

Europris
MER TIL OVERS

Q3 2024



EUROPRIAS ASA

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Highlights

Please note that financials for the new segment Sweden have been included with effect from 1 May 2024. Comparisons on an organic level exclude the acquisition of ÖoB, meaning that organic figures this year are comparable to last year's group figures.

Third quarter 2024

- Group sales of NOK 3,238 million, up 50.4 per cent
 - » Organic sales growth of 4.4 per cent
- Gross margin of 39.7 per cent (45.3 per cent)
 - » Organic gross margin of 43.7 per cent (45.3 per cent)
- Opex-to-sales ratio of 26.5 per cent (26.5 per cent)
 - » Organic opex-to-sales ratio of 26.6 per cent (26.5 per cent)
- EBIT of NOK 168 million (NOK 234 million) and EBIT margin of 5.2 per cent (10.9 per cent)
 - » Organic EBIT of NOK 212 million (NOK 234 million) and organic EBIT margin of 9.5 per cent (10.9 per cent)
- Net profit of NOK 84 million (NOK 144 million) attributable to parent
 - » Negative EBIT from ÖoB of NOK 45 million
 - » Negative impact from interest rate swaps of NOK 12 million this year compared to a positive impact of NOK 2 million last year

First nine months 2024

- Group sales of NOK 8,373 million, up 30.9 per cent
 - » Organic sales growth of 4.1 per cent
- Gross margin of 41.2 per cent (44.5 per cent)
 - » Organic gross margin of 44.0 per cent (44.5 per cent)
- Opex-to-sales ratio of 26.0 per cent (25.0 per cent)
 - » Organic opex-to-sales ratio of 26.0 per cent (25.0 per cent)
- EBIT of NOK 613 million (NOK 742 million) and EBIT margin of 7.3 per cent (11.6 per cent)
 - » Organic EBIT of NOK 673 million (NOK 742 million) and organic EBIT margin of 10.1 per cent (11.6 per cent)
- Net profit of NOK 396 million (NOK 474 million) attributable to parent
 - » Negative EBIT from ÖoB of NOK 61 million
 - » Positive impact from fair value adjustment of the ÖoB option of NOK 32 million
 - » Negative impact from interest rate swaps of NOK 6 million this year compared to a positive impact of NOK 19 million last year
- Net debt excluding lease liabilities increased to NOK 1,614 million (NOK 1,256 million) – impacted by the inclusion of ÖoB from May 2024

Key figures

(Amounts in NOK million)

	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
GROUP KEY INCOME STATEMENT FIGURES					
Retail sales	3,053	1,984	7,844	5,892	8,745
Wholesale sales	147	150	444	440	634
Other	38	19	85	63	88
Total operating income	3,238	2,152	8,373	6,395	9,467
% growth in total operating income	50.4%	5.0%	30.9%	6.9%	5.0%
Cost of goods sold	1,951	1,177	4,922	3,552	5,276
Gross profit	1,286	975	3,451	2,844	4,191
Gross margin	39.7%	45.3%	41.2%	44.5%	44.3%
Opex	859	571	2,175	1,597	2,222
Opex-to-sales ratio	26.5%	26.5%	26.0%	25.0%	23.5%
EBITDA	428	404	1,275	1,247	1,970
EBITDA margin	13.2%	18.8%	15.2%	19.5%	20.8%
EBIT (Operating profit)	168	234	613	742	1,295
EBIT margin (Operating profit margin)	5.2%	10.9%	7.3%	11.6%	13.7%
Net profit	84	143	396	474	909
Profit attributable to owners of the parent	84	144	396	474	909
Earnings per share (in NOK)	0.52	0.89	2.45	2.95	5.64
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES					
Net change in working capital	(211)	163	(508)	(104)	281
Capital expenditure	25	33	111	126	142
Financial debt	5,186	3,933	5,186	3,933	3,715
Cash	94	81	94	81	676
Net debt	5,091	3,852	5,091	3,852	3,039
- Lease liabilities	3,477	2,596	3,477	2,596	2,669
Net debt ex lease liabilities	1,614	1,256	1,614	1,256	371
Cash and liquidity reserves	1,360	1,363	1,360	1,363	2,205

For definitions and reconciliations of APMs, please see page 21.

Period review

The group is satisfied with the sales performance in the third quarter, with higher sales for the Europris chain in an economy posing challenges to many consumers. Customers continue to value Europris' attractive campaigns and its broad and relevant product range offered at low prices. Footfall increased, underlining the relevance of the concept. Like-for-like sales and footfall in ÖoB were flat in the third quarter, an improvement from the development in the first half of the year.

Even though prevailing market conditions with high interest rates and inflation are on a relative basis supportive for concepts like Europris and ÖoB, consumers are cautious about their spending. The main sales growth drivers were campaigns and consumables, and in combination with higher costs for inbound freight and the impact from a continued weak Norwegian krone, this put pressure on the gross margin. It remains a priority to ensure competitiveness in the market and to deliver on the campaign-driven low-price model, even if that means short-term margin pressure. The group is highly attentive to its operating costs, and managed to deliver a lower cost increase than previously anticipated for the quarter.

ÖoB integration process

The transformation of ÖoB and the integration process with Europris is progressing according to plan – with solid contributions and good collaboration from employees in both organisations. As presented in the second quarter report, the transformation plan is focused around three main areas: i) category harmonisation, ii) improving customer experience, and iii) strengthening execution across the value chain:

- André Sjøasæt has taken over as Country Manager in Sweden and remains overall responsible for the integration process.
- The same stringent management follow-up routines as in Europris has been implemented in Sweden.
- One of the regional managers in Europris will temporarily relocate from Norway to Sweden to support the implementation of the Europris' way of working.
- ÖoB's sourcing offices in China were closed at the end of the quarter, and all activities have been consolidated at Europris and Tokmanni's shared sourcing office in Shanghai.
- Joint sourcing and negotiations are progressing according to plan.

- ÖoB is implementing Europris' campaign principles and methodology, and has implemented the same structure and frequency for its printed marketing leaflet. ÖoB is also testing the same in-store concept for campaigns and the same in-store visual profile as Europris in selected stores. The group plans for roll-out in around 65 of the 94 stores in the fourth quarter.
- The ongoing ERP project to modernise the technical platform and reduce future operational risk is progressing according to plan.

The results so far from implemented initiatives have been positive, although more time is needed to see the full benefit of the changes. Both the Norwegian and Swedish organisations are in good spirits and the integration work continues with full speed.

Europris received top score on PwC's climate index for 2024

Europris is proud to announce that it was one of 18 companies to receive a top rating as a climate leader for its climate and sustainability reporting in PwC's annual climate index, which evaluates how the 100 largest companies in Norway are managing their climate impact. Companies are categorised into four tiers based on their commitment to sustainability and defined initiatives.

Several key initiatives collectively define the role of climate leaders:

- Established climate targets that align with the goals of the Paris Agreement.
- Consistent reduction of absolute emissions over the past three years.
- Comprehensive reporting on emissions, encompassing both direct operations and the entire value chain.

Financial review - group

Please note that financials for the new segment Sweden have been included with effect from 1 May 2024. Comparisons on an organic level exclude the acquisition of ÖoB, meaning that organic figures this year are comparable to last year's group figures.

Profit and loss – third quarter

Total operating income amounted to NOK 3,238 million in the second quarter (NOK 2,152 million), up 50.4 per cent year-on-year. Organic sales, which exclude the acquisition of ÖoB, amounted to NOK 2,248 million, an increase of 4.4 per cent.

Gross profit amounted to NOK 1,286 million (NOK 975 million), with a gross margin of 39.7 per cent (45.3 per cent). The decline reflects the inclusion of ÖoB which has lower gross margins than Europris. Organic gross margin was 43.7 per cent, down 1.6 percentage points. Campaign sales and higher sales growth for consumables had a negative effect on the gross margin, in addition to higher cost for inbound freight and impact from a continued weak Norwegian krone. The group recognised a net unrealised loss of NOK 7 million on hedging contracts and accounts payable, compared to a net unrealised gain of NOK 2 million in the same period last year. This impacted the gross margin change negatively by 0.3 percentage points.

Operating expenditure (Opex) was NOK 859 million (NOK 571 million). Organic opex was NOK 597 million, up 4.6 per cent, partly explained by the increase from 255 to 259 directly operated stores. The opex-to-sales ratio was 26.5 per cent (26.5 per cent), with an organic opex-to-sales ratio of 26.6 per cent.

EBITDA was NOK 428 million (NOK 404 million). Organic EBITDA was NOK 386 million, a decline of NOK 19 million or 4.6 per cent. The EBITDA margin was 13.2 per cent (18.8 per cent), while the organic EBITDA margin was 17.2 per cent.

EBIT amounted to NOK 168 million (NOK 234 million). Organic EBIT was NOK 212 million, a decline of NOK 22 million or 9.3 per cent. The EBIT margin was 5.2 per cent (10.9 per cent), while the organic EBIT margin was 9.5 per cent.

The group recognised a net unrealised loss on interest rate swaps amounting to NOK 12 million for the quarter, compared to an unrealised profit of NOK 2 million in the same quarter last year.

Net profit for the third quarter was NOK 84 million (NOK 143 million). Net profit attributable to owners of the parent company also amounted to NOK 84 million (NOK 144 million).

Earnings per share were NOK 0.52 (NOK 0.89).

Profit and loss – first nine months

Total operating income amounted to NOK 8,373 million for the first nine months (NOK 6,395 million), an increase of 30.9 per cent. Organic sales amounted to NOK 6,654 million, an increase of 4.1 per cent.

Gross profit for the group was NOK 3,451 million (NOK 2,844 million), with a gross margin of 41.2 per cent (44.5 per cent). Organic gross margin was 44.0 per cent. The group recognised a net unrealised currency gain of NOK 3 million on hedging contracts and accounts payable (loss of NOK 1 million).

Opex amounted to NOK 2,175 million (NOK 1,597 million). Organic opex was NOK 1,733 million, up 8.6 per cent. This reflected an increase from 255 to 259 directly operated stores and the overall impact of inflation and wage growth. The opex-to-sales ratio increased to 26.0 per cent (25.0 per cent), and the organic opex-to-sales ratio was also 26.0 per cent.

EBITDA was NOK 1,275 million (NOK 1,247 million). The organic EBITDA was NOK 1,192 million, a decline of NOK 55 million or 4.4 per cent. The EBITDA margin was 15.2 per cent (19.5 per cent), while the organic EBITDA margin was 17.9 per cent.

EBIT was NOK 613 million (NOK 742 million). The organic EBIT was NOK 673 million, a decline of NOK 68 million or 9.2 per cent. The EBIT margin was 7.3 per cent (11.6 per cent), while the organic EBIT margin was 10.1 per cent.

The group closed the acquisition of the remaining 80 per cent of Runsvengruppen (ÖoB) on 2 May 2024 and became the full owner of the company. According to IFRS 3, a step acquisition shall be remeasured to fair value at the acquisition date, including a fair value measurement of the option to acquire the remaining shares. The fair value assessment of the option generated a gain of NOK 32 million which has been recognised in the profit and loss account. The re-measurement of the initial 20 per cent stake resulted in a gain of NOK 17 million. The group recorded an

estimated loss of NOK 16 million on its 20 per cent stake in ÖoB up until the point of control on 2 May (loss of NOK 13 million for the first nine months last year). See more information in note 7.

The group recognised a net unrealised loss on interest rate swaps, amounting to NOK 6 million (unrealised profit of NOK 19 million).

Net profit for the first nine months of 2024 was NOK 396 million (NOK 474 million), equal to the net profit attributable to owners of the parent.

Earnings per share were NOK 2.45 (NOK 2.95).

Cash flow

Cash from operating activities for the first nine months was positive at NOK 365 million (positive at NOK 734 million). The decrease from the same period last year reflected net changes in working capital.

The net change in working capital for the period was negative at NOK 508 million (negative at NOK 104 million). The net working capital was negatively impacted by planned inventory build-up, due to earlier arrivals and higher volumes of Christmas goods.

The net change in cash was negative at NOK 582 million (negative at NOK 383 million).

Capital expenditure was NOK 111 million (NOK 126 million). The decrease related mainly to the expansion of the central warehouse in Moss that was completed last year, in addition to fewer store projects and IT projects compared to last year.

Financial position and liquidity

Financial debt was NOK 5,186 million at 30 September 2024 (NOK 3,933 million). Adjusted for lease liabilities, financial debt amounted to NOK 1,708 million (NOK 1,337 million).

Net debt amounted to NOK 5,091 million at 30 September 2024 (NOK 3,852 million). Adjusted for lease liabilities, net debt was NOK 1,614 million (NOK 1,256 million).

Cash and liquidity reserves for the group amounted to NOK 1,360 million at 30 September 2024 (NOK 1,363 million).



Segment Norway

Key figures

(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Total operating income	2,248	2,152	6,654	6,395	9,467
% growth in total operating income	4.4%	5.0%	4.1%	6.9%	5.0%
Cost of goods sold	1,265	1,177	3,729	3,552	5,276
Gross profit	982	975	2,925	2,844	4,191
Gross margin	43.7%	45.3%	44.0%	44.5%	44.3%
Opex	597	571	1,733	1,597	2,222
Opex-to-sales ratio	26.6%	26.5%	26.0%	25.0%	23.5%
EBITDA	386	404	1,192	1,247	1,970
EBITDA margin	17.2%	18.8%	17.9%	19.5%	20.8%
EBIT (Operating profit)	212	234	673	742	1,295
EBIT margin (Operating profit margin)	9.5%	10.9%	10.1%	11.6%	13.7%
EUOPRIS CHAIN KEY FIGURES					
Total chain sales	2,153	2,079	6,407	6,171	8,945
% growth in total chain sales	3.5%	5.4%	3.8%	5.3%	4.2%
% growth in like-for-like chain sales	2.9%	3.8%	2.9%	3.6%	2.6%
Total number of chain stores at end of period	282	280	282	280	282
- Directly operated stores	259	255	259	255	257
- Franchise stores	23	25	23	25	25
PURE PLAY					
Sales	155	139	431	429	823

Sales for segment Norway totalled NOK 2,248 million in the third quarter, up by 4.4 per cent. The gross margin of 43.7 per cent was down 1.6 percentage points, and down 1.3 percentage points excluding effects from an unrealised currency loss this year versus a gain last year. Opex increased by 4.6 per cent and the opex-to-sales ratio of 26.6 per cent was on par with last year. EBIT was NOK 212 million, down by 9.3 per cent.

Footfall to the Europris stores increased and campaign sales continued to drive sales growth in the third quarter. The Europris chain showed total sales growth of 3.5 per cent and like-for-like growth of 2.9 per cent, compared to total growth for shopping centres of 1.7 per cent and like-for-like growth of 1.4 per cent (Kvarud Analyse Shopping centre index). For the first nine months the Europris chain had a total sales growth of 3.8 per cent, compared to 3.3 per cent for both shopping centres and broad variety retail (Virke retail index, using figures reported by Statistics Norway).

Category upgrades continue to play a relevant role in keeping the Europris concept up to date and attractive for customers. The grocery category was upgraded in the beginning of September ("Koloniaalen"), with strong results

showing double digit sales growth in September. The kitchen category, upgraded in March, continued to deliver robust sales growth.

Europris relocated two, expanded one, and modernised two stores in the third quarter. The total number of stores was 282 at 30 September 2024, of which 259 were directly operated and 23 were franchises. The board has approved an additional ten stores for 2024 and beyond, of which four are subject to a planning permission process.

Sales from pure play companies amounted to NOK 155 million in the third quarter, 11.6 per cent higher than in the same quarter last year – attributable to a strong development for Strikkemekka. Private label yarn, sourced in cooperation with Europris, has been welcomed by customers. A soft launch into Germany (yarnmania.de) was also done in the quarter. Europris has recruited Kristoffer Langballe as VP Digital Commerce, to ensure more support and improved follow-up of the pure play companies. Langballe has a solid background as a management consultant and has held central positions in both Orkla and Komplet, lastly as responsible for Komplet's online B2C activity in Norway.

Segment Sweden

Key figures

(Amounts in NOK million)

	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Total operating income	990	-	1,718	-	-
Cost of goods sold	686	-	1,193	-	-
Gross profit	304	-	526	-	-
Gross margin	30.7%	-	30.6%	-	-
Opex	262	-	442	-	-
Opex-to-sales ratio	26.5%	-	25.8%	-	-
EBITDA	42	-	84	-	-
EBITDA margin	4.3%	-	4.3%	-	-
EBIT (Operating profit)	(45)	-	(61)	-	-
EBIT margin (Operating profit margin)	(4,5%)	-	(3,5%)	-	-
ÖoB CHAIN KEY FIGURES					
Total chain sales	988	-	1,715	-	-
Total number of chain stores at end of period	94	-	94	-	-

From the third quarter of 2024, there has been a reclassification between cost of goods sold and opex in order to be aligned with principles followed by the group. Historic figures are restated to be comparable.

Sales for segment Sweden totalled NOK 990 million in the third quarter, with a gross margin of 30.7 per cent, an opex-to-sales ratio of 26.5 per cent and EBIT of NOK -45 million.

Compared with last year, and looking at figures in the local currency SEK, the ÖoB chain had a total sales increase of 0.9 per cent and a like-for-like sales increase of 0.1 per cent in the third quarter.

The higher sales were related to consumables, while the non-food categories showed a sales decline due

to low inventories and limited availability. Campaigns were a sales driver, and in combination with the product mix, this impacted the gross margin negatively. Footfall to stores was stable in the quarter, showing a positive development compared to the lower footfall seen in the first half of the year.

The total number of stores was 94 at 30 September 2024, all directly operated.

Outlook

Many consumers are in a tough financial situation after a longer period with high inflation and higher interest rates, and have become more price conscious and cautious about their spending. Europris sees this trend being reflected in an increasing share of sales from campaigns and a higher share of sales from consumables, while consumers are holding back on investment purchases. Campaigns and consumables help drive sales, but these trends also put pressure on the gross margin.

Inflation is now coming down in both Sweden and Norway. Interest rates have already been lowered in Sweden, and the Norwegian central bank is expected to reduce rates during 2025. In combination with higher wage increases, this offers an improving outlook for

the consumer sentiment in both countries, although it will likely take some time until higher purchasing power translates into higher sales volumes. Both Europris and ÖoB are well positioned and their relevant concepts continue to attract customers in these market conditions.

The group is looking forward to the important upcoming Christmas season and has secured sufficient inventory of seasonal items.

Europris has started the process to turn around ÖoB and is progressing according to plan. While it will take time to harmonise categories and product range and improve the customer experience, the group is confident in its long-term ambitions for ÖoB to reach a top line of SEK 5 billion by the end of 2028 and an EBIT margin of 5 per cent for the existing store portfolio.

Fredrikstad, 30 October 2024

THE BOARD OF DIRECTORS OF EUROPRIS ASA

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CEO

EUROPRIS ASA

Q3 2024

Interim condensed consolidated statement of profit and loss

Figures are stated in NOK 1,000		Notes	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
			Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total operating income			3,237,505	2,151,957	8,372,602	6,395,115	9,466,921
Cost of goods sold			1,951,068	1,176,971	4,921,841	3,551,594	5,275,676
Employee benefit expenses			538,263	358,351	1,316,612	983,901	1,373,081
Depreciation		5	260,227	170,261	662,459	505,340	674,608
Other operating expenses			320,363	212,150	858,861	612,725	848,426
Operating profit			167,585	234,224	612,828	741,554	1,295,130
Net financial income (expense)			(60,484)	(44,724)	(146,941)	(118,190)	(190,517)
Profit/(loss) from associated companies		7	-	(4,515)	1,564	(12,587)	(54,489)
Change in fair value of option		6,7	-	-	32,309	-	101,789
Profit before tax			107,101	184,985	499,760	610,778	1,151,912
Income tax expense			23,475	41,690	103,624	137,140	243,060
Profit for the period			83,626	143,295	396,136	473,638	908,852
Profit attributable to non-controlling interests			6	(332)	(253)	(805)	218
Profit attributable to owners of the parent			83,620	143,628	396,389	474,443	908,634
Interim condensed consolidated statement of comprehensive income							
Profit for the period			83,626	143,295	396,136	473,638	908,852
<i>Items that subsequently may be reclassified to profit or loss</i>				-			
Exchange differences on translation of foreign operations			14,054	(297)	15,141	615	1,878
Total comprehensive income			97,680	142,998	411,277	474,253	910,730
Comprehensive income attributable to non-controlling interests			6	(332)	(253)	(805)	(582)
Comprehensive income attributable to owners of the parent			97,674	143,331	411,529	475,058	910,149
Earnings per share (basic and diluted - in NOK)			0.52	0.89	2.45	2.95	5.64

Interim condensed consolidated statement of financial position

Figures are stated in NOK 1,000	Notes	30 Sep 2024	30 Sep 2023	31 Dec 2023
		Unaudited	Unaudited	Audited
ASSETS				
Total intangible assets	5	3,028,960	2,867,925	2,861,038
Total fixed assets	5	3,931,630	2,991,844	3,050,724
Total financial assets	6,7	68,682	218,536	152,121
Total non-current assets		7,029,272	6,078,304	6,063,883
Inventories		3,535,903	2,364,077	2,142,699
Trade receivables		185,870	145,909	217,671
Other receivables	6	153,419	122,987	109,848
Option at fair value through profit or loss	6,7	-	-	101,789
Cash		94,454	81,196	676,323
Total current assets		3,969,647	2,714,170	3,248,329
Total assets		10,998,919	8,792,474	9,312,212
EQUITY AND LIABILITIES				
Total paid-in capital	8	308,341	235,171	235,172
Total retained equity		3,314,417	2,875,029	3,326,044
Total shareholders' equity		3,622,758	3,110,200	3,561,216
Non-controlling interests		50,087	49,552	50,575
Total equity		3,672,846	3,159,752	3,611,791
Provisions		95,973	194,611	46,301
Borrowings	6	1,019,072	1,082,013	1,041,843
Lease liabilities		2,569,723	2,009,521	2,079,997
Total non-current liabilities		3,684,768	3,286,145	3,168,141
Short-term liabilities				
Borrowings	6	689,387	255,000	5,000
Current lease liabilities		907,421	586,248	588,626
Accounts payable		1,207,827	869,028	879,881
Tax payable		(448)	1,295	254,847
Public duties payable		284,539	280,816	396,593
Put option liability		27,980	43,541	27,980
Other current liabilities	6	524,601	310,650	379,353
Total current liabilities		3,641,306	2,346,577	2,532,280
Total liabilities		7,326,073	5,632,722	5,700,421
Total equity and liabilities		10,998,919	8,792,474	9,312,212

Fredrikstad, 30 October 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	-	-	-	-	396,389	396,389	(253)	396,136
Other comprehensive income	-	-	-	-	15,141	15,141	-	15,141
Dividend	-	-	-	-	(523,403)	(523,403)	(235)	(523,637)
Net sale of treasury shares	-	2,602	-	70,567	100,245	173,415	-	173,415
At 30 September 2024	166,969	(3,320)	51,652	93,039	3,314,417	3,622,758	50,087	3,672,846

(unaudited)

	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	-	-	-	-	474,443	474,443	(805)	473,638
Other comprehensive income	-	-	-	-	251	251	364	615
Dividend	-	-	-	-	(603,865)	(603,865)	(20,034)	(623,899)
Net sale of treasury shares	-	16	-	418	416	850	-	850
Changes of non-controlling interests on acquisition of subsidiary	-	-	-	-	278,000	278,000	(252,054)	25,946
At 30 September 2023	166,969	(5,922)	51,652	22,472	2,875,029	3,110,200	49,552	3,159,752

(unaudited)

Interim condensed consolidated statement of cash flows

Figures are stated in NOK 1,000	Notes	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities						
Profit before income tax		107,101	184,985	499,760	610,778	1,151,912
Adjusted for:						
Depreciation of fixed and intangible assets	5	260,318	170,261	662,459	505,340	674,608
Change in fair value of option		-	-	(32,309)	-	(101,789)
Share of profit/loss from associates		-	4,515	(1,564)	12,587	54,489
Changes in net working capital		(210,597)	163,207	(508,046)	(104,176)	280,977
Income tax paid		-	2,678	(255,365)	(290,493)	(291,189)
Net cash generated from operating activities		156,823	525,646	364,935	734,036	1,769,007
Cash flows from investing activities						
Proceeds from sale of fixed assets		-	-	-	-	84
Purchases of fixed and intangible assets	5	(24,599)	(32,575)	(110,705)	(126,320)	(141,700)
Acquisition		-	-	19,047	(216,598)	(216,598)
Net cash used in investing activities		(24,599)	(32,575)	(91,658)	(342,917)	(358,214)
Cash flows from financing activities						
Net change overdraft and RCF (Revolving Credit Facility)		44,495	(150,000)	237,840	250,000	-
Repayment of debt to financial institutions		(1,423)	(1,250)	(23,862)	(3,750)	(45,738)
Principal paid on lease liabilities		(209,912)	(133,100)	(546,837)	(397,611)	(530,172)
Dividend		(234)	-	(523,637)	(603,865)	(603,865)
Sale of treasury shares		-	850	1,350	850	850
Dividends paid to non-controlling interests in subsidiaries		-	(234)	-	(20,034)	(20,034)
Net cash from financing activities		(167,075)	(283,734)	(855,146)	(774,410)	(1,198,960)
Net increase (decrease) in cash		(34,853)	209,337	(581,870)	(383,292)	211,834
Cash at beginning of period		129,306	(128,141)	676,323	464,488	464,488
Cash at end of period		94,454	81,196	94,454	81,196	676,323

Previously, the group's cash pool and all cash were netted in the condensed consolidated statement of cash flows. From the second quarter of 2024, cash outside of the group's cash pool is not netted, but presented separately.

NOTES

Note 1 Corporate information

The interim condensed consolidated financial statements of Europris ASA and its subsidiaries (collectively, the group) for the third quarter and the nine months ended 30 September 2024 were authorised for issue by the board on 30 October 2024.

Europris ASA is domiciled in Norway and is a discount variety retailer. In May 2024, the group took full ownership of the Swedish discount variety retailer - ÖoB. With this, the group is present with an extensive store network across Norway and Sweden. 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 third quarter and nine months ended 30 September 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 segments are reported in accordance with how the chief operating decision-maker evaluates profitability and achievements. The Norway segment relates to Europris and the Sweden segment relates to ÖoB. The pure play companies Lekekassen, Strikkemekka and Lunehjem, are all individually below the threshold for being reportable and are integrated into the Norway segment.

Q3 2024

Figures are stated in NOK 1,000

	Norway	Sweden	Total
Total operating income	2,248	990	3,238
Cost of goods sold	1,265	686	1,951
Gross profit	982	304	1,286
Opex	597	262	859
EBITDA	386	42	428
EBIT (Operating profit)	212	(45)	168
Gross margin (%)	43.7%	30.7%	39.7%
Opex-to-sales ratio (%)	26.6%	26.5%	26.5%
EBITDA margin (%)	17.2%	4.3%	13.2%
EBIT margin (%) (Operating profit margin)	9.5%	(4.5%)	5.2%
Inventory	2,645	891	3,536
Total assets	8,762	2,237	10,999

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	21,224	107,730	2,541,237	78,394	591,267	2,191,378	5,911,763
Acquisition of subsidiaries	70,225	-	12,984	774,787	21,832	223	153,153	1,033,204
Exchange differences	4,474	-	451	24,505	658	6	5,432	35,525
Additions	94,584	-	1,914	538,234	14,206	-	-	648,938
Disposals	-	-	-	(6,381)	-	-	-	(6,381)
Depreciation	(71,683)	-	(5,225)	(557,962)	(27,519)	(71)	-	(662,459)
Carrying amount 30 September 2024	478,132	21,224	117,854	3,314,419	87,571	591,425	2,349,963	6,960,589

	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	-	-	-	-	-	323	671
Additions	105,959	-	701	455,839	19,660	-	-	582,158
Disposals	-	-	-	-	-	-	-	-
Depreciation	(58,356)	-	(4,667)	(414,968)	(27,348)	-	-	(505,340)
Carrying amount 30 September 2023	386,021	21,225	109,264	2,475,335	85,280	591,267	2,191,378	5,859,768

Note 6 Bank borrowings and financial instruments at fair value

On 30 June 2023 the group entered into a financing agreement with DNB, Nordea and Danske Bank. The agreement has a 3 + 1 + 1-year structure. The first 1-year option has been exercised.

Figures are stated in NOK 1,000

	30 September 2024		31 December 2023	
	Amortised cost	Nominal value	Amortised cost	Nominal value
Debt to financial institutions	1,019,072	1,021,500	1,041,843	1,044,271
First-year instalment non-current debt	5,000	5,000	5,000	5,000
Total	1,024,072	1,026,500	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	30 September 2024	31 December 2023
Overdraft and multi-currency group account	741,900	325,500
Revolving facility loan	1,200,000	1,200,000
Guarantees	10,000	10,000
Total	1,951,900	1,535,500
Drawn guarantees and facilities	686,200	7,145
Undrawn overdraft facilities	1,265,700	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	30 September 2024	31 December 2023
Interest rate swaps	65,434	71,322
Foreign exchange contracts	1,330	446
Option at fair value through profit or loss	-	101,789
Foreign exchange contracts	(19,230)	(31,274)
Total	47,533	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 local currencies by using forward contracts as a hedging strategy for its exposure to USD and EUR.

Note 7 Business combination

In June 2018, the group acquired 20 per cent of Runsvengruppen AB (ÖoB), a Swedish discount variety retailer. In addition to the 20 per cent holding of shares, Europris held an option to acquire the remaining 80 per cent of the shares.

On 2 May 2024, the group closed the acquisition of the remaining 80 per cent of ÖoB and became full owner of the company. The final purchase price was NOK 200.5 million, of which NOK 187.5 million was paid with Europris treasury shares and NOK 13 million was paid in cash (netted towards outstanding payments from the seller of awarded costs under the arbitration award of 19 December 2023). Europris transferred 2,579,678 treasury shares to the seller, RuNor AS, and these shares are subject to a customary 12-month lock-up. The lock-up for the initial consideration shares delivered in 2019 is no longer in force (the remaining balance of the initial consideration shares is 1,449,898 shares). In total RuNor AS holds 4,029,576 shares, corresponding to 2.41 per cent of the share capital in Europris ASA.

ÖoB has its head office in Skänninge and runs 94 stores across Sweden. The acquisition of ÖoB is an important strategic milestone on the path of creating a Nordic champion in discount variety retail. With this, the group has a combined annualised turnover of around NOK 13.5 billion (estimated based on historic figures FY 2023). Europris and ÖoB are similar concepts and leading brands in their segment. ÖoB had total revenues of SEK 1,226 million (loss of SEK 126 million) in the period up to 2 May and total revenues of SEK 1,685 million (loss of SEK 63 million) in the period from 2 May to 30 September 2024.

Operationally, ÖoB has lost market share over time, has seen declining profitability and will need a turnaround to operate profitably in the future. The turnaround will be based on category harmonisation and joint sourcing with Europris, improving the customer experience in addition to strengthening the execution across the value chain.

ÖoB was consolidated into the Europris group's financial statements as of 1 May 2024, at which point Europris obtained control.

The preliminary fair value calculation of ÖoB is estimated to NOK 399 million based on NOK/SEK exchange rate as of acquisition date. An excess value of NOK 157 million is identified in the preliminary purchase price allocation, which is mainly related to buildings, trademark and goodwill. Allocation between the various items remains to be concluded. For the interim financial statements NOK 153 is allocated to goodwill.

According to IFRS 3 Business combinations, a step acquisition shall be remeasured to fair value at the acquisition date. This includes a fair value measurement of the option to acquire the remaining shares. In total, a gain of NOK 32 million is recognised in profit and loss as a result of the fair value assessment of the option. The remeasurement of the initial 20 per cent stake has resulted in a gain amounting to NOK 17 million.

The group recorded an estimated loss of NOK 16 million on its 20 per cent stake up until the point of control.

The preliminary amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

Figures are stated in NOK 1,000

Total fixed assets	873
Inventories	860
Receivables	138
Cash	38
Total assets	1,910
Non-current liabilities	628
Current liabilities	1,035
Net assets	246
Goodwill	153
Net asset acquired	399
Consideration	
Amounts in NOK 1,000	
Cash	13
Strike option (value of shares 2 May 2024)	172
Fair value of option to acquire 80 per cent	134
Fair value of initial 20 per cent share	80
Total consideration	399

Note 8 Treasury shares

The number of treasury shares held by Europris ASA changed as follows in the period from 1 January to 30 September 2024.

Change in number of treasury shares

Treasury shares 1 January 2024	5,921,935
Payment for 80 per cent of Runsvengruppen AB with treasury shares	(2,579,678)
Sale of treasury shares to senior executives	(22,621)
Treasury shares 30 September 2024	3,319,636

Average cost price for treasury shares are NOK 48.86.

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 the group 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.

Sales

Sales is the same as the IFRS definition of total operating income.

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 operating income and is useful for benchmarking direct costs associated with the purchase of the goods vs total operating income.

(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Total operating income	3,238	2,152	8,373	6,395	9,467
- Cost of goods sold	1,951	1,177	4,922	3,552	5,276
= Gross profit	1,286	975	3,451	2,844	4,191
Gross margin	39.7%	45.3%	41.2%	44.5%	44.3%

Opex / Opex-to-sales ratio

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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Employee benefits expense	538	358	1,317	984	1,373
+ Other operating expense	320	212	859	613	848
= OPEX	859	571	2,175	1,597	2,222
Opex-to-sales ratio	26.5%	26.5%	26.0%	25.0%	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 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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Operating profit	168	234	613	742	1,295
+ Depreciation	260	170	662	505	675
= EBITDA	428	404	1,275	1,247	1,970
EBITDA margin	13.2%	18.8%	15.2%	19.5%	20.8%

EBIT / EBIT margin

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 is useful for benchmarking this profitability parameter vs the development in sales.

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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Change in Inventory	(371)	(110)	(505)	33	254
Change in accounts receivable and other current receivables	40	12	119	96	62
Change in accounts payable and other current debt	120	261	(122)	(233)	(35)
= Net change in working capital	(211)	163	(508)	(104)	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.

Alternative performance measures

(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Purchases of fixed assets	20	29	96	107	120
Purchases of intangible assets	4	4	14	20	22
= Capital expenditure	25	33	111	126	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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Borrowings	1,019	1,082	1,019	1,082	1,042
Current borrowings	689	255	689	255	5
Lease liabilities	2,570	2,010	2,570	2,010	2,080
Current lease liabilities	907	586	907	586	589
= Financial debt	5,186	3,933	5,186	3,933	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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Cash	94	81	94	81	676
+ Total facilities	1,952	1,536	1,952	1,536	1,536
- Total drawn	(686)	(253)	(686)	(253)	(7)
= Cash and liquidity reserves	1,360	1,363	1,360	1,363	2,205

Europris: 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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Sales directly operated stores	1,925	1,847	5,713	5,471	7,932
Sales franchise stores	228	232	694	700	1,013
= Total chain sales	2,153	2,079	6,407	6,171	8,945

Definition of other terms used

Constant currency

Constant currency is the exchange rate which the group uses to eliminate the effect of exchange rates fluctuations when calculating financial performance numbers.

Segment Norway

The Norway segment includes Europris and the pure play companies Lekekassen, Strikkemekka and Lunehjem.

Segment Sweden

The Sweden segment includes the ÖoB chain.

Pure play

Pure play includes the Lekekassen group, the Strikkemekka group and Lunehjem.

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 all stores under the brand name Europris and ÖoB. Europris has both directly operated stores and franchise stores while ÖoB only has directly operated stores.

Like-for-like sales growth

Like-for-like (LFL) 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. LFL is calculated in local currency.

Organic growth

Organic growth is defined as the growth excluding any structural changes (acquisitions or sale of companies). Segment Sweden has been excluded in organic growth for the group.

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