

Euopris

MER TIL OVERS

Q1 2024



EUOPRIS ASA

Content

Highlights 2024.....	3
Key figures	4
Period review.....	5
Financial review.....	8
Financial statements	9
Alternative performance measures	18

Highlights

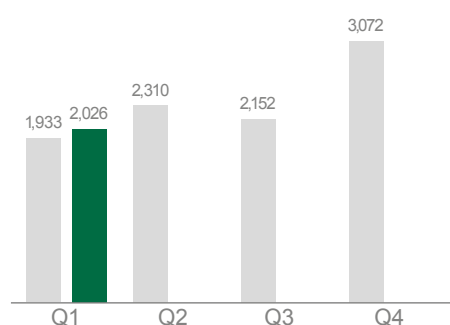
First quarter 2024 – higher sales and increased footfall to stores

- Group sales of NOK 2,026 million, up 4.8 per cent
 - » Total chain sales up by 6.3 per cent and like-for-like sales up 5.0 per cent
 - » Playing the season – solid Easter sales
 - » Relevant concept – strong campaign sales with focus on consumables
- Gross margin of 43.3 per cent (43.5 per cent)
 - » Higher positive unrealised gain from currency hedging had a positive year-on-year effect of 0.7 percentage points
 - » Negative margin impact from changes to product mix, increased campaign sales and higher input costs
- Opex-to-sales ratio of 29.5 per cent (27.4 per cent)
 - » Overall inflation effects and higher electricity costs
- Lower earnings reflecting higher opex
 - » EBITDA of NOK 281 million (NOK 311 million) and EBITDA margin of 13.9 per cent (16.1 per cent)
 - » EBIT of NOK 107 million (NOK 145 million) and EBIT margin of 5.3 per cent (7.5 per cent)
 - » Net profit of NOK 47 million (NOK 71 million) attributable to parent
- Strengthened financial position with a reduction in net debt to NOK 841 million (NOK 1,430 million)
- Exercised option to acquire remaining 80 per cent of ÖoB for a final purchase price of NOK 200.5 million

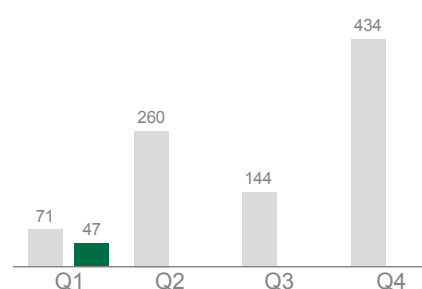
Figures for the corresponding period of the year before in brackets. The figures are unaudited.

See page 18 for definition of APMs.

**Total operating income,
NOK million**



**Net profit attributable to parent,
NOK million**



Key figures

(Amounts in NOK million)

	Q1 2024	Q1 2023	FY 2023
GROUP KEY INCOME STATEMENT FIGURES			
Retail sales	1,865	1,767	8,745
Wholesale sales	139	145	634
Other	22	21	88
Total operating income	2,026	1,933	9,467
% growth in total operating income	4.8%	12.7%	5.0%
Cost of goods sold	1,148	1,093	5,276
Gross profit	878	840	4,191
Gross margin	43.3%	43.5%	44.3%
Opex	597	529	2,222
Opex-to-sales ratio	29.5%	27.4%	23.5%
EBITDA	281	311	1,970
EBITDA margin	13.9%	16.1%	20.8%
EBIT (Operating profit)	107	145	1,295
EBIT margin (Operating profit margin)	5.3%	7.5%	13.7%
Net profit	47	71	909
Profit attributable to owners of the parent	47	71	909
Earnings per share (in NOK)	0.29	0.44	5.64
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES			
Net change in working capital	(391)	(462)	281
Capital expenditure	49	70	142
Financial debt	3,641	4,107	3,715
Cash	186	-	676
Net debt	3,455	4,107	3,039
- Lease liabilities	2,614	2,677	2,669
Net debt ex lease liabilities	841	1,430	371
Cash and liquidity reserves	1,719	1,092	2,205
CHAIN KEY FIGURES			
Total chain sales	1,929	1,815	8,945
% growth in total chain sales	6.3%	8.5%	4.2%
% growth in like-for-like chain sales	5.0%	6.7%	2.6%
Total number of chain stores at end of period	282	278	282
- Directly operated stores	258	253	257
- Franchise stores	24	25	25

For definitions and reconciliations of APMs, please see page 18.

Period review

Europris is satisfied with the sales development in the first quarter and delivered growth which was above the market. Footfall to stores increased and sales in the weeks leading up to the Easter holiday have never been higher. An upgrade of the kitchen category towards the end of the quarter was well received, with a solid sales performance.

Norwegian consumers have remained cautious in an inflationary economy with high interest rates and negative real wage development. Europris has proven to be a relevant concept in this climate, with low prices combined with strong campaigns and its seasonal profile.

The global shipping situation has not disturbed the supply of goods, and the group has received all seasonal goods for the important upcoming spring and summer season. For the first time, all seasonal goods will be distributed from the new warehouse in Moss as the old central warehouse in Fredrikstad was exited, three months ahead of time.

The group delivered earnings below last year for the first quarter, as the high opex growth offset the sales increase. During the past years, the opex growth has been below market inflation due to realisation of savings from the new warehouse in Moss and hedging of electricity cost at very attractive levels. In 2024, the hedging of electricity cost is expected to be close to market price and significantly above previous years. In addition, the first quarter was impacted by some timing effects.

Sales performance

Group sales amounted to NOK 2,026 million in the first quarter, an increase of 4.8 per cent. The quarter had two fewer sales days than the year before, although the timing of Easter in the first quarter this year had a positive effect on the sales development.

The Europris chain had total sales growth of 6.3 per cent and like-for-like growth of 5.0 per cent. Typical Easter products performed well, and the sales development was overall good with growth for most categories.

The sales mix was impacted by the timing of Easter, with a somewhat higher share of sales from consumables compared to last year. Campaign sales continue to drive growth – especially products from the front page of the marketing leaflet. People continue to appreciate Europris' private labels, which showed higher growth

than branded goods. In other words, the development continues to mirror cautious and price conscious consumers – and Europris is once again demonstrating the relevance of its concept with strong campaigns and low prices on products people need in their everyday lives.

Like-for-like traffic was higher than the year before, with an extra uplift during Easter. The average basket value also increased, with higher average prices per item offsetting a lower average number of articles in the basket.

Market data covering total retail, groceries, and variety retail for the year to March was not available at the time of the publication of this report. Shopping centres saw 4.3 per cent growth for the three first months, according to Kvarud Analyse's shopping centre index, which compares to the increase of 6.3 per cent for the Europris chain.

Operational review

Concept and category development

Europris updated the kitchen category in the first half of March 2024 – four years after the last upgrade of this category. The company has made changes to the product range and enhanced the visual expression in the stores. This upgrade has been welcomed by customers, and the sales growth for the kitchen category significantly outperformed the overall sales growth in the chain after the upgrade.



E-CRM

Europris had more than 1.5 million members in its Mer customer club at 31 March 2024, up by 17 per cent compared to the same time last year.

Europris continues to work on providing customers with more personalised content and launched this to the most loyal customers towards the end of the quarter, after successful testing on own employees. The initial results are positive, with a doubled click-rate for digital newsletters with personalised product recommendations.

Supporting the upgrade of the kitchen category, the group distributed relevant information and inspirational material digitally to customers shopping in this category. This had a positive effect on both opening and click-rates. The newly launched birthday greetings from Europris to members of the customer club is appreciated by the customers.

The group has also worked on finalising personalised marketing for the important upcoming spring and summer season.

E-commerce

Total e-commerce sales were NOK 153 million in the first quarter, down from NOK 167 million in the same period last year. The Lekekassen group showed a sales decline, as growth in the Norwegian market could not fully compensate for sales declines in Sweden and Denmark. The Strikkemekka group showed sales growth in all markets.

NOK million	Q1 2024	Q1 2023	Change
E-com sales*	153	167	(8.4%)
Percentage of total group sales	7.6%	8.7%	(1.1%-p)

* Europris online sales and sales from pure play companies (the Lekekassen group, the Strikkemekka group and Lunehjem).

Store estate

Europris relocated one store, expanded two stores, and modernised five stores in the first quarter. The total number of stores was 282 at 31 March 2024, of which 258 were directly operated and 24 franchises.

Europris has a healthy pipeline of new stores, and the board has approved an additional six for 2024 and beyond. Three of the planned new stores are subject to a planning permission process.

Our people and our social responsibility

Sustainability

Sustainability is an integrated part of the group's strategy, and great efforts have been put into this area. It is therefore satisfying to see this work being recognised, most recently demonstrated by the group for the first time achieving an A- score on its CDP reporting for 2022.

Employees

The annual preparation of store managers ahead of the important spring and summer season was held in the first quarter. This day was concluded with a celebration event where winners were awarded for their performance in 2023 across five different categories. All store managers have also attended a full day with various forms of training in topics such as "lean" and sustainability.

Several project management courses were completed during the first quarter – a popular initiative highly appreciated by the participants.

Health and safety

Sickness absence to March 31 was 8.7 per cent, roughly in line with last year. No lost-time injuries were recorded in the first quarter of 2024.

Sickness absence to 31 March	Q1 2024	Q1 2023
Group	8.7%	8.8%

ÖoB

On 31 January 2024, Europris announced that it had exercised its option to acquire the remaining 80 per cent of Runsvengruppen AB, comprising the Swedish retail chain ÖoB. The final purchase price was NOK 200.5 million, as communicated on 21 March 2024, of which NOK 187.5 million will be settled with Europris treasury shares and NOK 13 million will be paid in cash. Closing and settlement is subject to Foreign Direct Investment (FDI) approval from Swedish authorities, which is anticipated in May 2024.

Financial review

Profit and loss – first quarter

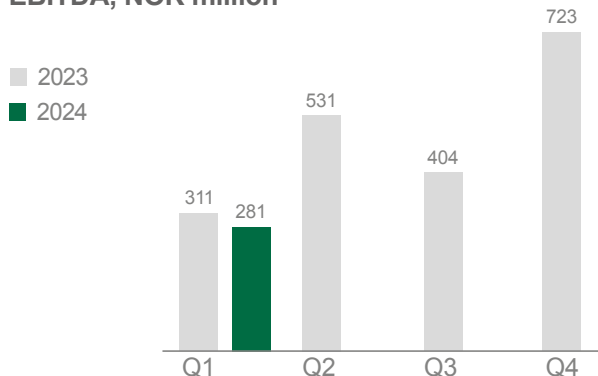
Total operating income for the first quarter amounted to NOK 2,026 million (NOK 1,933 million), up 4.8 per cent year-on-year. The chain saw a like-for-like increase of 5 per cent. An earlier Easter supported the year-on-year sales growth, although the quarter had two fewer sales days than in 2023.

Gross profit came to NOK 878 million (NOK 840 million), with a gross margin of 43.3 per cent (43.5 per cent). The group recognised a net unrealised gain of NOK 19 million on hedging contracts and accounts payable, compared with a gain of NOK 5 million in the same quarter of last year, generating a positive effect of 0.7 percentage points on the margin change. This was offset by a negative margin impact from changes to the product mix with a higher share of consumables, increased share of campaign sales especially from the front page of the marketing leaflet, and higher input costs mainly reflecting the weaker NOK.

Operating expenditure (opex) was NOK 597 million in the first quarter (NOK 529 million), up by 13 per cent. This reflected an increase from 253 to 258 directly operated stores, the overall negative impact of inflation and wage growth, and timing of some costs which will have a higher growth rate in the first half of this year compared to the second half. The group hedges electricity costs, and although this has over time yielded large savings compared to market prices, this led to a cost increase year-over-year. The opex ratio increased to 29.5 per cent (27.4 per cent).

EBITDA was NOK 281 million in the first quarter (NOK 311 million), down by NOK 31 million or 9.8 per cent due to the higher opex.

EBITDA, NOK million



CPI adjustments on rent led to higher lease depreciations, and the EBIT of NOK 107 million (NOK 145 million) was down NOK 39 million or 26.6 per cent year-on-year.

The group recognised a net unrealised gain on interest swaps of NOK 7 million for the quarter (loss of NOK 5 million).

The group recorded an estimated loss of NOK 11 million (loss of NOK 8 million) on its 20 per cent stake in Runsvengruppen AB (ÖoB). This is based on preliminary and non-audited figures.

Net profit for the first quarter was NOK 47 million (NOK 71 million), down by NOK 24 million.

Cash flow

Net change in working capital was negative at NOK 391 million in the first quarter (negative at NOK 462 million). Timing of accounts payables had a positive impact on the working capital compared to last year, while higher purchases of seasonal items affected it negatively.

Capital expenditure was NOK 49 million (NOK 70 million). The higher capex last year mainly related to the expansion of the central warehouse in Moss and IT projects.

Financial position and liquidity

Financial debt at 31 March 2024 was NOK 3,641 million (NOK 4,107 million). Adjusted for lease liabilities, financial debt amounted to NOK 1,027 million (NOK 1,430 million).

Net debt at 31 March 2024 was NOK 3,455 million (NOK 4,107 million). Adjusted for lease liabilities, net debt was NOK 841 million (NOK 1,430 million).

Cash and liquidity reserves for the group at 31 March 2024 amounted to NOK 1,719 million (NOK 1,092 million).

Outlook

Consumer spending is expected to continue to remain cautious, particularly in the first half of the year, with interest rates, inflation and real wages remaining key for consumers' ability and willingness to spend.

The tough market conditions represent an opportunity for Europris, with a well-recognised low-price concept, strong campaigns, and a broad and relevant product offering. The group will continue to concentrate its attention on everyday consumables and affordable seasonal products, while remaining optimistic that customers will find their way to Europris in search of relevant, good-quality and attractively priced seasonal products for spring and summer.

Shipping transport from Asia is still being routed around the Cape of Good Hope due to the situation in the Red Sea. Europris has not experienced difficulties in obtaining capacity and receiving goods, and is ready for the important upcoming spring and summer season.

Opex will be closely monitored, however growth is expected to be around 10 per cent for the financial year of 2024. Last year, the group was able to postpone some inflationary effects, which will impact this year.

The group is looking forward to final closing of the ÖoB transaction and to get started on the integration. The board and management of Europris are confident that a growth journey with a Nordic expansion will create significant shareholder value in the years to come.

Fredrikstad, 24 April 2024
THE BOARD OF DIRECTORS OF EUROPRIS ASA

EUROPRIS ASA

Q1 2024

Interim condensed consolidated statement of profit and loss

Figures are stated in NOK 1,000

	Notes	Q1 2024	Q1 2023	FY 2023
		Unaudited	Unaudited	Audited
Total operating income		2,026,201	1,932,691	9,466,921
Cost of goods sold		1,148,099	1,092,582	5,275,676
Employee benefit expenses		363,090	335,001	1,373,081
Depreciation	5	174,340	166,272	674,608
Other operating expenses		234,109	193,655	848,426
Operating profit		106,563	145,181	1,295,130
Net financial income (expense)		(32,812)	(43,751)	(190,517)
Profit/(loss) from associated companies	7	(10,976)	(7,915)	(54,489)
Change in fair value of option	6,7	-	-	101,789
Profit before tax		62,775	93,515	1,151,912
Income tax expense		16,225	22,315	243,060
Profit for the period		46,550	71,201	908,852
Profit attributable to non-controlling interests		(11)	189	218
Profit attributable to owners of the parent		46,561	71,012	908,634
Interim condensed consolidated statement of comprehensive income				
Profit for the period		46,550	71,201	908,852
<i>Items that subsequently may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations		253	939	1,878
Total comprehensive income		46,803	72,140	910,730
Comprehensive income attributable to non-controlling interests		(11)	189	582
Comprehensive income attributable to owners of the parent		46,814	71,951	910,149
Earnings per share (basic and diluted - in NOK)		0.29	0.44	5.64

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

Interim condensed consolidated statement of financial position

Figures are stated in NOK 1,000	Notes	31 March 2024	31 March 2023	31 December 2023
		Unaudited	Unaudited	Audited
ASSETS				
Total intangible assets	5	2,855,620	2,877,760	2,861,038
Total fixed assets	5	3,018,191	3,080,754	3,050,724
Total financial assets	6	147,753	234,010	152,121
Total non-current assets		6,021,564	6,192,524	6,063,883
Inventories		2,296,768	2,499,389	2 142,699
Trade receivables		170,839	157,956	217,671
Other receivables	6	100,407	101,585	109,848
Option at fair value through profit or loss	6,7	101,789	-	101,789
Cash		186,279	-	676,323
Total current assets		2,856,082	2,758,929	3,248,329
Total assets		8,877,645	8,951,453	9,312,212
EQUITY AND LIABILITIES				
Total paid-in capital	8	235,171	234,738	235,172
Total retained equity		3,372,858	3,075,425	3,326,044
Total shareholders' equity		3,608,029	3,310,163	3,561,216
Non-controlling interests		50,564	50,726	50,575
Total equity		3,658,593	3,360,889	3,611,791
Provisions		62,507	79,580	46,301
Borrowings	6	1,021,900	1,083,918	1,041,843
Lease liabilities		2,006,441	2,094,547	2,079,997
Total non-current liabilities		3,090,848	3,258,045	3,168,141
Borrowings	6	5,000	345,911	5,000
Current lease liabilities		607,910	582,678	588,626
Accounts payable		782,813	645,229	879,881
Tax payable		118,022	120,381	254,847
Public duties payable		258,175	226,297	396,593
Put option liability		27,980	43,541	27,980
Other current liabilities	6	328,304	368,481	379,353
Total current liabilities		2,128,204	2,332,519	2,532,280
Total liabilities		5,219,052	5,590,565	5,700,421
Total equity and liabilities		8,877,645	8,951,453	9,312,212

Fredrikstad, 24 April 2024
THE BOARD OF DIRECTORS OF EUROPRIS ASA

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

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 2024	166,969	(5,922)	51,652	22,472	3,326,045	3,561,216	50,575	3,611,791
Profit for the period	-	-	-	-	46,561	46,561	(11)	46,550
Other comprehensive income	-	-	-	-	253	253	-	253
At 31 March 2024	166 969	(5,922)	51,652	22,472	3,372,858	3,608,029	50,564	3,658,594

(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 2023	166,969	(5,938)	51,652	22,054	2,725,784	2,960,521	322,082	3,282,603
Profit for the period	-	-	-	-	71,012	71,012	189	71,201
Other comprehensive income	-	-	-	-	630	630	309	939
Dividend	-	-	-	-	-	-	(19,800)	(19,800)
Non-controlling interests on acquisition of subsidiary	-	-	-	-	278,000	278,000	(252,054)	25,946
At 31 March 2023	166,969	(5,938)	51,652	22,054	3,075,426	3,310,163	50,726	3,360,889

(unaudited)

Interim condensed consolidated statement of cash flows

Figures are stated in NOK 1,000

	Notes	Q1 2024	Q1 2023	FY 2023
		Unaudited	Unaudited	Audited
Cash flows from operating activities				
Profit before income tax		62,775	93,515	1,151,912
Adjusted for:				
Depreciation of fixed and intangible assets	5	174,340	166,272	674,608
Change in fair value of option		-	-	(101,789)
Share of profit/loss from associates		10,976	7,915	54,489
Changes in net working capital		(391,460)	(462,264)	280,977
Income tax paid		(136,875)	(171,407)	(291,189)
Net cash generated from operating activities		(280,243)	(365,968)	1,769,007
Cash flows from investing activities				
Proceeds from sale of fixed assets		-	-	84
Purchases of fixed and intangible assets	5	(49,280)	(70,448)	(141,700)
Acquisition		740	(216,598)	(216,598)
Net cash used in investing activities		(48,540)	(287,046)	(358,214)
Cash flows from financing activities				
Net change RCF (Revolving Credit Facility)		-	310,000	-
Repayment of debt to financial institutions		(19,942)	(1,250)	(45,738)
Principal paid on lease liabilities		(141,268)	(131,335)	(530,172)
Dividend		-	-	(603,865)
Sale of treasury shares		-	-	850
Dividends paid to non-controlling interests in subsidiaries		-	(19,800)	(20,034)
Net cash from financing activities		(161,210)	157,615	(1,198,960)
Net increase (decrease) in cash		(489,993)	(495,399)	211,834
Cash at beginning of period		676,323	464,488	464,488
Cash at end of period		186,330	(30,911)	676,323

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

NOTES

Note 1 Corporate information

The interim condensed consolidated financial statements of Europris ASA and its subsidiaries (collectively, the group) for the three months ended 31 March 2024 were authorised for issue by the board on 24 April 2024.

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 three months ended 31 March 2024 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 2023.

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 2023. New standards and interpretations effective at 1 January 2024 do not impact the annual consolidated financial statements of the group or the interim condensed financial statements of the group.

The group has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. The group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

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 2023, see note 3 for more details.

Note 4 Segment information

The group management is the group's chief operating decision-maker. The online companies Lekekassen, Strikkemekka and Lunehjem, are all individually below the threshold for being reportable. The group integrates the businesses of these companies into the Europris concepts. Lekekassen, Strikkemekka and Lunehjem are considered to meet the criteria for aggregation into Europris. The group as a whole is therefore defined and identified as one reportable 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 January 2024	380,532	21,225	107,730	2,541,237	78,394	591,267	2,191,378	5,911,762
Acquisition of subsidiaries	-	-	-	-	-	-	62	62
Additions	47,348	-	39	93,428	1,893	-	-	142,708
Disposals	-	-	-	(6,381)	-	-	-	(6,381)
Depreciation	(19,110)	-	(1,549)	(146,307)	(7,374)	-	-	(174,340)
Carrying amount 31 March 2024	408,771	21,225	106,219	2,481,977	72,913	591,267	2,191,440	5,873,811

	Fixtures and fittings	Land	Buildings	Right-of-use asset	Software	Trademarks	Goodwill	Total
Carrying amount 1 January 2023	338,070	21,225	113,230	2,434,465	92,967	591,267	2,191,053	5,782,277
Acquisition of subsidiaries	348	-	-	-	-	-	324	672
Additions	59,006	-	701	271,389	10,741	-	-	341,837
Disposals	-	-	-	-	-	-	-	-
Depreciation	(19,427)	-	(1,556)	(136,697)	(8,593)	-	-	(166,273)
Carrying amount 31 March 2023	377,998	21,225	112,375	2,569,157	95,115	591,267	2,191,378	5,958,514

Note 6 Bank borrowings and financial instruments at fair value

The groups previous financing structure was due to expire in January 2024. On 30 June 2023, the group completed a refinancing with its three current banks – DNB, Nordea and Danske Bank. The agreement has a 3 + 1 + 1-year structure.

Figures are stated in NOK 1,000	31 March 2024		31 December 2023	
	Amortised cost	Nominal value	Amortised cost	Nominal value
Debt to financial institutions	1,021,900	1,024,329	1,041,843	1,044,271
First-year instalment non-current debt	5,000	5,000	5,000	5,000
Total	1,026,900	1,029,329	1,046,843	1,049,271

The amortised cost of the bank debt is assessed as not differing materially from fair value.

Overdraft facilities – off-balance sheet	31 March 2024	31 December 2023
Overdraft and multi-currency group account	325,500	325,500
Revolving facility loan	1,200,000	1,200,000
Guarantees	10,000	10,000
Total	1,535,500	1,535,500
Drawn guarantees	2,417	7,145
Undrawn overdraft facilities	1,533,083	1,528,355

Covenants are measured and reported quarterly. In the bank agreement, the covenant (leverage ratio - net debt/adjusted EBITDA) will be at 3.5 for any test date in the remainder of the agreement period. The group was in compliance with financial covenants.

Assets/liabilities measured at fair value through profit and loss	31 March 2024	31 December 2023
Interest rate swaps	77,982	71,322
Foreign exchange contracts	8,480	446
Option at fair value through profit or loss	101,789	101,789
Foreign exchange contracts	(2,985)	(31,274)
Total	185,264	142,282

Interest rate swaps

The group has entered into interest-rate swap agreements of a total of NOK 600 million to hedge part of its interest-rate risk fluctuations. Of these contracts, NOK 300 million expires in July 2027 and NOK 300 million in July 2030. With these contracts 60 per cent of the principal of the group's bank loans is presently hedged.

Forward exchange contracts

The group is exposed to currency exchange risk arising from the import of goods for sale. These transactions are mainly settled in USD and EUR. The group aims to achieve predictable cash outflows in NOK by using forward contracts as a hedging strategy for its exposure to USD and EUR.

Options at fair value through profit and loss

The group has carried out an assessment of the value of its shares in ÖoB and the option to acquire the remaining 80 per cent. The valuation represents an estimate for IFRS accounting purposes, based on information available to management.

Note 7 Investment in associated company

In June 2018, the group acquired 20 per cent of Runsvengruppen AB (ÖoB), a Swedish discount variety retailer. ÖoB has its headquarters in Skänninge and runs 93 stores across Sweden. The Europris group owns 20 per cent of the shares and voting rights in Runsvengruppen AB. The vendor note issued to owner company RuNor AS when closing the deal was converted to 4,349,695 Europris shares, corresponding to 2.61 per cent of the share capital. In May 2023, RuNor AS sold 2,899,797 Europris shares and now holds 1,449,898 shares corresponding to 0.87 per cent of the share capital.

On the 31 of January 2024 Europris announced that it exercised its option to acquire the remaining 80 per cent of Runsvengruppen AB. The final purchase price was communicated at 21 March 2024 and is set to NOK 200.5 million, of which NOK 187.5 million will be paid with Europris treasury shares and NOK 13 million will be paid in cash. Closing and settlement is subject to Foreign Direct Investment (FDI) approval from Swedish authorities, which is anticipated in May 2024.

The group has recorded an estimated loss of NOK 11 million on its 20 per cent stake in 2024.

Note 8 Treasury shares

The number of treasury shares held by Europris ASA changed as follows in the period from 1 January to 31 December 2024.

Change in number of treasury shares

Treasury shares 1 January 2024	5,921,935
Sale of treasury shares to senior executives	-
Treasury shares 31 March 2024	5,921,935

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)	Q1 2024	Q1 2023	FY 2023
Total operating income	2,026	1,933	9,467
- Cost of goods sold	1,148	1,096	5,276
= Gross profit	878	840	4,191
Gross margin	43.3%	43.5%	44.3%

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)	Q1 2024	Q1 2023	FY 2023
Employee benefits expense	363	335	1,373
+ Other operating expenses	234	194	848
= Opex	597	529	2,222
Opex-to-sales ratio	29.5%	27.4%	23.5%

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 amorti-

sation 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)	Q1 2024	Q1 2023	FY 2023
Operating profit	107	145	1,295
+ Depreciation	174	166	675
= EBITDA	281	311	1,970
EBITDA margin	13.9%	16.1%	20.8%

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)	Q1 2024	Q1 2023	FY 2023
Change in Inventory	(151)	(103)	254
Change in accounts receivable and other current receivables	50	94	62
Change in accounts payable and other current debt	(290)	(454)	(35)
= Net change in working capital	(391)	(462)	281

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)	Q1 2024	Q1 2023	FY 2023
Purchases of fixed assets	47	60	120
Purchases of intangible assets	2	11	22
= Capital expenditure	49	70	142

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)	Q1 2024	Q1 2023	FY 2023
Borrowings	1,022	1,084	1,042
Current borrowings	5	346	5
Lease liabilities	2,006	2,095	2,080
Current lease liabilities	608	583	589
= Financial debt	3,641	4,107	3,715

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)	Q1 2024	Q1 2023	FY 2023
Cash	186	-	676
+ Total facilities	1,536	1,435	1,536
- Total drawn	(2)	(343)	(7)
= Cash and liquidity reserves	1,719	1,092	2,205

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)	Q1 2024	Q1 2023	FY 2023
Sales directly operated stores	1,723	1,612	7,932
Sales franchise stores	206	203	1,013
= Total chain sales	1,929	1,815	8,945

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 under the Europris brand name.

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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