Company presentation

January 2021

CEO Espen Eldal

Europris
MER TIL OVERS

Europris - Norway's #1 discount variety retailer

Customers
- 32 million customer transactions in 2019
- Widely recognised brand and price position[1]
- Increasing market share and gaining new customers

Marketing
- 1 million leaflets in distribution
- 590 000 subscribers to digital newsletter
- 670 000 members in the Mer customer club

Stores
- Cost-efficient locations and operations
- 234 of 249 like-for-like (LFL) stores profitable in 2019
- Track-record of 15 new or relocated stores p.a.

Logistics
- More than 40 years of wholesaler experience
- Efficient set-up and nationwide reach
- New modern central warehouse from Q2 2019

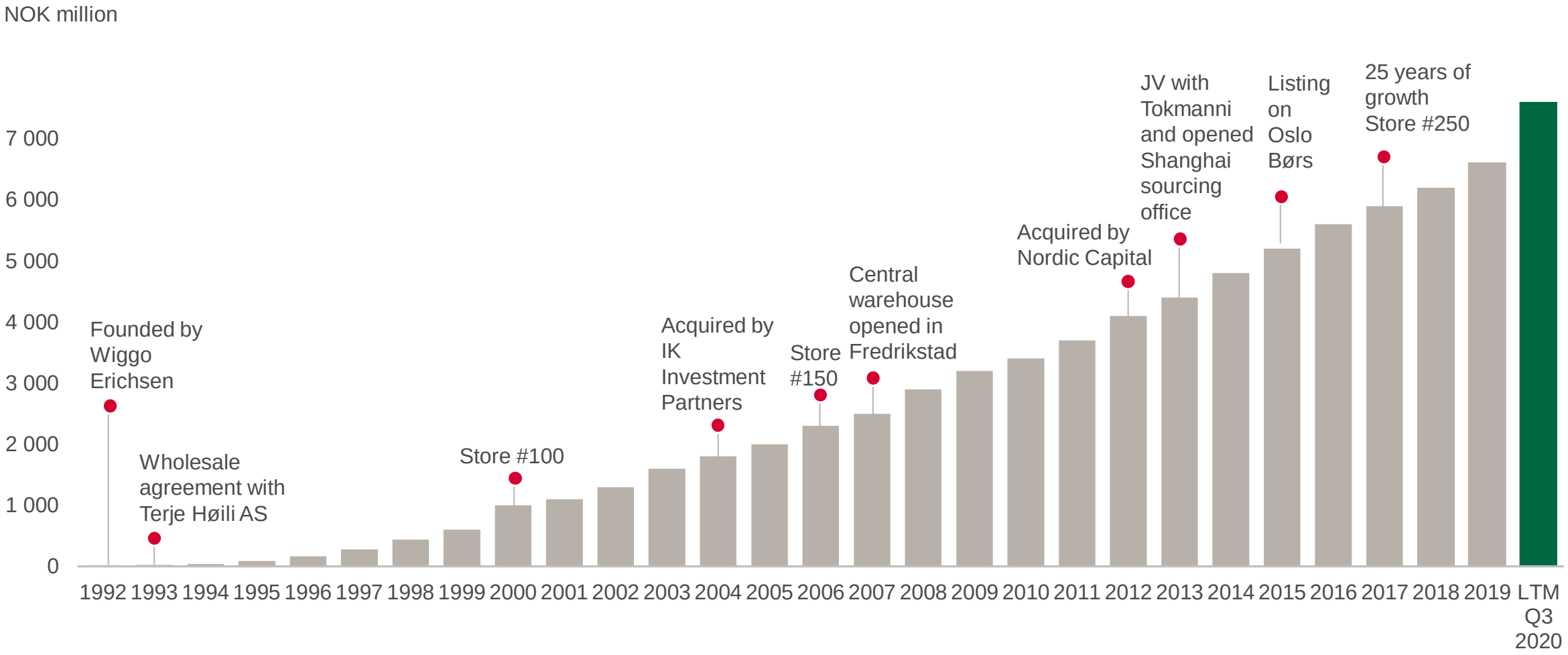
Sourcing
- From more than 30 countries
- Pan-Nordic agreement with ÖoB and Tokmanni



266
Stores

[1] Mediacom annual market survey

28 years of consecutive growth



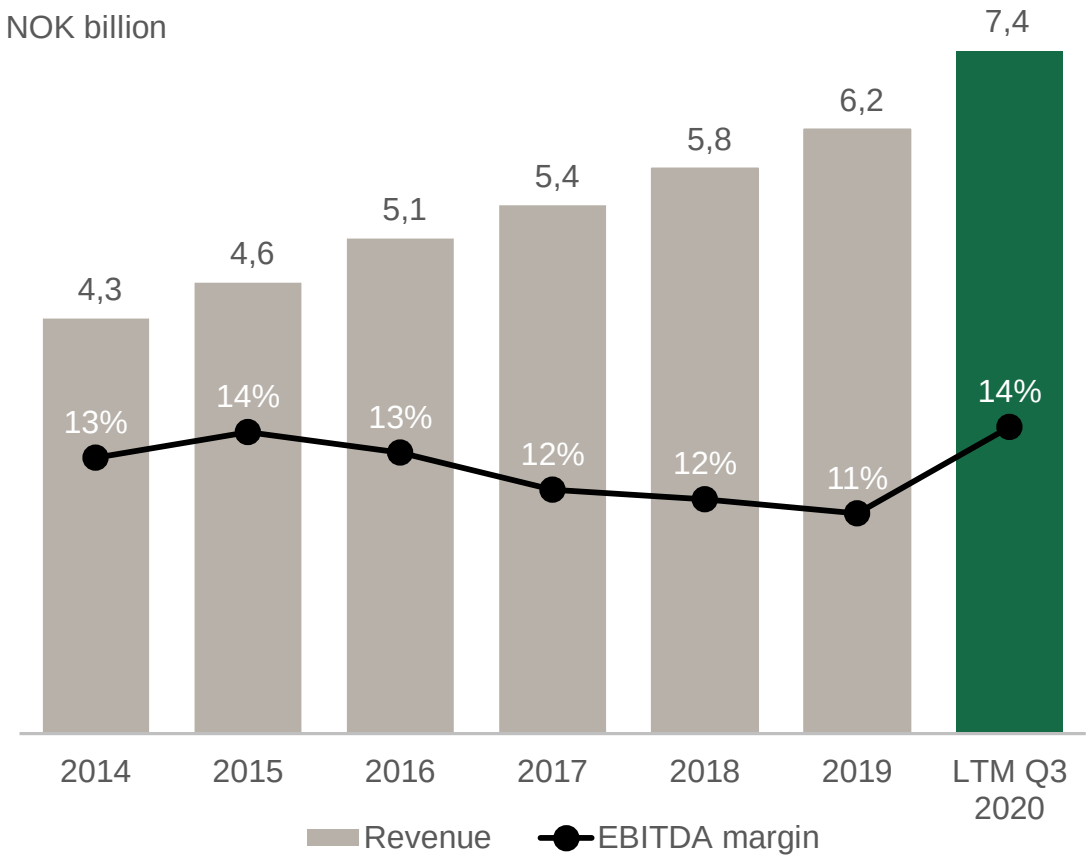
With a strong brand



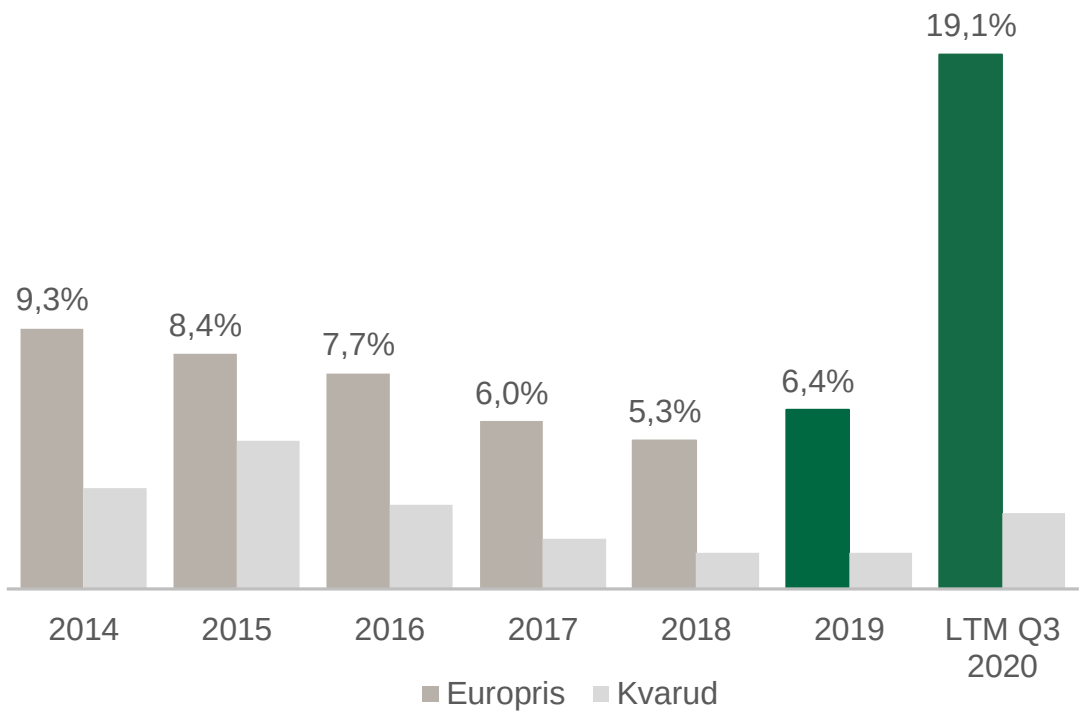
Source: Mediacom annual market survey
Ranking among wide variety retailers (Biltema, Clas Ohlson, Coop OBS, Europris, Jernia, Jula, Jysk, Nille, Plantasjen, Rusta)

Track record of above-market growth

Revenue and EBITDA margin[1]



Total growth for Europris and market[2,3]



[1] Europris group figures, excl. IFRS 16 effects
[2] Europris chain figures
[3] Kvarud Analyse: Norwegian shopping centre index

Our approach – sustainability in all we do



Sustainable value chain

- 39% of single use plastic phased out – well on way to 100% target
- Over 2 100 quality and safety test carried out in Europris' testing laboratory



Resource-efficient business model

- Emissions has been reduced by 41% since 2014
- All plastic bags are now made of recycled material



Responsible employer

- 87% of store managers have completed management training
- Gender pay gap narrowed from 3% to 1%



Empowering customers and communities

- Agreement with Church City Mission to deploy 100 textile collection station for a more circular economy
- Handelens miljøfond – NOK 7.2 million contributed to developing a circular solution for fighting plastic waste

Strategic focus areas

Strengthen price and cost position

Improve customer experience

Drive customer growth



Key initiatives

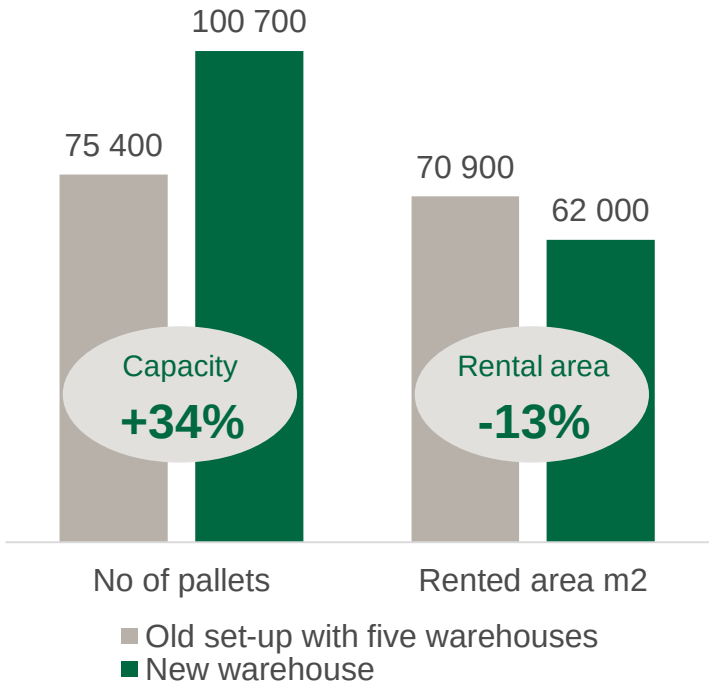
Strengthen price and cost position

Sourcing from solid Nordic base



From 5 to 1 warehouse

Savings estimated to 0.75-1.25 percentage points of group revenues



Private label strategy

- Optimise range and private label strength
- Strengthen price position
- Improve quality
- Improve packaging and design
- Improve implementation in-store and digital

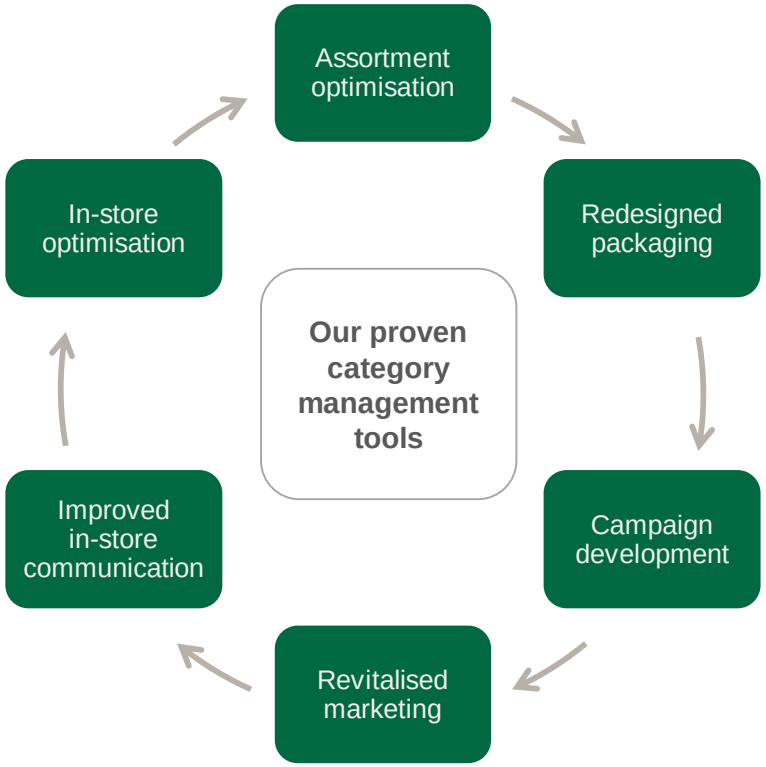


[1] 2019 retail sales

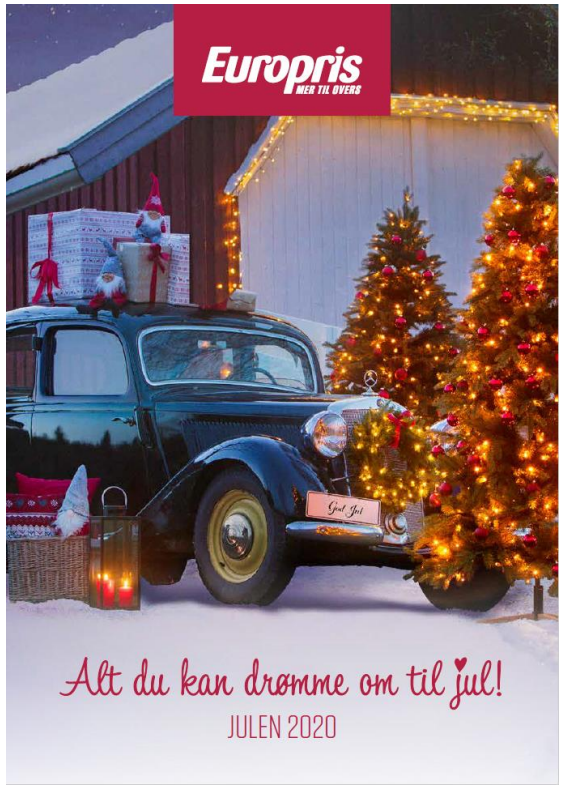
Key initiatives

Improve customer experience

Constant category development



‘In-store’, seasons, campaigns



Sustainable product options

Improve sustainability performance

- Private label
- Brand name merchandise
- Offer sustainability for everyone – at affordable prices!



Key initiatives

Drive customer growth

Store development

Comprehensive store development plan

- Relocation
- Upgrade
- Expansion
- New stores

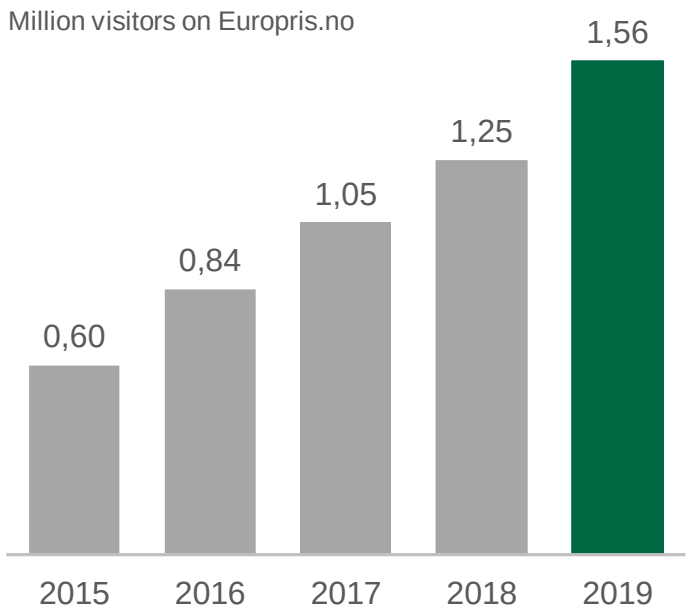
Long-term targets

- Net 5 new stores annually
- About 10 relocations annually
- About 10 refurbishments/modernisations annually

Grow e-commerce

New e-commerce platform in April 2020

- Simpler and flexible shopping solution
- Product range significantly expanded



Expand digital, data and e-crm

32 million sales slips a year:



Data used to:

- Improve campaign mix
- Strengthen and develop seasonal offering
- Understand and develop category strategies

Strategy well anchored in dedicated organisation

- Highly dedicated and loyal employees
  - Most important asset in Europris
  - Well being and job satisfaction at an all time high
- Develop long and meaningful careers
- Key focus areas
  - Equal opportunities
  - constructive working environment
  - Health and safety in the workplace
  - Business ethics and anticorruption

Our values

- ✓ Positive attitude
- ✓ Pro-active
- ✓ Clear
- ✓ Business oriented
- ✓ Simple





Significant untapped potential



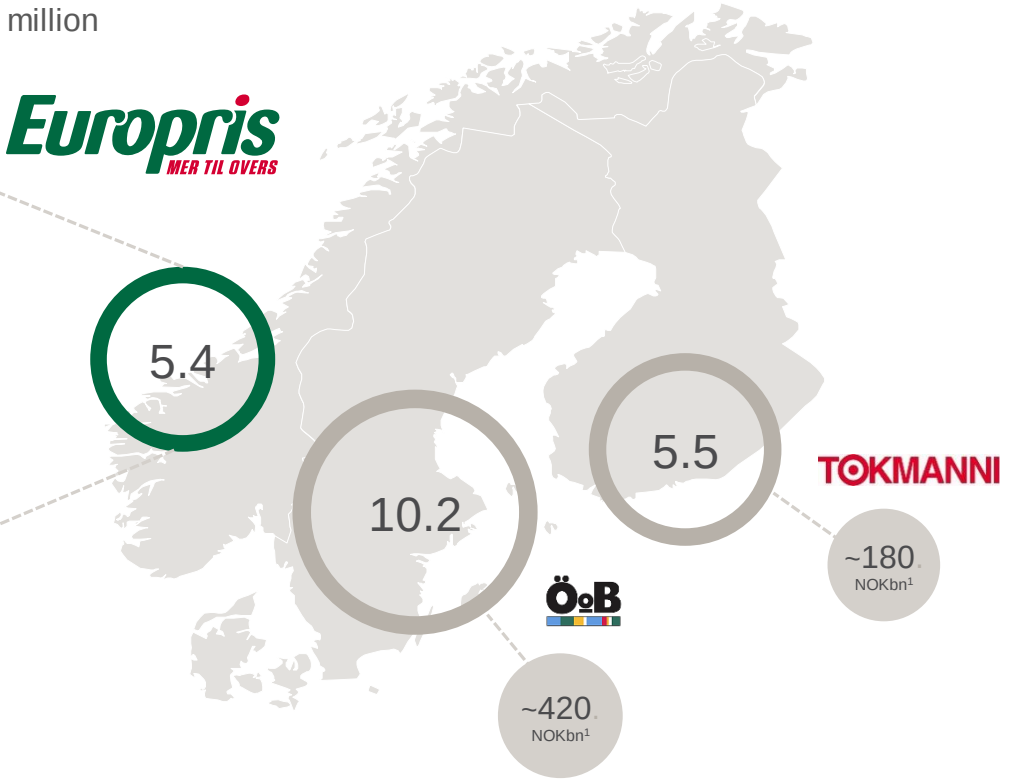
Fogra Reklamefoto

Significant growth opportunities for Europris

Addressable market in Norway



Population per country



Sources: Statistics Norway (SSB), 2017; Statistics Sweden (SCB), 2018 LTM; Statistics Finland (Stat), 2016

[1] Total addressable market for packaged food, non-alcoholic beverage, clothing and shoes, furnishing, household equipment and routine house maintenance

Geographical expansion – option to acquire ÖoB

- Option to acquire remaining 80% stake in ÖoB*
  - Exercisable within Q2 2021
  - Fixed multiple of 7.7x average 2019 and 2020 EBITDA
- Initial estimate of combined savings of NOK 60-80 million
  - Full effect in 2022
  - Synergies will partly be re-invested to fulfil low-price strategy

ÖoB – a perfect partner

- ✓ 90% category overlap and strong cultural fit
- ✓ Nordic agreements with branded suppliers and joint promotions
- ✓ Development of common Private Label
- ✓ Joint purchasing of stock lots

*Stake in Runsvengruppen AB, owners of ÖoB

Ambitious long-term financial and operational goals

Growth	Continue to deliver like-for-like growth **above the market** over time
Number of new stores	Target to open **on average 5 new stores net per year,** depending on availability of locations which meet strict return requirements, potential for relocations, expansion and refurbishment activities
EBITDA	**Increased EBITDA margin** over time from improved sourcing and more cost-effective value chain
Dividend	**Dividend policy of 50%-60**% pay-out of net profit while maintaining an efficient balance sheet

Be the *best* discount variety retailer *in Europe*



Fogra Reklamefoto

Next event: Q4 presentation 4 February 2021

Alternative performance measures (APMs)

APMs are used by Europris for annual and periodic financial reporting in order to provide a better understanding of Europris financial performance and are also used by management to measure operating performance. In the discussion of the reported operating results, financial position and cash flows, Europris refers to these measures which are not defined by generally accepted accounting principles (GAAP) such as IFRS. Europris management makes regular use of these Alternative Performance Measures and is of the opinion that this information, alongside with comparable IFRS measures, is useful to investors who evaluate the group's financial performance. APMs are adjusted IFRS figures defined, calculated and used in a consistent and transparent manner and should not be viewed in isolation or as an alternative to the equivalent IFRS measure.

Total retail sales are retail sales from all stores, both directly operated and franchise stores.	**Adjusted earnings per share** is Adjusted net profit divided by the current number of shares, adjusted by the average of treasury shares.
COGS excluding unrealised foreign exchange effect is the cost of goods sold except for unrealised gains or losses on the foreign currency derivatives and unrealised foreign currency exchange gains and losses on inventory trade payables.	**Working capital** is the sum of inventories, trade receivables and other receivables less the sum of accounts payable and other current liabilities.
Gross profit represents group revenue less the cost of goods sold excluding unrealised foreign currency effects.	**Capital expenditure** is the sum of purchases of fixed assets and intangible assets.
Gross margin is gross profit represented as a percentage of group revenue.	**Financial debt** is the sum of term loans and financial leases.
Opex is the sum of employee benefits expense and other operating expenses.	**Net debt** is the sum of term loans and financial leases less bank deposits and cash.
EBITDA (earnings before interest, tax, depreciation and amortisation) represents Gross profit less Opex.	**Directly operated store** means a store owned and operated by the group.
Non-recurring items are expenses which by nature are related to special events outside normal course of business (e.g IPO costs, moving cost, rent for vacated warehouse).	**Franchise store** means a store operated by a franchisee under a franchise agreement with the group.
Adjusted EBITDA is EBITDA adjusted for non-recurring items.	**Chain** means the sum of directly operated stores and franchise stores.
Adjusted profit before tax is profit before tax adjusted for non-recurring items.	**Like-for-like** are stores which have been open for every month of the current calendar year and for every month of the previous calendar year.
Adjusted net profit is net profit adjusted for non-recurring items.	