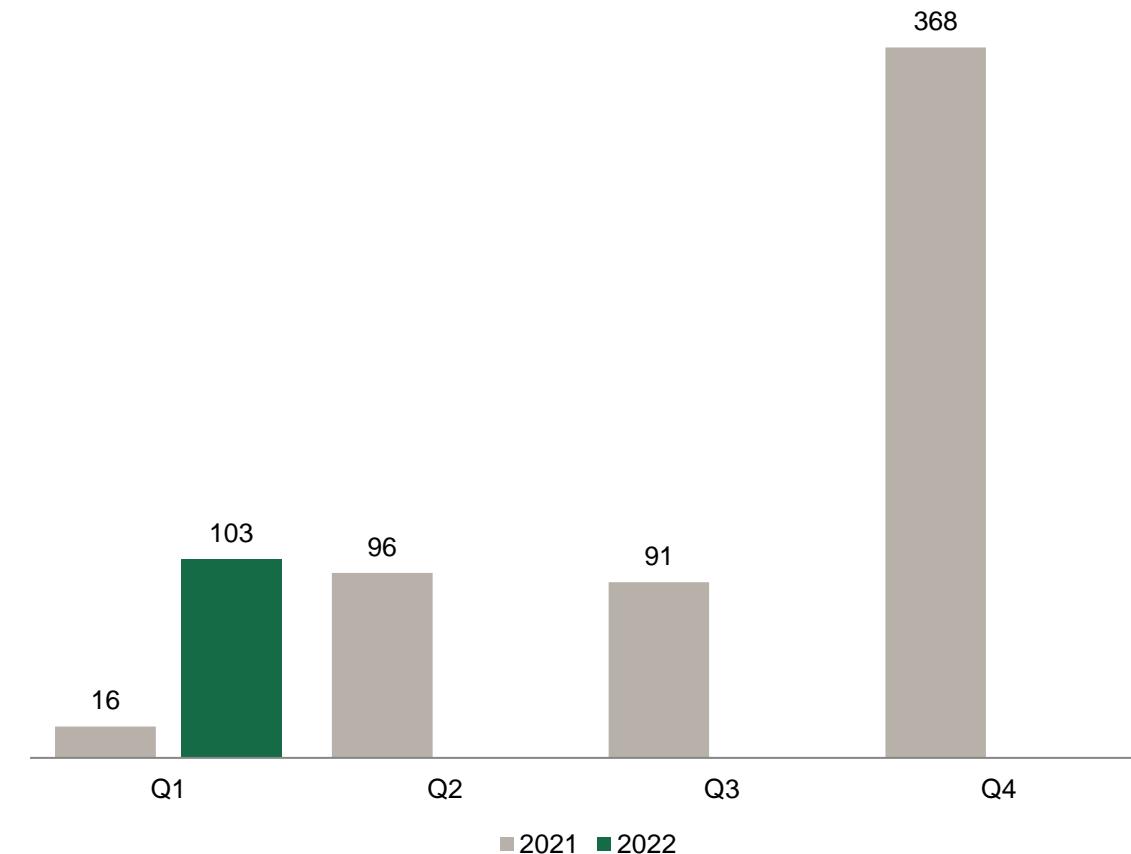


* All Europolis stores, both directly operated by the group and the franchise stores

Growth strategy increases online sales

- Total e-com sales of NOK 103m
 - 6.4% of group sales
- Tough comparables for the online channels
 - Sales decline in Norway for Lekekassen and Lunehjem, as expected
 - Flat sales development in Sweden (Toyspace), successful changes implemented in a competitive market
 - Denmark (Toyspace) still in start-up phase, performance according to plan
- E-com sales from Europ^ris.no of NOK 12m (16m)
 - Higher click and collect sales last year from closed stores
 - Changes made to improve customer satisfaction

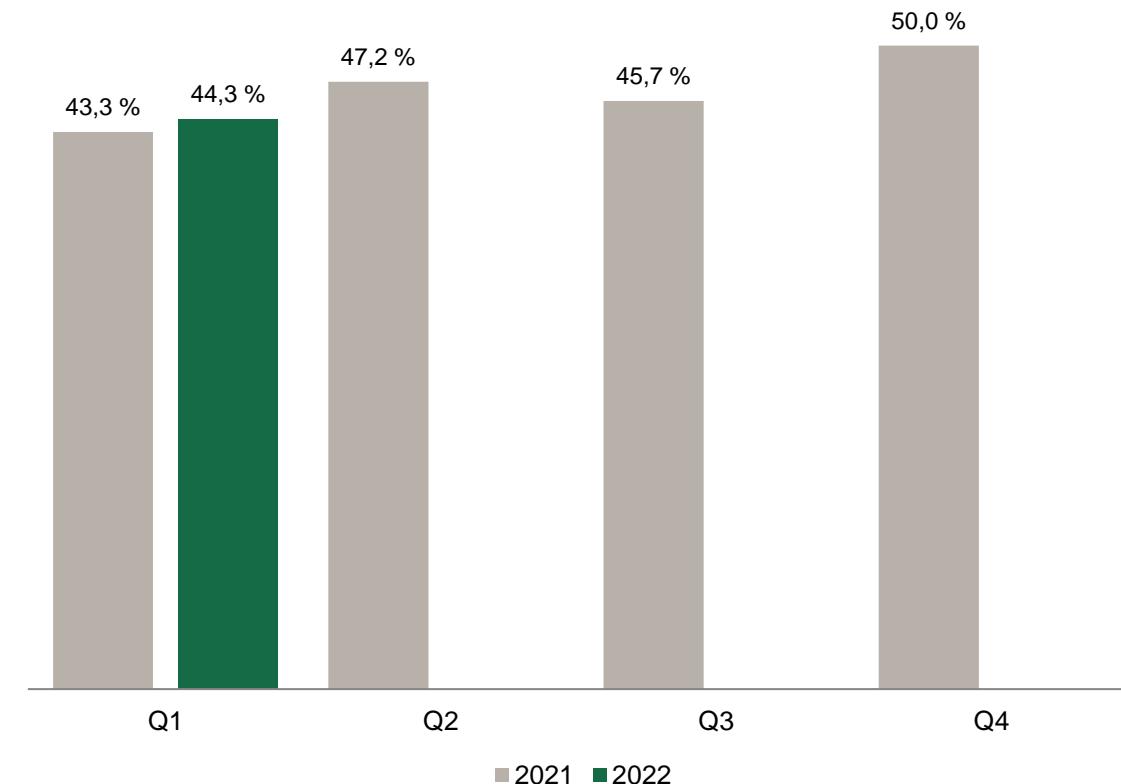
Total e-commerce sales (NOK million)



Continued good development in gross margin

- Gross margin of 44.3%, up 1.0%-p
 - Positive contribution from fixed freight rates
 - Negative effects from hedging currency
 - Dilutive effect from acquisitions

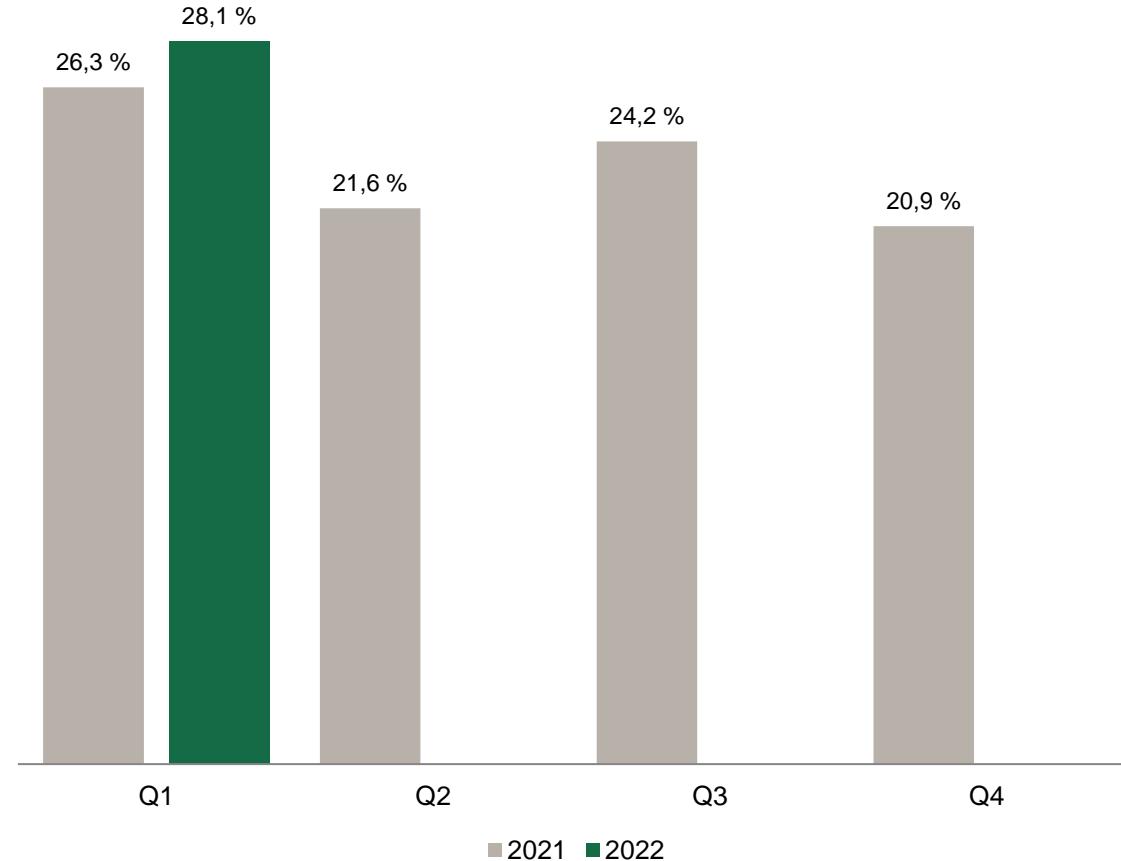
Gross margin



Inclusion of subsidiaries drives costs

- OPEX was NOK 482m (452m)
 - Ex. acquisitions OPEX increased by 1.7%
 - Number of directly operated stores increased to 244 (239)
- OPEX-to-sales ratio increased to 28.1% (26.3%)

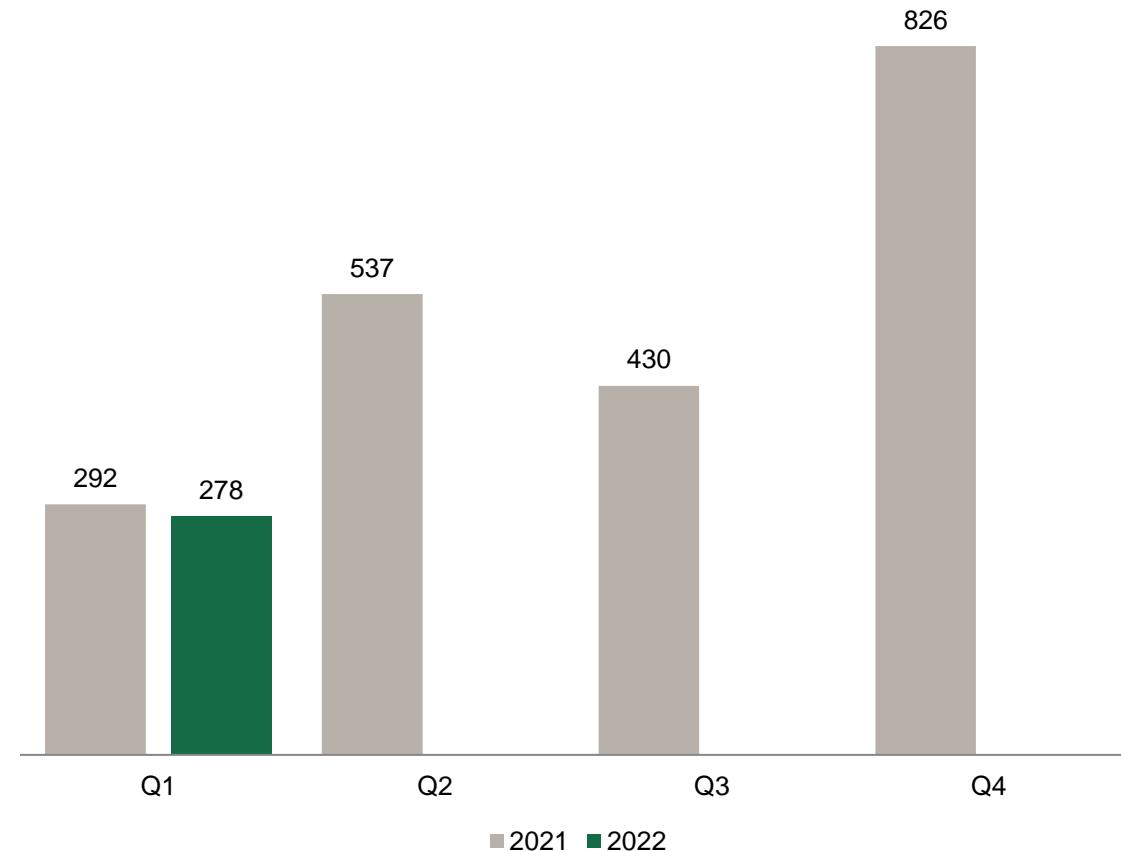
OPEX-to-sales ratio



Satisfactory development in profitability

- EBITDA of NOK 278m, down 4.9%
- EBITDA margin of 16.2% (17.0%)

EBITDA (NOK million)



Solid cash and liquidity position

- Net change in cash was negative with NOK 576m (negative with 399m)
 - Increased inventory from shipping goods earlier and increased purchase prices
- Net debt of NOK 3,012m (2,749m)
 - Net debt excluding lease liabilities of NOK 1,100m (854m)
- Cash and liquidity reserves of NOK 1,383m (1,526m)

Cash flow, NOK million	Q1 2022	Q1 2021	FY 2021
Cash from operating activities	(434)	(268)	1,591
- of which <i>change in net working capital</i>	(598)	(495)	(139)
Cash used in investing activities	(3)	(21)	(684)
Cash from financing activities	(139)	(110)	(877)
Net change in cash	(576)	(399)	30
Cash at beginning of period	570	540	540
Cash at end of period	(6)	141	570

Our strategic focus areas



Strengthen price
and cost position



Improve customer
experience



Drive customer
growth



Investing in our employees

- Launched a combined strategy and leadership programme for all managers
 - Programme to run over the course of several years
 - Preparing managers for changing market trends
 - Focus on circular economy in Q1-22
- Physical gatherings for all store managers and assistant store managers in Q1-22
 - Preparing for the important spring/summer season, sales training, and concept discipline
 - Improve understanding of the importance of local presence
 - Focus on avoiding and reducing sick leave





Strengthen price
and cost position



Improve customer
experience



Drive customer
growth

Warehouse expansion progressing on schedule and ramp-up of shuttle automation continues

- Warehouse expansion progressing on schedule
 - Construction permit granted
- Prolonged lease at old central warehouse till 30 June 2024
- Ramp-up of shuttle automation continues
 - Resolving software issues
 - Replacement of some hardware parts



Disagreements continue to delay decision on exercising of ÖoB option

- Arbitration initiated with regards to legal right for Europris to challenge 2019 EBITDA calculation
 - No date yet set – expected to take at least 12 months before a ruling is made
 - Arbitration to decide:
 - Whether option period has expired
 - If accountant's decision from September 2021 was correct
- Europris won arbitration regarding its legal right to challenge the 2020 EBITDA calculation
- This process does not affect operational developments or the execution of Europris' strategy

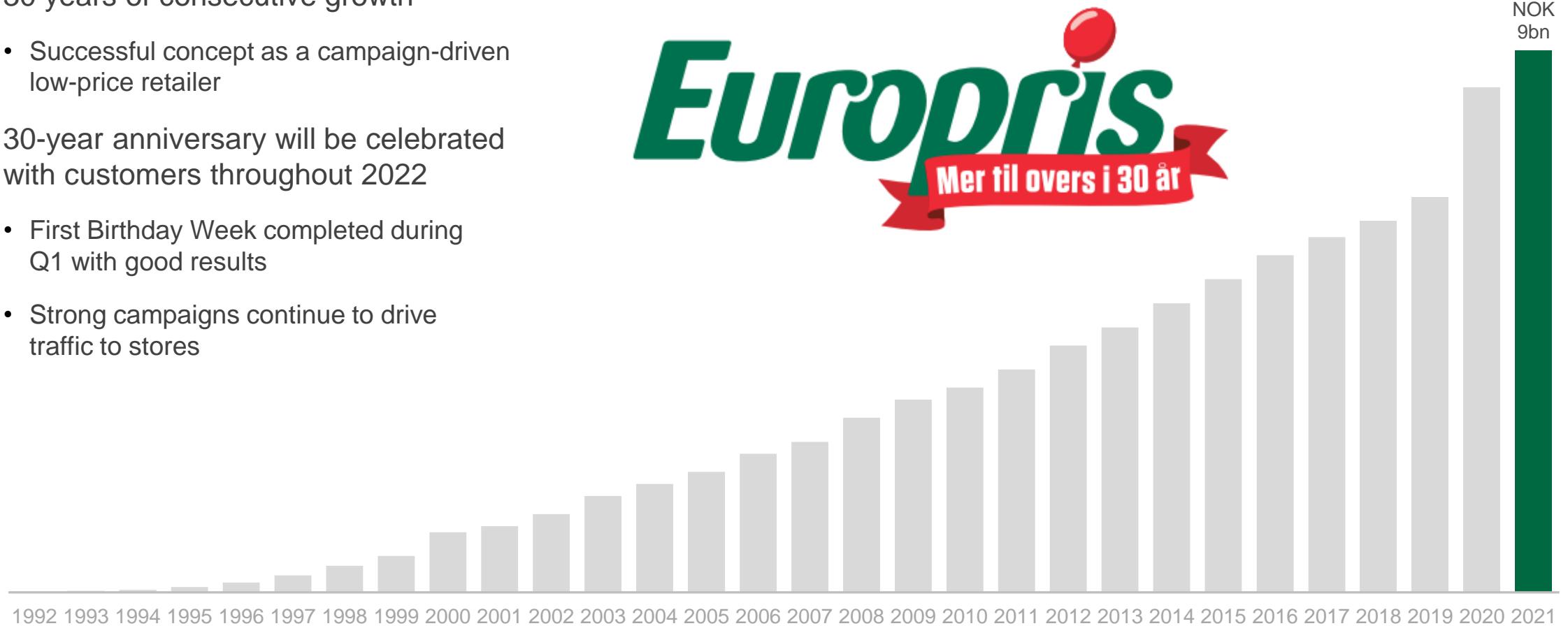




Europis celebrates 30 years of success



- 30 years of consecutive growth
 - Successful concept as a campaign-driven low-price retailer
- 30-year anniversary will be celebrated with customers throughout 2022
 - First Birthday Week completed during Q1 with good results
 - Strong campaigns continue to drive traffic to stores



1992-2020: Europis chain sales (all stores, both directly operated by the group and the franchise stores)

2021: Europis chain sales, Lunehjem (consolidated as of March 2021) and Lekekassen (consolidated as of August 2021)

Category upgrades continues

Europris
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- Revitalised the Pet food and accessories category
 - Category has been performing strongly over time
 - Renewed and rebuilt shop-in-shop
 - Introduction of sales promoting elements





Strengthen price
and cost position



Improve customer
experience



Drive customer
growth



One new store opening in the first quarter

- One new store opening in Q1
 - Frøya in Trøndelag County
- Two stores relocated in Q1
 - Rakkestad in Viken county
 - Volda in Møre og Romsdal county
- Nine stores in pipeline for 2022 and beyond
 - Two are subject to planning permission



The team at Europris Frøya

Outlook

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Resilient concept and well prepared

- Challenging micro- and macroeconomic conditions
 - Expected to affect consumer spending negatively
 - Continuously monitoring sourcing situation
- Europris is a market winner over time
 - 30 years of consecutive growth and a resilient concept
 - Upgraded important categories
 - Significantly expanded customer base
- YTD chain sales growth of 4.6% at 26 April
 - 13 per cent of the stores temporarily closed last year
- Ready for the important summer season



Q&A

Next event: Q2 presentation 14 July 2022

Appendix

Content

Long-term financial and operational ambitions

ÖoB

Sales days and store projects

Analytical information

Alternative Performance Measures (APM's)

Long-term financial and operational ambitions



Growth	Continue to deliver like-for-like growth above the market over time
Number of new stores	Target to open on average five new stores net per year , depending on availability of locations which meet strict return requirements, potential for relocations, expansion and refurbishment activities
EBITDA	Increased EBITDA margin over time from improved sourcing and more cost-effective value chain
Dividend	Dividend policy of 50%-60% pay-out of net profit while maintaining an efficient balance sheet

A low-risk synergistic partnership today

Potential for true European scale tomorrow

Strategic initiatives

Increase profitability of ÖoB

Store initiatives (incl. ÖoB 2.0)

Sharing best practice

Purchasing

Strengthen price and cost position

Improve customer experience

Drive customer growth

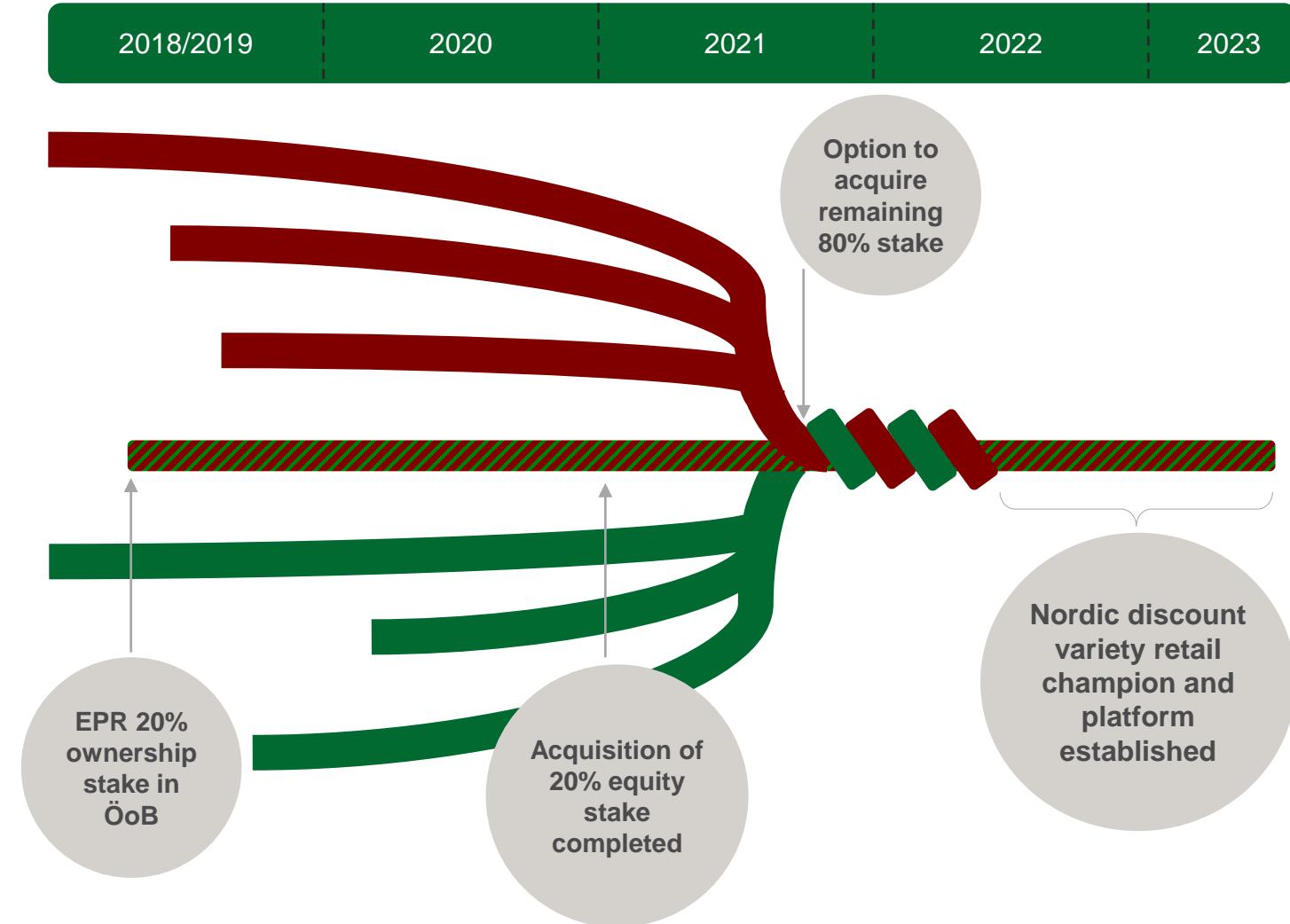
2018/2019

2020

2021

2022

2023



Transaction highlights

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 Europis at a total cost price of NOK 98 million
- Share for share transaction, settled by treasury shares
- 2.6% ownership stake in Europis (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
2021	76	71	79	81	307
2022	76	72	79	81	308
2023	77	71	79	79	306

Number of store projects (franchise projects in brackets)

2021	Q1	Q2	Q3	Q4	Total
New stores	1	1	1	1	4
Store closures	-	-	-	-	-
Relocations	1	1	1	2	5
Modernisations	4	2	2	1	9

2022E	Q1	Q2	Q3	Q4	Total
New stores	1	3	1	1	6
Store closures	-	-	-	-	-
Relocations	2	2	-	1	5
Modernisations	5	3	4	3	15

Note: Number of projects in 2022 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 info¹

Seasonality

- As rule-of-thumb, the Easter impact is approximately NOK 60-75 million in revenue and NOK 12-15 million of EBITDA

Quarterly OPEX

- Europris stores: as rule-of-thumb, OPEX in quarter one year ago + inflation + NOK 1.5-1.6 million per extra directly operated store (DOS)

CAPEX

- New store – NOK 2.0 million per store (average of 5 per year)
- Relocation – NOK 1.5 million per store (average of 10 per year)
- Modernisation – NOK 1.0 million per store (average of 10 per year)
- Category development – NOK 15 million per year
- IT & Maintenance – NOK 40 million per year
- In addition, estimate for 2022: IT (ERP) of NOK 10-15 million and Warehouse (automation expanded high-bay area) of NOK 40 million

Alternative performance measures (APMs)

APMs are used by Europis for annual and periodic financial reporting in order to provide a better understanding of the group's financial performance. APMs are considered as well-known and frequently used by users of the financial statements and are also used in internal reporting and by management to measure operating performance.

Gross profit / gross margin

Gross profit is defined as Total operating income minus the cost of goods sold (COGS). The gross profit represents revenue that the group retains after incurring the direct costs associated with the purchase of the goods. Gross margin is defined as gross profit divided by total revenue and is useful for benchmarking direct costs associated with the purchase of the goods vs total revenues.

Opex

Operating expenses (Opex) is the sum of employee benefits expense and other operating expenses. It is useful to look at cost of these two components combined, as they compose a large part of the fixed operating costs. The Opex-to-sales ratio divides the Opex by Total operating income and is useful for benchmarking this cost base vs the development in sales.

EBITDA / EBITDA margin

EBITDA is earnings before interests, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of other intangibles. EBITDA is a well-known and widely used term among users of the financial statements and is useful when evaluating operational efficiency on a more variable cost basis as they exclude amortisation and depreciation expense related to capital expenditure. EBITDA margin is EBITDA divided by Total operating income and is useful for benchmarking this profitability parameter vs the development in sales.

EBIT

EBIT is earnings before interest and taxes and is the same as the IFRS definition of operating profit. EBIT is a well-known and widely used term among the users of the financial statements and is useful when evaluating operational profitability. EBIT margin is EBIT divided by Total operating income, and thus the same as Operating profit divided by Total operating income.

Working capital

Working capital is the sum of inventories and trade receivables and other receivables less the sum of accounts payable and other current liabilities. Net change in working capital is the change in the mentioned parameters; i.e., net change in working capital is the sum of change in inventories and trade receivables and change in other receivables less the sum of change in accounts payable and other current liabilities. Net change in working capital is a well-known and widely used term among the users of the financial statements and is useful for measuring the group's liquidity, operational efficiency and short-term financial conditions.

Capital expenditure

Capital expenditure (Capex) is the sum of purchases of fixed assets and intangible assets as used in the cash flow. Capex is a well-known and widely used term among the users of the financial statements and is a useful measure of investments made in the operations when evaluating the capital intensity.

Financial debt

Financial debt is the sum of borrowings and lease liabilities. Financial debt is useful to see total debt as defined by IFRS.

Cash and liquidity reserves

Cash and liquidity reserves is defined as available cash plus available liquidity through overdraft and credit facilities. This measure is useful to see total funds available short term.

Total chain sales

Total chain sales are sales from all chain stores, that is both directly operated and franchise stores. This KPI is an important measure of the performance of the total Europis chain and considered useful in order to understand the development of the entire chain, regardless of ownership structure of stores. Like-for-like growth is defined as the growth in total chain sales for stores that have been open for every month of both the previous and the current calendar year.

Directly operated store

Directly operated store means a store owned and directly operated by the group.

Franchise store

Franchise store means a store operated by a franchisee under a franchise agreement with the group.

Chain

Chain means the sum of directly operated stores and franchise stores.