



Q4 2022



EUROPRIS ASA

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Highlights

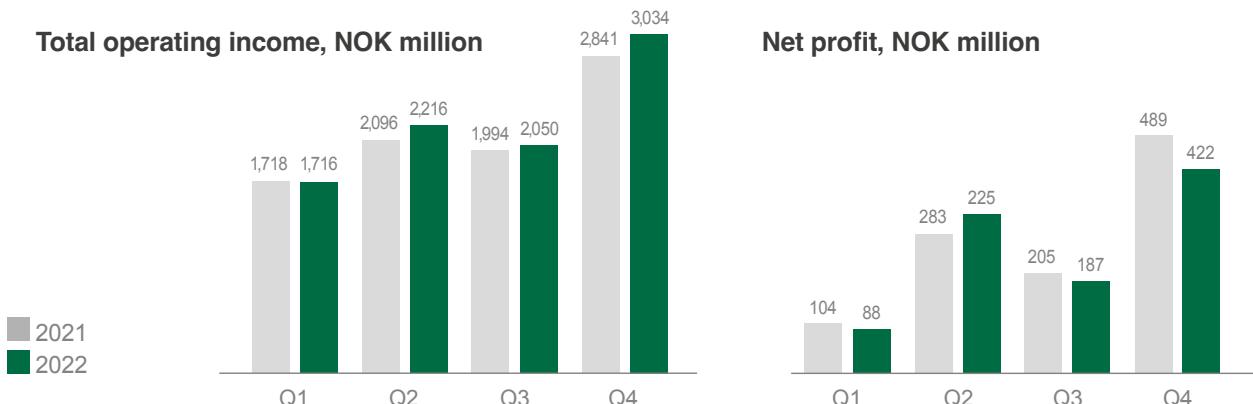
Highly satisfactory performance in a tough retail market for Europris in the fourth quarter

- Total sales of NOK 3,034 million (NOK 2,841 million), a 6.8 per cent increase
 - » Sales growth of 4.8 per cent excluding structural growth from acquisitions
 - » Like-for-like sales growth of 3.3 per cent for the Europris chain
- Gross margin of 45.5 per cent (50 per cent)
 - » Higher costs for inbound freight, unrealised currency losses on hedging contracts, and larger share of campaign sales
- Opex-to-sales ratio of 20.4 per cent (20.9 per cent)
- EBITDA of NOK 760 million (NOK 826 million), an eight per cent decline from the record fourth quarter of 2021
 - » EBITDA margin of 25 per cent (29.1 per cent)
- Solid profitability, with net profit attributable to the parent company of NOK 422 million (NOK 489 million)

Solid performance for the full year 2022

- Total sales of NOK 9,016 million (NOK 8,648 million), a 4.3 per cent increase
 - » Sales up by 0.7 per cent, excluding structural* growth
 - » Reduced sales of higher-value seasonal items
- Gross margin of 46.4 per cent (46.9 per cent)
 - » Unrealised currency losses on hedging contracts in 2022 versus unrealised gains in 2021
- Opex-to-sales ratio of 23.6 per cent (22.8 per cent)
- EBITDA almost on par with the strong 2021
 - » EBITDA of NOK 2,051 million (NOK 2,083 million) and EBITDA margin of 22.8 per cent (24.1 per cent)
- Solid profitability
 - » Net profit of NOK 1,022 million (NOK 1,082 million) attributable to the parent company
 - » Earnings per share of NOK 6.35 excluding treasury shares (NOK 6.72)
- Strong financial position, with cash and liquidity reserves of NOK 1,897 million (NOK 1,981 million)
- Board of directors proposes a total dividend per share of NOK 3.75 (NOK 4.00)
 - » NOK 2.75 in ordinary dividend (2.50) and additional dividend of NOK 1.00 to reflect the strong performance and solid financial position after a period still positively affected by Covid-19

Figures for the corresponding period of the year before in brackets. The figures are unaudited.
See page 24 for definitions of APMs.



* Lunehjem consolidated from March 2021 (ie, January and February 2022 considered to be structural growth), Lekekassen consolidated from August 2021 (ie, January to July 2022 considered to be structural growth) and the Strikkemekka group consolidated from July 2022 (ie, July to December considered to be structural growth)

Key figures

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
GROUP KEY INCOME STATEMENT FIGURES				
Sales directly operated stores	2,391	2,254	7,518	7,438
Sales from partly owned subsidiaries	405	350	745	423
Sales from wholesale to franchise stores	211	216	666	707
Franchise fees and other income	27	21	87	80
Total operating income	3,034	2,841	9,016	8,648
% growth in total operating income	6.8%	12.6%	4.3%	7.9%
Cost of goods sold	1,655	1,420	4,833	4,592
Gross profit	1,379	1,421	4,183	4,056
Gross margin	45.5%	50.0%	46.4%	46.9%
Opex	619	595	2,132	1,973
Opex-to-sales ratio	20.4%	20.9%	23.6%	22.8%
EBITDA	760	826	2,051	2,083
EBITDA margin	25.0%	29.1%	22.8%	24.1%
EBIT (Operating profit)	604	681	1,440	1,512
EBIT margin (Operating profit margin)	19.9%	24.0%	16.0%	17.5%
Net profit	440	510	1,044	1,104
Net profit attributable to owners of the parent	422	489	1,022	1,082
Earnings per share (in NOK)	2.62	3.04	6.35	6.72
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES				
Net change in working capital	419	200	(374)	(139)
Capital expenditure	47	43	143	131
Financial debt	3,105	3,010	3,105	3,010
Cash	464	570	464	570
Net debt	2,641	2,440	2,641	2,440
- Lease liabilities	2,015	1,914	2,015	1,914
Net debt ex lease liabilities	626	526	626	526
Cash and liquidity reserves	1,897	1,981	1,897	1,981
EUROPRIS CHAIN KEY FIGURES				
Total chain sales	2,723	2,591	8,586	8,569
% growth in total chain sales	5.1%	(2.1%)	0.2%	2.2%
% growth in like-for-like chain sales	3.3%	(3.0%)	(1.1%)	1.5%
Total number of chain stores at end of period	276	270	276	270
- Directly operated stores	249	242	249	242
- Franchise stores	27	28	27	28

* For definitions and reconciliations of APMs, please see page 24



Europris
MER TIL OVERS

Alt du kan drømme om til jul

Julen er årets fineste tid.
Få inspirasjon til hjemmet ditt
og skap en jul du altid
har drømt om!

Bli inspirert av Europris
Julen 2022

Period review

Europis delivered a strong fourth quarter. As in the previous quarters, sales performance was strongest for low-priced consumables, with customers holding back on investment purchases. In line with expectations, the gross margin was lower than the year before, when the margin was supported by a favourable freight agreement and lower discounts on seasonal goods.

Christmas shopping started early during 2022, with some players beginning to offer hard discounting as early as October in order to clear out excess seasonal inventory. This prompted customers to frontload their purchases, boosting October and November retail sales both in general and for the Europis chain. Sales growth was lower in December than in the first two months of the quarter, although the chain also managed to generate increased sales for this month – despite tough comparables reflecting the Covid-19 shutdown towards the end of the year before.

Europis has proved to be a highly relevant concept under the prevailing tough market conditions, and the combination of low-price consumables and attractive campaigns continues to drive sales in the stores.

Full-year summary

Europis has emerged from the pandemic as a stronger group, and has been able to maintain the higher level of sales established during recent years. It has proved to be relevant in a more demanding retail market, where customers expect even better value for money and where campaigns are providing an increased share of sales.

Only three per cent of total sales related to products with a price point above NOK 1,000, and the reluctance of customers to make investment purchases has therefore been manageable. Such sales declined by 21.5 per cent, while those for products with a price point below NOK 1,000 increased by 1.1 per cent. Consumables drove sales growth and hence accounted for a higher share of total sales in 2022.

The effect of lower sales for high-value items was most noticeable over the summer season, when Europis has its largest share of such products. However, pre-Christmas sales of some seasonal items also declined.

Covid-19 affected 2022 in several ways, with anti-infection measures and restrictions in place until mid-February and a persistently high level of sickness absence throughout 2022. This was another challenging year for all Europis employees, who handled the difficulties in an impressive manner.

Europis completed one acquisition in 2022. Involving the Strikkermekka group, which was consolidated with effect from July 2022, this strengthened the group's online presence in yarn.

Sales performance

Fourth quarter

Group sales came to NOK 3,034 million for the fourth quarter, an increase of 6.8 per cent. The rise was 4.8 per cent when structural growth from the acquisition of Strikkermekka is excluded. The Europis chain had a like-for-like sales growth of 3.3 per cent in the fourth quarter. Total growth was 5.1 per cent, compared to a growth of 0.1 per cent for shopping centres and a decline of 1.3 per cent for the stores in the shopping centres (Kvarud).

As in previous quarters, sales of higher-value seasonal items declined but only constituted just over one per cent of total turnover. Adapting to the current market sentiment, Europis has increased the attention

it devotes to everyday consumables. This generated sales growth for such products, and they also constituted a higher share of turnover. Increased discounting for products on the front page of the weekly direct marketing leaflet affected sales positively, and turnover growth for such campaign products was higher than for items not included in the leaflet.

Like-for-like traffic increased in the fourth quarter. The basket value also increased, with a higher average price per item but a lower average number of articles included.

Full year

Group sales came to NOK 9,016 million for the full year, an increase of 4.3 per cent. Sales rose by 0.7 per cent, excluding structural growth.

The Europris chain showed a like-for-like sales decline of 1.1 per cent for the full year, while total sales for the chain were 0.2 per cent above the record set in 2021. Like-for-like traffic was slightly lower than the year before. The basket was also slightly smaller, since a higher average price per item was offset by a reduced number of articles included.

Given the significant effects of Covid-19 on consumer patterns in recent years, the group has found it useful to view sales developments for the Europris chain and for the market over the past three years. As illustrated in the table below, Europris has outperformed the market with a combined three-year growth of 30.2 per cent, compared with 19.7 per cent for variety retail and 17.2 per cent for total retail.

Sales growth to 31 Dec	2020	2021	2022	Three years combined
Virke: total retail*	10.0%	4.6%	2.6%	17.2%
Virke: groceries*	15.9%	(0.2%)	(3.0%)	12.7%
Virke: variety retail*	18.5%	(0.6%)	1.8%	19.7%
Kvarud shopping centre index**	4.0%	3.6%	4.4%	12.0%
Europris chain	27.8%	2.2%	0.2%	30.2%

* Virke retail index (using figures reported by Statistics Norway)

** Kvarud Analyse shopping centre index.

Operational review

Concept and category development

The toy category was upgraded at the beginning of the fourth quarter through both a modernised lay-out and an updated product range developed in cooperation with Lekekassen. This has been well received by customers, and the category performed well with growth in both sales and margins. Categories upgraded during previous quarters of 2022 also performed well, with higher sales growth than the overall chain average.

E-CRM and e-commerce

Europris had more than 1,250,000 members in its Mer customer club at 31 December 2022, an increase of 22 per cent from 31 December 2021. More than 750,000 people subscribe to weekly digital newsletters.

The group is devoting continuous attention to improving the personalisation of its marketing and customer communication. 30-40 per cent higher engagement can be seen for personalised communication. Tests also show 5-10 per cent higher average basket value for those exposed to personalised content.

One example of personalised communication was for Mer customers shopping for Christmas trees. They received relevant and personalised digital newsletters following their purchase, with decoration tips and information on how best to preserve the tree till the next Christmas season.

Customer communication was tied to a greater extent to local stores in the fourth quarter, and a better response can be seen when customers perceive that communication comes from their local store rather than centrally from the chain alone. Europris is also testing the use of artificial intelligence in digital advertising, with data from the Mer customer club being used to boost traffic both to Europris.no and to the physical stores. The Christmas Calendar (a daily email with deals offered to Mer members) contributed to a higher shopping frequency during December.

The fourth quarter is a relatively low period for online sales from Europris.no, and total sales amounted to NOK 16 million (NOK 18 million). For the full year, sales from Europris.no amounted to NOK 103 million (NOK 147 million). The decline in online sales was expected, since these were boosted in 2021 by temporary store closures owing to Covid-19. Europris has also adjusted its online product offering to improve the customer experience and profitability. Reduced demand for higher-value items also had a negative impact on online sales in 2022.

The fourth quarter is the most important period for Lekekassen, which reported higher sales in Sweden and Denmark while Norwegian sales were below the record set in 2021. Reduced demand for higher-value items had a negative effect.

For the full year, the Lekekassen group had sales of NOK 622 million, an increase of 5.3 per cent. Sales declined in Norway, while both Sweden and Denmark (from mid-September 2021) delivered significant turnover increases. EBITDA was NOK 99 million (NOK 110 million) – negatively affected by lower gross margins.

Strikkemekka achieved sales growth in the fourth quarter, and reported sales of NOK 193 million for the full year. Higher sales compared with 2021 reflected increases from Strikkemekka in Norway and from the launch of Yarnmania in Sweden and Denmark, while Designhandel sales were down. EBITDA for 2022 was NOK 7 million. The reduction from 2021 reflected one-off costs related to the liquidation of Motelhus.no, higher costs for inbound freight, and lower sales by

Designhandel – which has a product portfolio with higher gross margins.

E-commerce sales

NOK million	Q4 2022	Q4 2021	Change	FY 2022	FY 2021	Change
Europis e-com sales*	16	18	(13%)	103	147	(30%)
Total group e-com sales**	425	367	16%	853	570	50%
Percentage of total group sales	14.0%	12.9%	1.1%-p	9.5%	6.6%	2.9%-p

* Home deliveries and click and collect.

** Europis, Lunehjem (from March 2021), Lekekassen (from August 2021) and the Strikkemekka group (from July 2022).

Store estate

Europis opened one new store during the fourth quarter, at Nittedal in Viken county. This location has been sought for a long time, and a very good start-up has been well above expectations. Six new stores were opened during 2022, of which three in the greater Oslo area. New stores in 2022 have performed better than expected based on business cases.

At 31 December 2022, the chain had a total of 276 stores, of which 249 were directly operated and 27 were franchises.

Europis has a healthy pipeline of new stores, and the board has approved an additional nine for 2023 and beyond. Two of the planned new stores are subject to a planning permission process.

New stores opened in 2022

Month	Store	County
March	Frøya	Trøndelag
May	Lagunen	Vestland
June	Fjellhamar	Viken
June	Setermoen	Troms
September	Ensjø	Oslo
November	Nittedal	Viken

Store relocations in 2022

Month	Store	County
January	Rakkestad	Viken
March	Volda	Møre og Romsdal
April	Lena	Innlandet
May	Forus	Rogaland
October	Flå	Viken
December	Krøgenes	Agder

Employees and organisation

Europis repeated its annual sustainability week for all employees in October 2022. The goal is to increase awareness of and knowledge about all environmental, social and governance (ESG) issues throughout the organisation. The updated strategy with four key areas was presented to the whole workforce, covering “our climate profile”, “our products”, “our people” and “our social responsibilities”.

Compliance with international sustainability standards is of great importance to the group. Europis is therefore pleased that its application for science-based targets has been officially approved by the Science-Based Target Initiative, and it is currently in a mapping phase. The group is satisfied to have maintained a B score on its carbon disclosure project (CDP) reporting for 2022.

Europis pays great attention to developing its employees. The combined strategy and leadership programme for managers launched in 2021 has continued. A physical gathering was held over two days in the fourth quarter, concentrating on innovation, sustainability and change management.

All Europis employees faced another demanding year in 2022, and returning to normal after Covid-19 was accompanied by an increase in sickness absence. The workforce has handled these conditions in an impressive manner, making extra efforts to keep stores open and operations going at the logistics centre.

The group is focused on reducing sick leave and this is closely followed up on an ongoing basis. Still, sickness absence increased by 0.5 percentage points to 9.3 per cent for 2022. This increase reflected higher short-term absences. Like the market in general, Europis also experienced a rise in Covid-19 infections, common cold, flu and stomach infections compared with 2021.

Sickness absence	FY 2022	FY 2021
Group*	9.3%	8.8%

* Excluding partly owned subsidiaries

In China, society finally started to reopen after three years of strict infection-control measures to prevent the spread of Covid-19. This has led to a big increase in the number of cases of infection, and employees at the purchasing office in Shanghai became infected. None of them were seriously ill, and the management had prepared a good operational plan for the reopening phase to ensure that activities were not affected.

A total of ten lost-time injuries were recorded to 31 December. None resulted in long-term absence.

Financial review

Profit and loss – fourth quarter

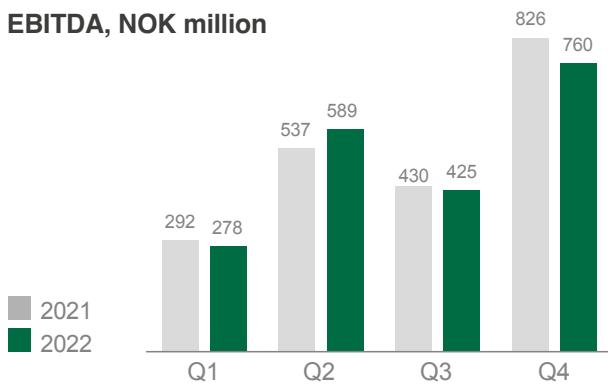
Operating income for the fourth quarter amounted to NOK 3,034 million (NOK 2,841 million), up by 6.8 per cent. Excluding structural growth from the Strikkemekka group, sales growth was 4.8 per cent. The chain had a like-for-like sales growth of 3.3 per cent.

Gross profit came to NOK 1,379 million (NOK 1,421 million). The gross margin was 45.5 per cent (50 per cent), a drop of 4.5 percentage points. The group recognised a net unrealised loss of NOK 39 million (NOK 0 million) on hedging contracts and accounts payable in the fourth quarter of 2022. This had a negative effect of 1.3 percentage points on the margin. Gross profit in 2021 was positively affected by the favourable fixed-rate agreement on inbound freight. In addition, a higher campaign share and increased sales of low-price consumables had a negative effect on the gross margin in the fourth quarter of 2022.

Stocktaking was completed in the fourth quarter with a net positive result of NOK 27.7 million (positive result of NOK 24.2 million).

Operating expenditure (Opex) was NOK 619 million in the fourth quarter (NOK 595 million). The increase of 4.1 per cent was mainly explained by structural growth, but the number of directly operated stores also increased from 242 to 249. Opex amounted to 20.4 per cent of group revenue (20.9 per cent).

EBITDA, NOK million



EBITDA was NOK 760 million (NOK 826 million), down by NOK 66 million or eight per cent.

The group recognised a net unrealised loss on interest swaps of NOK 9 million (profit of NOK 2 million).

Net profit for the fourth quarter of 2022 was NOK 440 million (NOK 510 million). Net profit attributable to owners of the parent company amounted to NOK 422 million (NOK 489 million).

Profit and loss – full year (1 January - 31 December)

Total operating income for 2022 amounted to NOK 9,016 million (NOK 8,648 million), up by 4.3 per cent. Excluding structural growth, sales rose by 0.7 per cent. The Europris chain saw a like-for-like sales decline of 1.1 per cent.

Gross profit for the group amounted to NOK 4,183 million (NOK 4,056 million). The gross margin was 46.4 per cent (46.9 per cent), a decrease of 0.5 percentage points. The group recognised a net unrealised loss of NOK 14 million (gain of NOK 49 million) on hedging contracts and accounts payable. This had a negative effect of 0.7 percentage points on the change in margin.

Opex came to NOK 2,132 million (NOK 1,973 million). It was affected by the inclusion of partly owned subsidiaries, an increase in directly operated stores from 242 to 249, and inflation. Operating expenses were 23.6 per cent (22.8 per cent) of group revenue.

EBITDA was NOK 2,051 million (NOK 2,083 million), down by NOK 32 million or 1.5 per cent. Excluding structural growth, EBITDA declined by three per cent from 2021. The EBITDA margin was 22.8 per cent (24.1 per cent), down by 1.3 percentage points.

Net unrealised profit on interest swaps was NOK 39 million in 2022 (unrealised profit of NOK 26 million) and thereby reduced the total interest expenses booked.

Net profit for the full year was NOK 1,044 million (NOK 1,104 million), down by NOK 60 million. Net profit attributable to owners of the parent company was NOK 1,022 million (NOK 1,082 million).

Cash flow

Net change in working capital was negative at NOK 374 million (negative at NOK 139 million). Working capital was affected by a higher level of inventory, reflecting increased purchase prices and greater volumes of seasonal summer items, in addition to timing differences in the payment of accounts payable and other accrued expenses. The level of inventory was NOK 2.4 billion at 31 December 2022, an increase of NOK 387 million (19.4 per cent). This rise was fully attributable to value growth, since volumes were down slightly from 31 December 2021.

Capital expenditure amounted to NOK 143 million (NOK 131 million). The increase from 2021 reflected more store projects.

Financial position and liquidity

Financial debt at 31 December 2022 was NOK 3,105 million (NOK 3,010 million), and became NOK 1,090 million when adjusted for lease liabilities (NOK 1,096 million).

Net debt at 31 December 2022 amounted to NOK 2,641 million (NOK 2,440 million), and became NOK 626 million when adjusted for lease liabilities (NOK 526 million).

Cash and liquidity reserves for the group at 31 December 2022 amounted to NOK 1,897 million (NOK 1,981 million).

Dividend

The board of Europris ASA will propose an ordinary dividend of NOK 2.75 per share for 2022 to the general meeting. This represents a ten per cent increase from the ordinary dividend of NOK 2.50 for 2021. To reflect the strong financial performance and solid financial position after a period still positively affected by Covid-19, the board also proposes to pay an additional dividend

of NOK 1.00 per share for 2022. The total proposed dividend will thereby be NOK 3.75 per share, amounting to NOK 604 million excluding treasury shares. This proposal represents a pay-out ratio of 59.1 per cent of the majority's share of the profit.

Outlook

Household finances in Norway are becoming more challenging, with rising interest rates and higher prices for food, energy and other necessities. Although private consumption held up reasonably well during 2022, most economists are being cautious in their expectations for consumer spending during the time to come.

Although Europris expects to have to fight hard for its share of the wallet, these market conditions also represent opportunities for companies able to stay relevant for consumers and offer good value for money. The group is well positioned, with a well-recognised low-price concept, strong campaigns, and a broad and relevant product offering. Over time, it has outperformed the retail market. The board is confident that Europris will continue to play an increasingly important role and continue to take market share.

EUROPRIS ASA

Q4-2022

Interim condensed consolidated statement of profit and loss

Figures are stated in NOK 1,000

Notes	Q4 2022	Q4 2021	FY 2022	FY 2021
	Unaudited	Unaudited	Unaudited	Audited
Total operating income	3,034,033	2,840,564	9,015,766	8,648,177
Cost of goods sold	1,654,925	1,419,589	4,832,774	4,592,143
Employee benefit expenses	370,026	344,208	1,295,131	1,230,303
Depreciation	5	155,288	144,910	611,035
Other operating expenses		249,348	250,799	836,481
Operating profit	604,447	681,057	1,440,345	1,511,758
Net financial income (expense)	(49,423)	(30,081)	(107,427)	(94,395)
Profit (loss) from associated companies	7	6,604	2,016	4,047
				189
Profit before tax	561,628	652,992	1,336,965	1,417,551
Income tax expense		122,105	143,231	293,242
Profit for the period	439,523	509,762	1,043,723	1,103,963
Profit attributable to non-controlling interests		17,388	20,977	21,887
Profit attributable to owners of the parent		422,135	488,785	1,021,836
Interim condensed consolidated statement of comprehensive income				
Profit for the period		439,523	509,762	1,043,723
Total comprehensive income	439,523	509,762	1,043,723	1,103,963
Profit attributable to non-controlling interests		17,388	20,977	21,887
Profit attributable to owners of the parent		422,135	488,785	1,021,836

Interim condensed consolidated statement of financial position

Figures are stated in NOK 1,000

	Notes	31 Dec 2022	31 Dec 2021
		Unaudited	Audited
ASSETS			
Total intangible assets	5	2,875,288	2,730,061
Total fixed assets	5	2,906,989	2,814,094
Total financial assets	6,7	246,617	195,294
Total non-current assets		6,028,893	5,739 449
Inventories		2,383,837	1,997,312
Trade receivables		215,175	215,480
Other receivables	6	132,793	116,551
Cash		464,488	570,286
Total current assets		3,196,294	2,899,629
Total assets		9,225,187	8,639,078
EQUITY AND LIABILITIES			
Total paid-in capital	9	234,737	233,342
Total retained equity		2,727,525	2,386,704
Total shareholders' equity		2,962,262	2,620,046
Non-controlling interests		322,278	268,680
Total equity		3,284,540	2,888,726
Provisions		55,533	52,332
Borrowings	6	1,090,349	1,091,521
Lease liabilities	6	2,015,033	1,913,555
Total non-current liabilities		3,160,915	3,057,407
Borrowings	6	-	5,000
Current lease liabilities	6	521,958	490,164
Accounts payable		876,366	843,854
Tax payable		291,466	324,057
Public duties payable		393,686	376,023
Put option liability	6,8	281,221	246,528
Other current liabilities	6	415,035	407,319
Total current liabilities		2,779,732	2,692,945
Total liabilities		5,940,647	5,750,352
Total equity and liabilities		9,225,187	8,639,078

Fredrikstad, 1 February 2023
THE BOARD OF DIRECTORS OF EUOPRIS ASA

Interim condensed consolidated statement of changes in equity

Figures are stated in NOK 1,000

	Share capital	Treasury shares	Share premium	Other paid-in capital	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2022	166,969	(5,997)	51,652	20,718	2,386,704	2,620,046	268,680	2,888,726
Profit for the period	-	-	-	-	1,021,836	1,021,836	21,887	1,043,723
Dividend	-	-	-	-	(643,886)	(643,886)	(16,500)	(660,386)
Net purchase/sale of treasury shares	-	59	-	1,336	1,505	2,900	-	2,900
Non-controlling interests on acquisition of subsidiary	-	-	-	-	(4,437)	(4,437)	47,977	43,540
Put option liability	-	-	-	-	(34,693)	(34,693)	-	(34,693)
Translation differences	-	-	-	-	495	495	234	729
Other comprehensive income	-	-	-	-	-	-	-	-
At 31 December 2022	166,969	(5,938)	51,652	22,054	2,727,525	2,962,262	322,278	3,284,540

(unaudited)

Figures are stated in NOK 1,000

	Share capital	Treasury shares	Share premium	Other paid-in capital	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2021	166,969	(6,150)	51,652	17,475	1,983,661	2,213,608	-	2,213,608
Profit for the period	-	-	-	-	1,081,811	1,081,811	22,152	1,103,963
Dividend	-	-	-	-	(434,207)	(434,207)	-	(434,207)
Net purchase of treasury shares	-	153	-	3,243	3,874	7,270	-	7,270
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	246,528	246,528
Put option liability	-	-	-	-	(246,528)	(246,528)	-	(246,528)
Translation differences	-	-	-	-	(1,907)	(1,907)	-	(1,907)
Other comprehensive income	-	-	-	-	-	-	-	-
At 31 December 2021	166,969	(5,997)	51,652	20,718	2,386,704	2,620,046	268,680	2,888,726

(audited)

Interim condensed consolidated statement of cash flows

Figures are stated in NOK 1,000

	Notes	Q4 2022	Q4 2021	FY 2022	FY 2021
		Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities					
Profit before income tax		561,628	652,992	1,336,965	1,417,551
Adjusted for:					
Depreciation of fixed and intangible assets	5	155,288	144,910	611,035	571,223
Loss on sale of fixed assets		-	-	945	-
Profit/loss from associated companies		(6,604)	(2,016)	(4,047)	(189)
Changes in net working capital		419,481	200,164	(373,933)	(138,706)
Income tax paid		(71,079)	(134,929)	(323,262)	(258,529)
Net cash generated from operating activities		1,058,714	861,121	1,247,702	1,591,351
Cash flows from investing activities					
Proceeds from sale of fixed assets	5	-	-	26,021	176
Purchases of fixed and intangible assets		(47,198)	(42,568)	(142,677)	(130,940)
Acquisition		-	-	(92,351)	(553,204)
Proceeds from sale of financial assets		-	12	-	62
Net cash used in investing activities		(47,198)	(42,556)	(209,007)	(683,906)
Cash flows from financing activities					
Net change RCF (Revolving Credit Facility)		(300,000)	(100,000)	-	-
Proceeds from borrowings		-	-	-	2 636
Repayment of debt to financial institutions		(1,250)	(2,500)	(5,000)	(3,750)
Principal paid on lease liabilities		(121,781)	(111,806)	(482,008)	(449,162)
Dividend		-	-	(643,886)	(434,207)
Buy-back of treasury shares		-	-	2,900	7,270
Dividends paid to non-controlling interests in subsidiaries		-	-	(16,500)	-
Net cash from financing activities		(423,031)	(214,306)	(1,144,494)	(877,214)
Net increase (decrease) in cash		588,485	604,259	(105,798)	30,231
Cash at beginning of period		(123,998)	(33,484)	570,286	540,056
Cash at end of period		464,488	570,775	464,488	570,286

Notes

Note 1 Corporate information

The interim condensed consolidated financial statements of Europris ASA and its subsidiaries (collectively, the group) for the fourth quarter and the period ended 31 December 2022 were authorised for issue by the board on 1 February 2023.

Europris ASA is domiciled in Norway and is a discount variety retailer with stores across Norway. The group also offers online shopping.

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 fourth quarter and the period ended 31 December 2022 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 2021.

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 2021. New standards and interpretations effective at 1 January 2022 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 2021.

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	Buildings	Right-of-use asset	Software	Trademarks	Goodwill	Total
Carrying amount 1 Jan 2022	328,520	46,190	119,362	2,320,022	65,421	591,267	2,073,373	5,544,156
Acquisition of subsidiaries	2,214	-	-	24,449	-	-	117,681	144,343
Additions	82,750	2,000	-	589,102	57,927	-	-	731,779
Disposals	-	(26,966)	-	-	-	-	-	(26,966)
Depreciation	(75,414)	-	(6,132)	(499,108)	(30,381)	-	-	(611,035)
Carrying amount 31 Dec 2022	338,070	21,224	113,230	2,434,465	92,967	591,267	2,191,054	5,782,277

Figures are stated in NOK 1,000	Fixtures and fittings	Land	Buildings	Right-of-use asset	Software	Trademarks	Goodwill	Total
Carrying amount 1 Jan 2021	301,400	24,966	-	2,262,554	58,030	387,573	1,617,731	4,652,254
Acquisition of subsidiaries	3,787	21,224	118,776	18,242	2	203,694	455,642	821,367
Additions	95,452	-	2,823	510,994	32,490	-	-	641,759
Disposals	-	-	-	-	-	-	-	-
Depreciation	(72,118)	-	(2,237)	(471,769)	(25,100)	-	-	(571,223)
Carrying amount 31 Dec 2021	328,520	46,190	119,362	2,320,022	65,421	591,267	2,073,373	5,544,155

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 31 December 2022 and 31 December 2021:

Figures are stated in NOK 1,000	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Non-current receivables	36,651	36,651	28,391	28,391
Total	36,651	36,651	28,391	28,391
Financial liabilities				
Other financial liabilities				
Borrowings	1,090,349	1,090,349	1,096,521	1,096,521
Lease liabilities	2,015,033	2,015,033	1,913,555	1,913,555
Current lease liabilities	521,958	521,958	490,164	490,164
Put option liability	281,221	281,221	246,528	246,528
Total	3,908,561	3,908,561	3,746,767	3,746,767
Financial instruments measured at fair value through profit and loss				
Derivatives - asset				
Interest rate swaps	76,667	76,667	37,676	37,676
Foreign exchange forward contracts	4,725	4,725	11,494	11,494
Total	81,392	81,392	49,169	49,169
Derivatives - liabilities				
Foreign exchange forward contracts	8,973	8,973	2,940	2,940
Total	8,973	8,973	2,940	2,940

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 Skäninge and runs 93 stores across Sweden.

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

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.

The group has recorded an estimated profit of NOK 4 million from its 20 per cent stake in 2022.

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.

Europris holds an option to acquire the remaining 80 per cent of the shares in Runsvengruppen AB. A decision on whether to exercise the option or not has been delayed. The fair value of the option is considered immaterial and is not recognised in the balance sheet.

Note 8 Acquisition of subsidiary

Europris acquired 67 per cent of Strikkemekka for NOK 88.4 million in cash, a transaction which was closed on 1 July 2022. The main revenue contributor is Strikkemekka.no. The knitting category is a good match with Europris' existing business, and a potential exists for synergies through joint purchasing of both goods and services and the development of e-commerce solutions. The acquisition also includes Designhandel, an online store in Norway and Sweden for kitchenware and smaller home interior products. The acquired company had revenues of NOK 193 million and EBITDA of NOK 7 million for the full year 2022 (unaudited).

The purchase price was NOK 88.4 million, based on equity value for 67 per cent, and Europris has a pre-emptive right to acquire the remaining shares in Strikkemekka. The excess value of the acquisition relates to goodwill in the preliminary purchase price allocation. Strikkemekka was consolidated into the Europris group's financial statements as of 1 July 2022.

The remaining 33 per cent of Strikkemekka Holding AS is owned by the founder Eirik Fuglestad. Fuglestad is employed as CEO of Strikkemekka. Europris has a right and obligation to buy Fuglestad's share if Fuglestad's employment is terminated by either of the parties. The price to be paid is based on a multiple of EBITDA, and is consistent with the price formula used in the original purchase of 67 per cent. A financial liability has been recognised for Europris' obligation to purchase Fuglestad's share should the employment be terminated, with a corresponding charge directly to shareholders' equity. The liability shall be estimated at the present value of the redemption amount, which is estimated to the consideration to be paid if the employment is terminated at period end. In the statement of financial position, the liability is recognised separately as put option liability.

Note 9 Treasury shares

The number of treasury shares held by Europris ASA changed as follows in the period from 1 January to 31 December 2022.

Change in number of treasury shares

Treasury shares 1 January 2022	5,997,376
Sale of treasury shares to senior executives and directors	(59,113)
Treasury shares 31 December 2022	5,938,263

Average cost price for treasury shares are NOK 44.47.

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 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.

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
Total operating income	3,034	2,841	9,016	8,648
- Cost of goods sold	1,655	1,420	4,833	4,592
= Gross profit	1,379	1,421	4,183	4,056
Gross margin	45.5%	50.0%	46.4%	46.9%

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.

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
Employee benefits expense	370	344	1,295	1,230
+ Other operating expense	249	251	836	743
= Opex	619	595	2,132	1,973
Opex-to-sales ratio	20.4%	20.9%	23.6%	22.8%

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.

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
Operating profit	604	681	1,440	1,512
+ Depreciation	155	145	611	517
= EBITDA	760	826	2,051	2,083
EBITDA margin	25.0%	29.1%	22.8%	24.1%

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

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.

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
Change in Inventory	224	91	(345)	(185)
Change in accounts receivable and other current receivables	(29)	(76)	(61)	(55)
Change in accounts payable and other current debt	225	185	32	101
Net change in working capital	419	200	(374)	(139)

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.

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2020
Purchases of fixed assets	25	32	85	98
Purchases of intangible assets	22	11	58	32
= Capital expenditure	47	43	143	131

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 Europris chain and considered useful in order to understand the development of the entire chain, regardless of ownership structure of stores.

(Amounts in NOK million)	Q4 2022	Q4 2021	FY 2022	FY 2021
Sales directly operated stores	2,389	2,254	7,519	7,438
Sales franchise stores	335	337	1,066	1,131
= Total chain sales	2,723	2,591	8,586	8,569

Financial debt

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

(Amounts in NOK million)	FY 2022	FY 2021
Borrowings	1,090	1,092
Current borrowings	-	5
Lease liabilities	2,015	1,914
= Financial debt	3,105	3,010

Cash and liquidity reserves

Cash 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.

(Amounts in NOK million)	FY 2021	FY 2020
Cash	464	570
+ Total facilities	1,436	1,425
- Total drawn	(3)	(15)
= Cash and liquidity reserves	1,897	1,981

Definition of other terms used

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.

Like-for-like sales growth

Like-for-like growth is defined as the growth in total Europris chain sales for stores that have been open for every month of both the previous and the current calendar year.

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