Q3 2023 presentation

2 November 2023

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Europris MER TIL OVERS

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Norway's #1 discount variety retailer

- Strong brand and loyal customer base
- Low prices and powerful marketing and campaign engine
- Proven category management model
- Expanding store network and e-commerce operation

Europris
MER TIL OVERS

281
stores

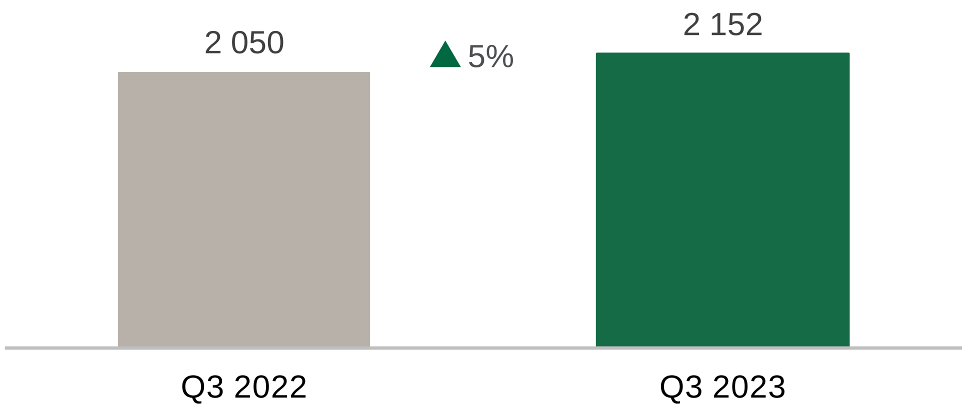
Our growth story

Note: sales for the Europris chain (directly operated and franchise stores), Lunehjem (consolidated as of March 2021), Lekekassen (consolidated as of August 2021) and the Strikkemekka group (consolidated as of July 2022)

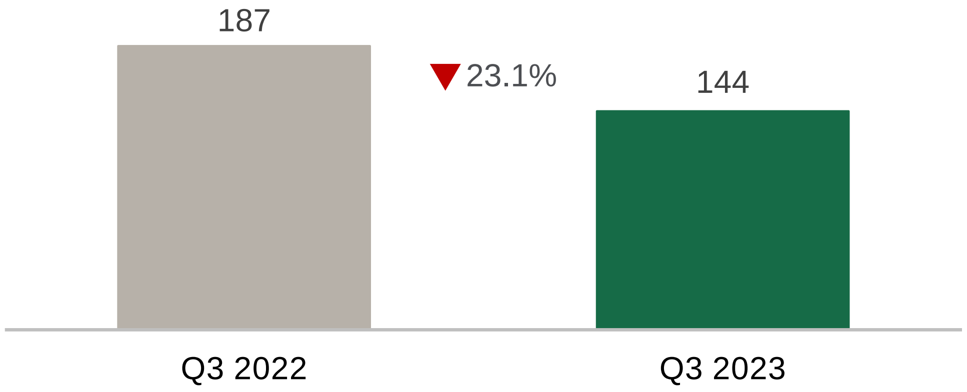
Top line growth from relevant concept and price leadership

- Total sales of NOK 2,152m, up 5%
  - Attractive campaigns and relevant product range at low prices
  - Like-for-like sales growth of 3.8% for the Europris chain
- Gross margin of 45.3%, down 2.3%-p
  - Change in product mix and increased campaign sales
- Opex-to-sales ratio of 26.5%, down 0.3%-p
- EBITDA of NOK 404m, down 4.9%
- EBIT of NOK 234m, down 13.8%
- Net profit to parent of NOK 144m, down 23.1%
- Strong financial position
  - Cash and liquidity reserves of NOK 1,4bn (1bn)
  - Positive development in cash flow from improved inventory development

Group sales (NOK million)



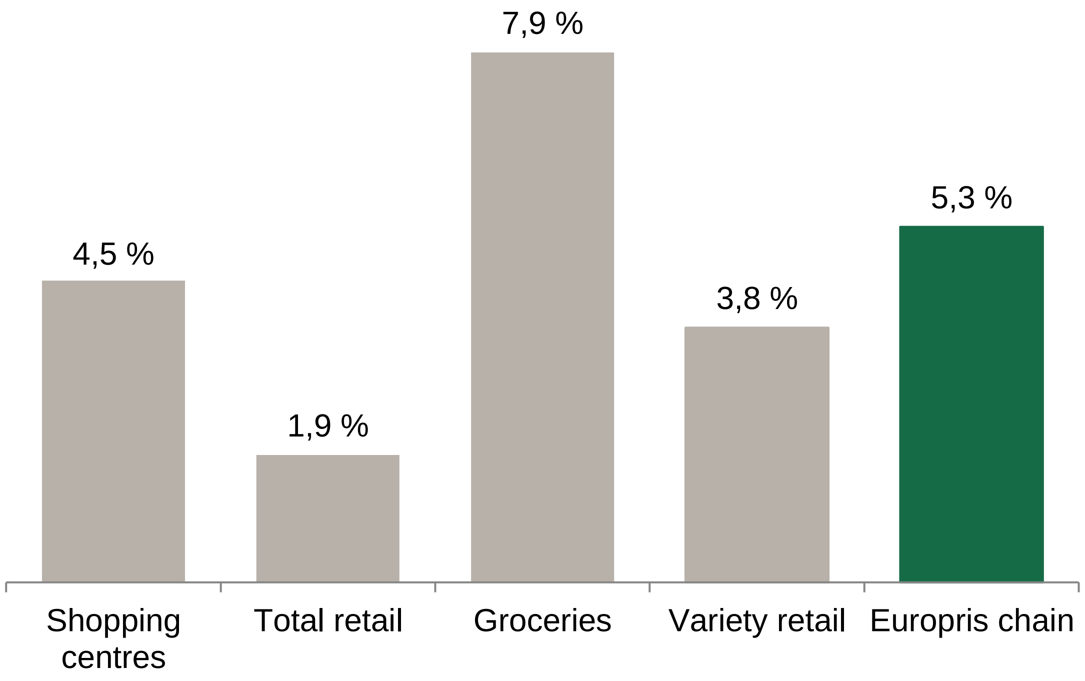
Net profit attributable to parent (NOK million)



Highly relevant concept also in current type of market

- Market growth overall
  - Total retail affected by lower investment purchases
  - High growth rate for groceries (negative growth last year)
  - Growth for variety retail – consumers drawn towards low prices, strong campaigns and are positive to test private labels
- Europris well positioned and continues to outperform variety retail
  - Shows that the Europris concept is flexible and adapts well to different market conditions

Retail sales – year to 30 September, year-on-year growth %*



* Source: Kvarud analyse, Shopping Centre Index, Virke retail index (using figures reported by statistics Norway)
Note: Europris chain is all stores, both directly operated by the group and the franchise stores

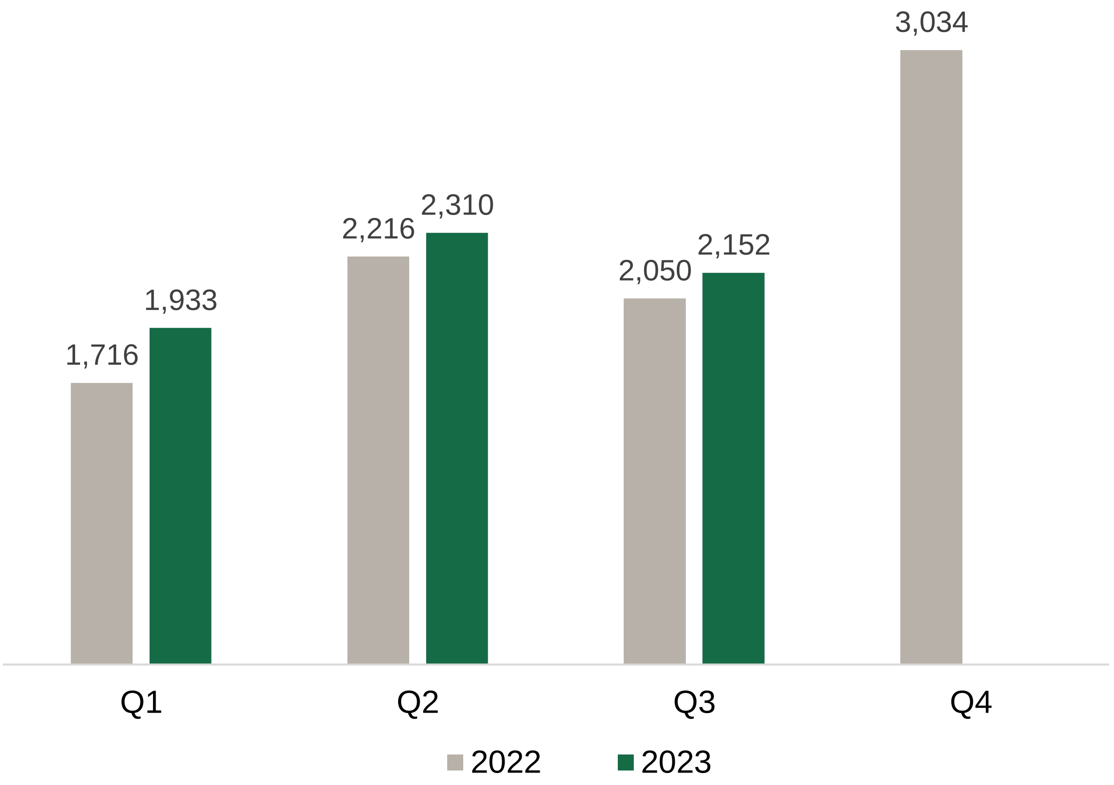
Financials

CFO Stina C Byre

Sales growth from relevant product mix and strong campaigns

- Group sales of NOK 2,152m, up 5%
- Like-for-like sales increase of 3.8% for the Europris chain*
  - Strong sales for consumables
  - Sales decline for higher-valued seasonal items
  - Campaign sales performed well
  - High sales growth for private labels
  - Higher footfall to stores

Total group sales (NOK million)

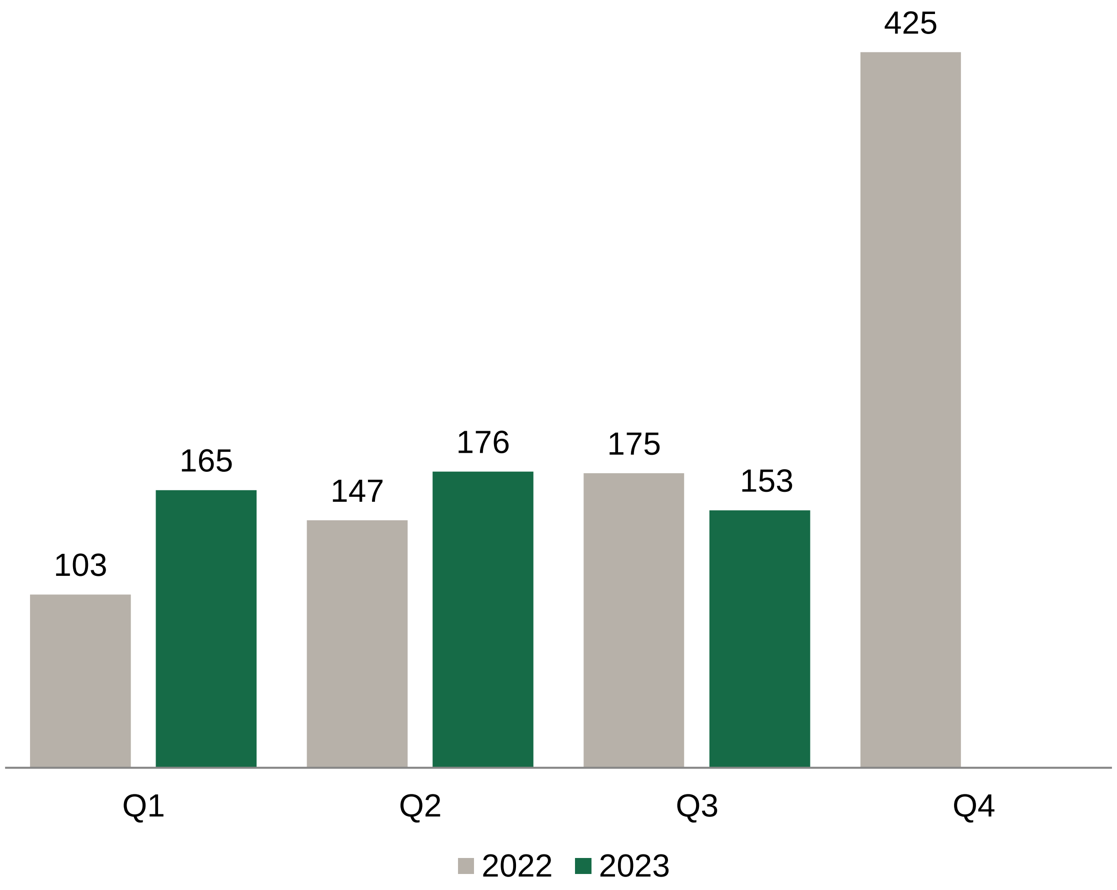


* All Europris stores, both directly operated by the group and the franchise stores

Online sales

- Total e-com sales of NOK 153m (175m)
  - Decline of 12%
  - Accounting for 7.1% of group sales (8.5%)
- Decline in all markets for Lekekassen
  - Fierce price competition in Sweden and Denmark
- Lower yarn sales for Strikkemekka in Norway
  - Natural decline after strong boost during the pandemic

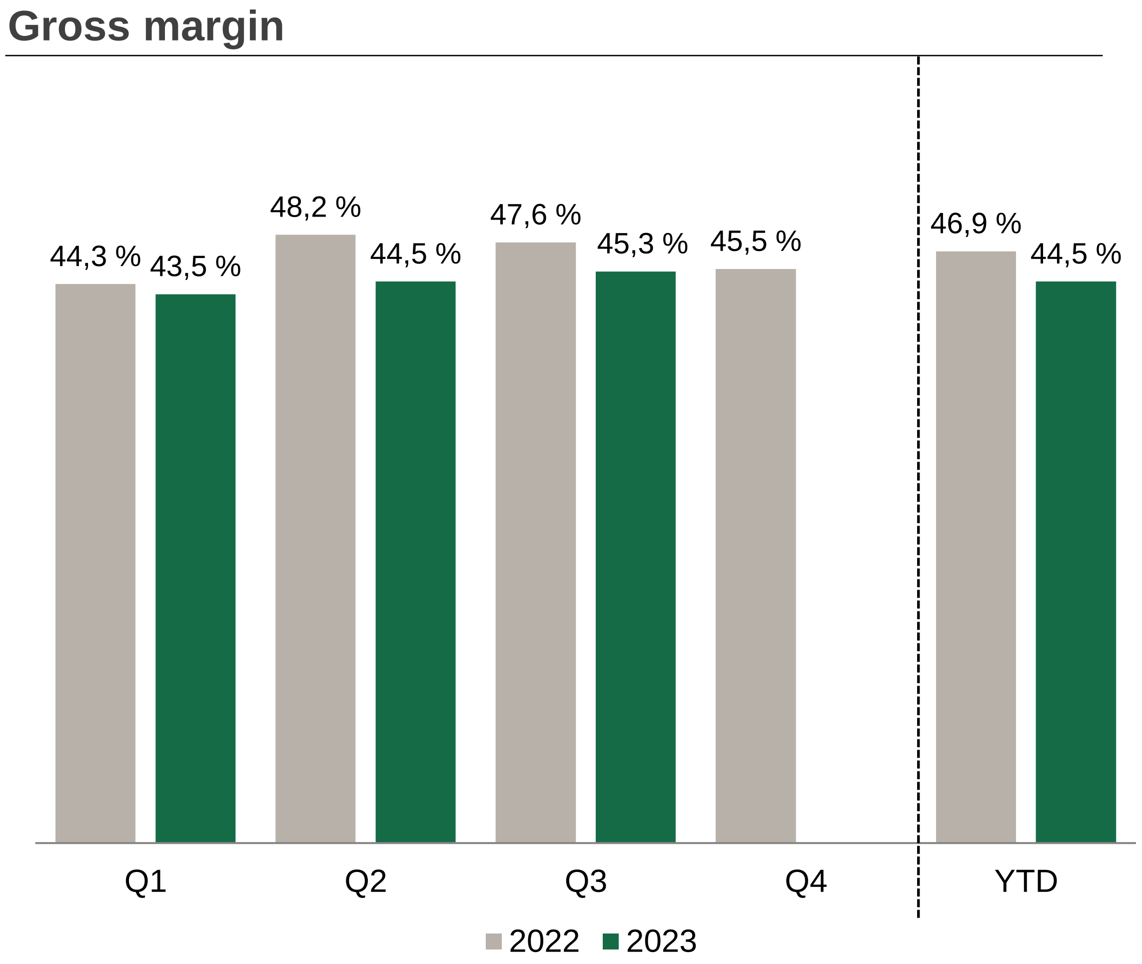
E-commerce sales* (NOK million)



* Europris.no, Lunehjem (from March 2021), Lekekassen (from August 2021) and the Strikkemekka group (from July 2022)

Gross margin remaining above pre-pandemic levels

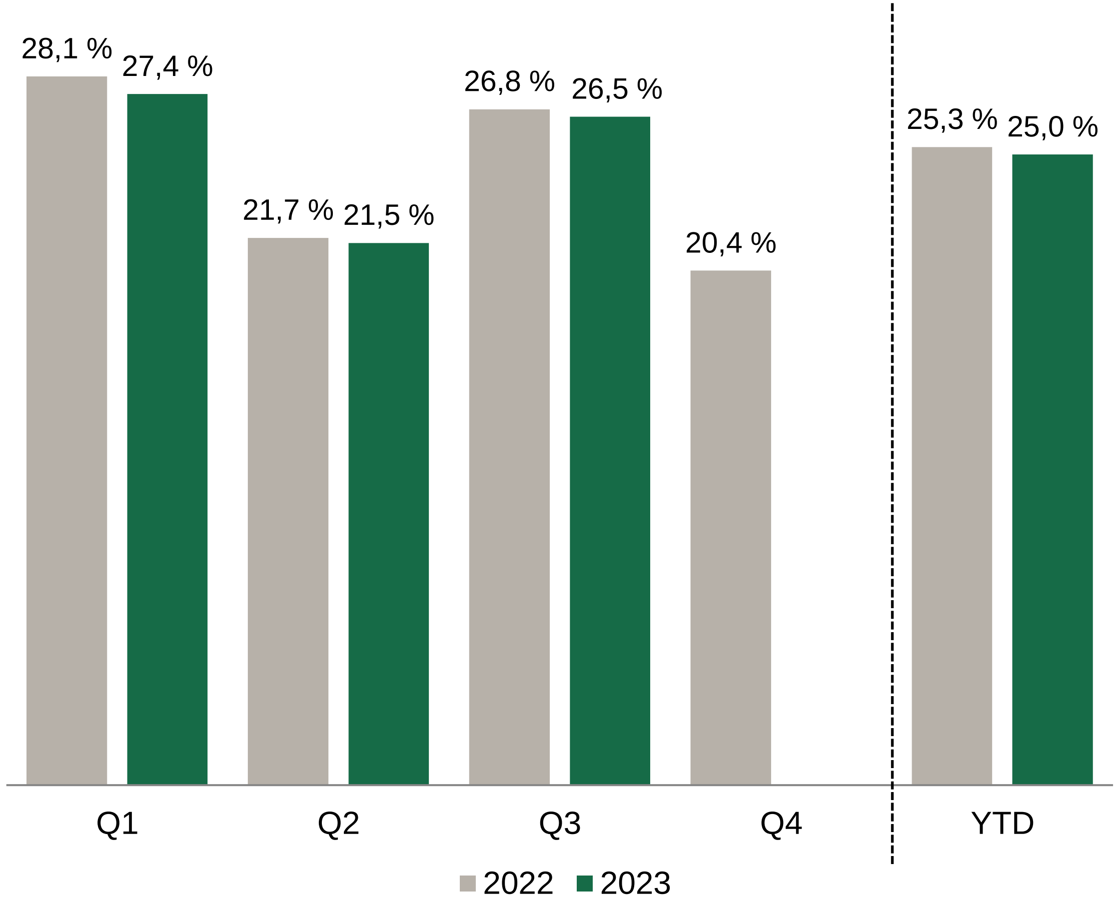
- Gross margin of 45.3%, down 2.3%-p
  - Change in product mix and campaign sales
  - Gross margin remains above pre-pandemic levels, as expected
- Positive calculation differences of NOK 59m (62m)
  - Calculation differences booked in Q3 and Q4 last year
  - 84% of stores counted (73%)
- Unrealised currency gain of NOK 2m on hedging contracts (gain of NOK 11m)



Lower opex-to-sales ratio

- Opex of NOK 571m, up 3.7%
  - Lower accruals for performance-based pay
  - Lower costs for transportation to stores
  - Higher costs from the ÖoB arbitration and inflation
  - Increase in number of directly operated stores, from 248 to 255
- Opex-to-sales ratio declining to 26.5% (26.8%)

Opex-to-sales ratio

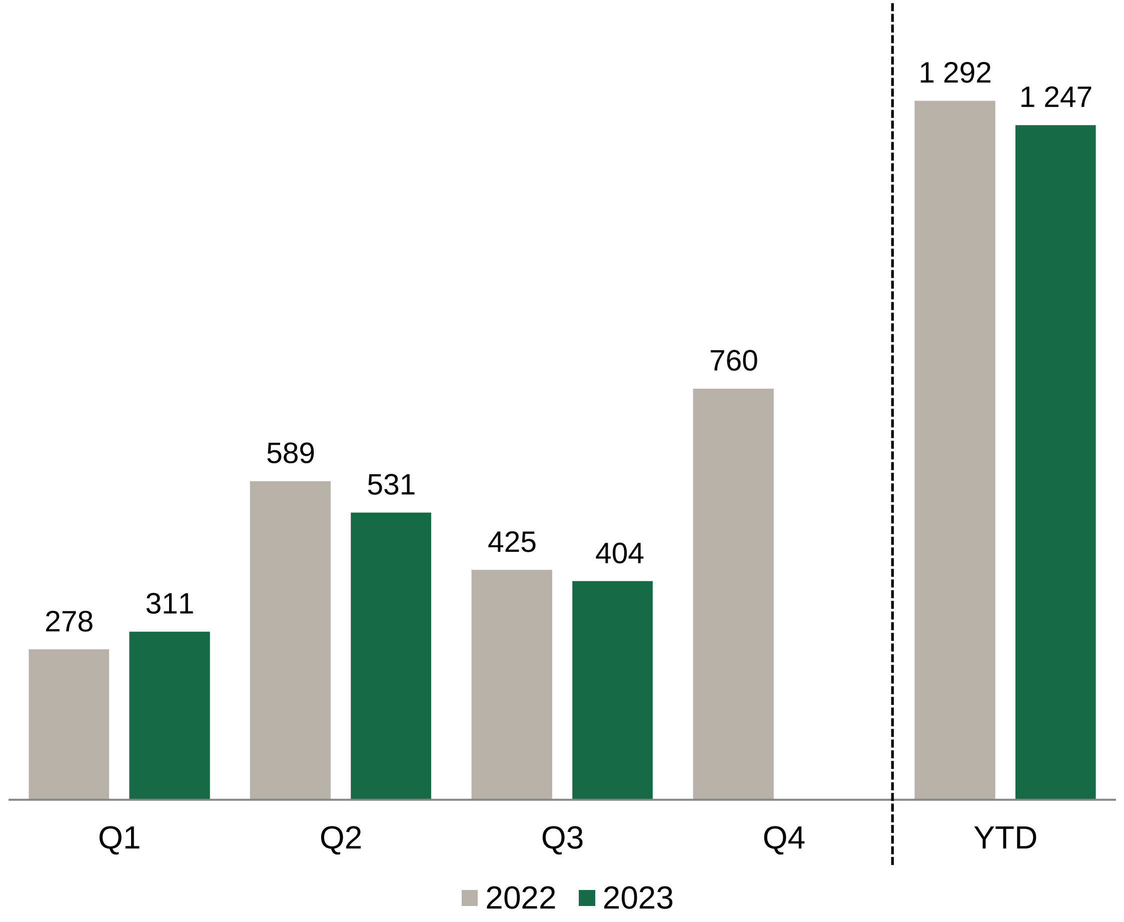


EBITDA reflecting lower gross margin

- EBITDA of NOK 404m, down 4.9%
  - Mainly reflecting lower gross margin
  - Moderate opex growth
- EBITDA margin of 18.8% (20.7%)

- EBIT of NOK 234 million, down 13.8%
  - Reflecting higher lease depreciations following CPI-adjustments
- EBIT-margin of 10.9% (13.2%)

EBITDA (NOK million)



Solid financial position

- Cash from operating activities of NOK 734m (189m)
  - Inventory last year negatively affected by increased purchase prices and higher volumes of seasonal items
- Net change in cash of NOK -383m (-694m)
  - Acquired remaining 33% of Lekekassen for NOK 212m
- Net debt* of NOK 3,852m (3,958m)
  - Excluding lease liabilities net debt was NOK 1,256m (1,517m)
- Strong financial position with cash and liquidity reserves of NOK 1,363m (963m)

Cash flow, NOK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Cash from operating activities	526	197	734	189
- of which change in net working capital	*163*	*(211)*	*(104)*	*(793)*
Cash used in investing activities	(33)	(121)	(343)	(162)
Cash from financing activities	(284)	(167)	(774)	(721)
Net change in cash	**209**	**(91)**	**(383)**	**(694)**
Cash at beginning of period	(128)	(33)	464	570
Cash at end of period	81	(124)	81	(124)

* From the first quarter of 2023 lease liabilities include both non-current and current lease liabilities, and last year figures are restated to also include current lease liabilities

Our key strategic focus areas

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Category upgrades and campaigns drive sales and footfall to stores

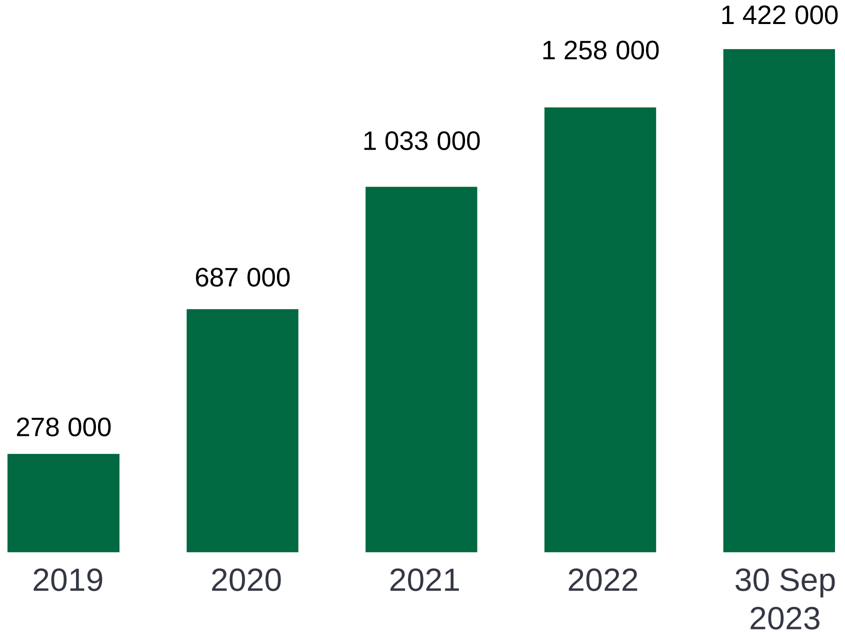
- Strong development for the recently upgraded categories Laundry & Cleaning and Toys
- Rebuilt the Personal Care shop-in-shop at the end of the third quarter
- Higher footfall and sales growth from relevant campaigns, increased focus on consumables and affordable products

Customer club membership continues to increase

- Continued recruitment to the *Mer* customer club
  - Members-only offers has positive impact
- Segmented communication increases attention
- Summer campaign for *Mer* members had a positive impact on number of store visits and the basket value

***Mer* customer club members**

~800,000 subscribers to digital newsletter



Continuing to grow the store network

- One new store opening in Q3
  - Triaden shopping mall at Lørenskog in Viken county
  - Performance above expectations so far
- One store closure, following the accident at the Melhus shopping centre earlier this year
- Six stores in the pipeline
  - Three subject to planning permission
- One store relocation and two store modernisations in Q3
  - Relocated stores typically show high growth in the following year

The team at Europris Triaden

Our work on sustainability is being recognised

- Received an **A** score in Position Green's annual evaluation of the 100 largest companies on the Oslo Stock Exchange
  - 1 out of only 14 companies to be awarded A or A+
- Continuing to mitigate our footprint
  - Installed solar panels at the central warehouse, with estimated annual energy production of 400,000kWh

Outlook

Europris remains an attractive shopping destination

- Household finances continue to be under pressure and customers will remain price conscious
- Price leadership and strong concept attract customers seeking value for money
- Supportive market conditions for Europris, with its attractive campaigns and relevant products at low prices
- Well set, with healthy inventory and solid financial position

Q&A

Next event: Q4 presentation 1 February 2024

Appendix

Content

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 **a net average of five new stores per year**, depending on availability of locations which meet strict return requirements, and the potential for relocations, expansions and modernisations
EBITDA	**Increase EBITDA margin** over time from improved sourcing and a more cost-effective value chain
Dividend	**Dividend policy of paying out 50-60%** of net profit while maintaining an efficient balance sheet

ÖoB 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 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) when closing the deal • Sold 2.9m shares in May 2023 and holds 1.45m shares (0.9% ownership)
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
2022	76	72	79	81	308
2023	77	71	79	79	306
2024	75	73	79	80	307

Number of store projects (franchise projects in brackets)

2022	Q1	Q2	Q3	Q4	Total
New stores	1	3	1	1	6
Store closures	-	-	-	-	-
Relocations / expansions	6	2	-	3	11
Modernisations	1	3	4	2	10

2023E	Q1	Q2	Q3	Q4	Total
New stores	2	2	1	2	7
Store closures	-	-	1	-	1
Relocations / expansions	3	2	1	-	6
Modernisations	3	3	2	(1)	9

Note: Number of projects in 2023 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 information[1]

Seasonality	• As a rule-of-thumb, the Easter impact is approximately NOK 60-75 million in revenue and NOK 12-15 million in EBITDA
Quarterly Opex	• Europris stores: as a rule-of-thumb, Opex in quarter one year earlier + inflation + NOK 1.5-1.6 million per extra directly operated store (DOS)
Capex	• New store – NOK 2.4 million per store (average of five per year) • Relocation – NOK 1.7 million per store (average of 10 per year) • Modernisation – NOK 1.5 million per store (average of 10 per year) • Category development – NOK 15 million per year • IT and maintenance – NOK 30 million per year • In addition, estimate for 2023: IT (ERP/POS) of NOK 10-15 million and warehouse (automation expanded high-bay area) of NOK 45 million (est. of NOK 30m in 2024)
Rent	• Majority of contracts are CPI-adjusted • Recognised under IFRS-16 leases

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

Alternative performance measures (APMs)

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-know 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
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. From the first quarter of 2023 lease liabilities include both non-current and current lease liabilities, and last year figures are restated to also include current 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 Europris chain and considered useful in order to understand the development of the entire chain, regardless of ownership structure of stores.

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 chain sales for stores that have been open for every month of both the previous and the current calendar year.