Company presentation

September 2021

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Europris - Norway's #1 discount variety retailer

Customers

- 36 million customer transactions in 2020
- Widely recognised brand and price position[1]
- Increasing market share and gaining new customers

Marketing

- 1 million leaflets in distribution
- 615 000 subscribers to digital newsletter
- 863 000 members in the Mer customer club

Stores

- Cost-efficient locations and operations
- 100% of like-for-like (LFL) stores profitable in 2020
- Track-record of 10-15 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 mid-2019

Sourcing

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

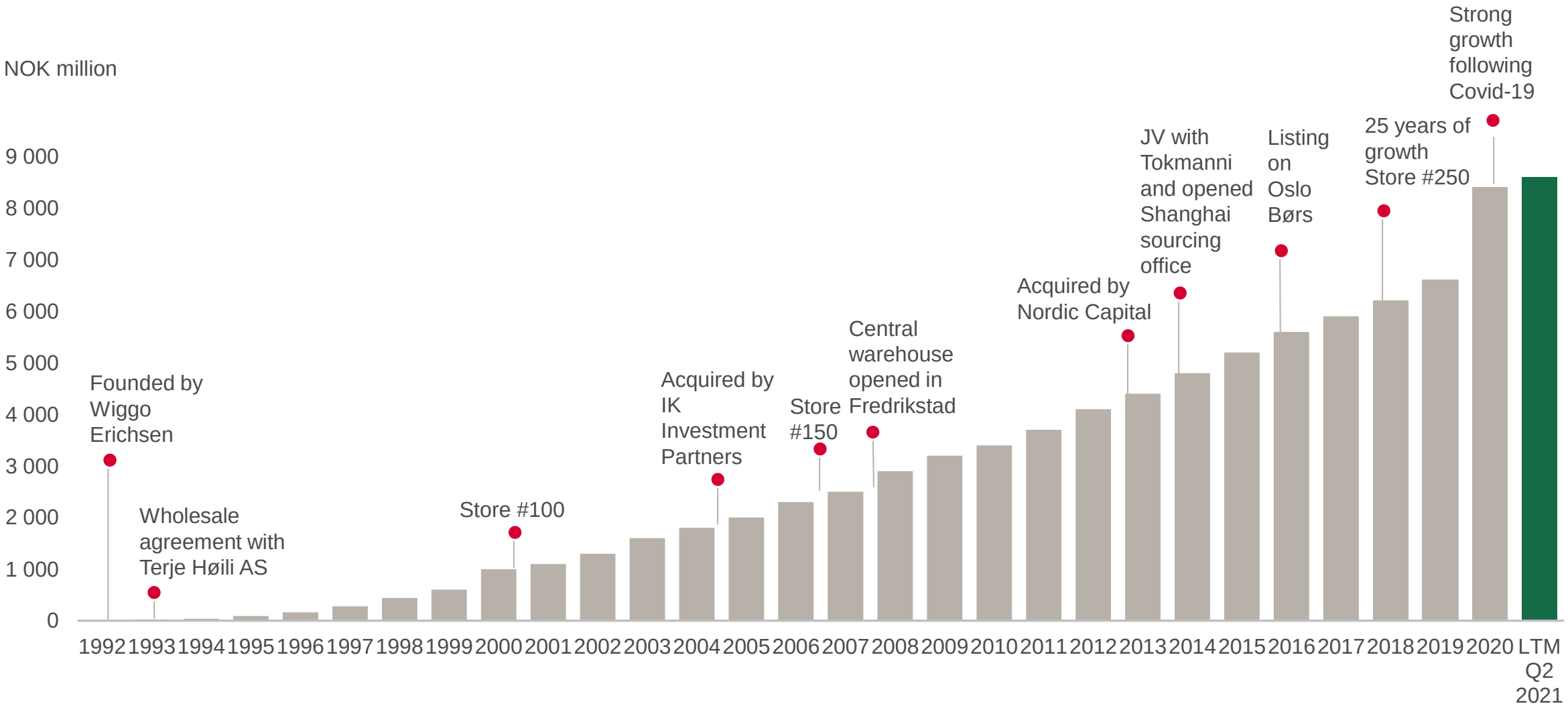


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Stores

[1] Mediacom annual market survey

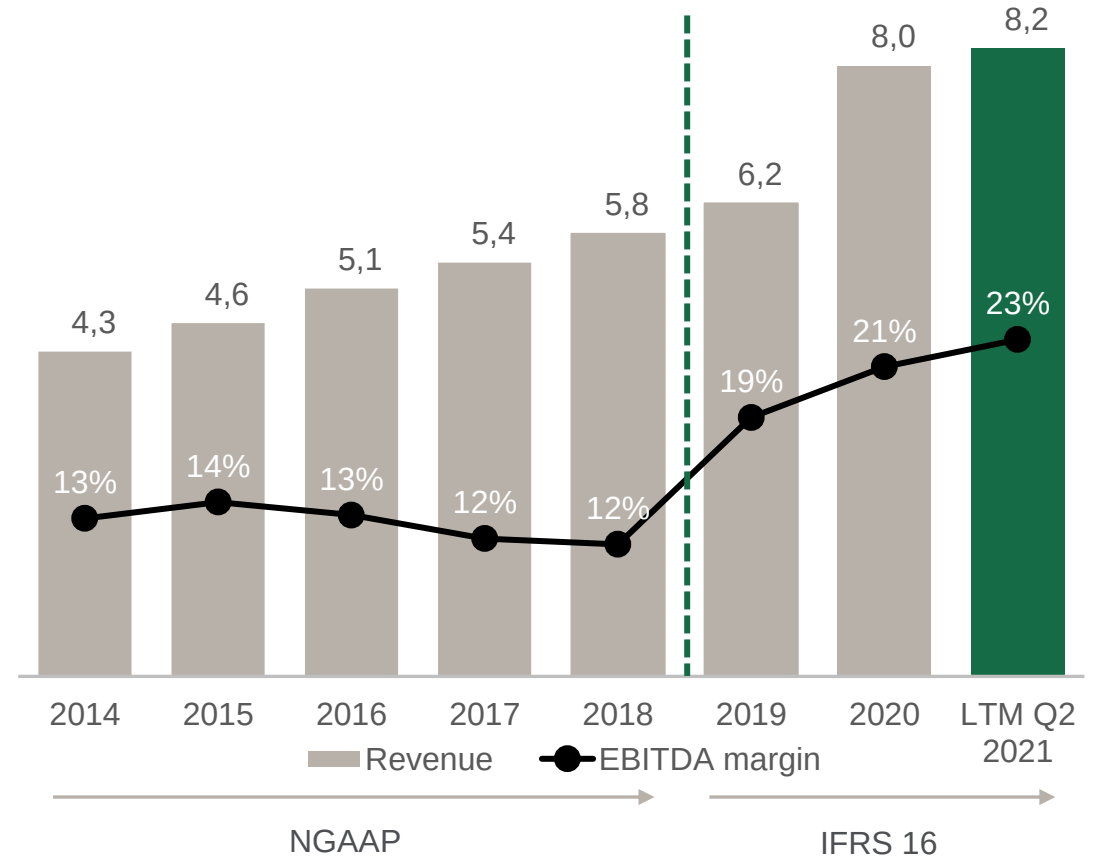
29 years of consecutive growth



Strong performance driven by solid merchandising

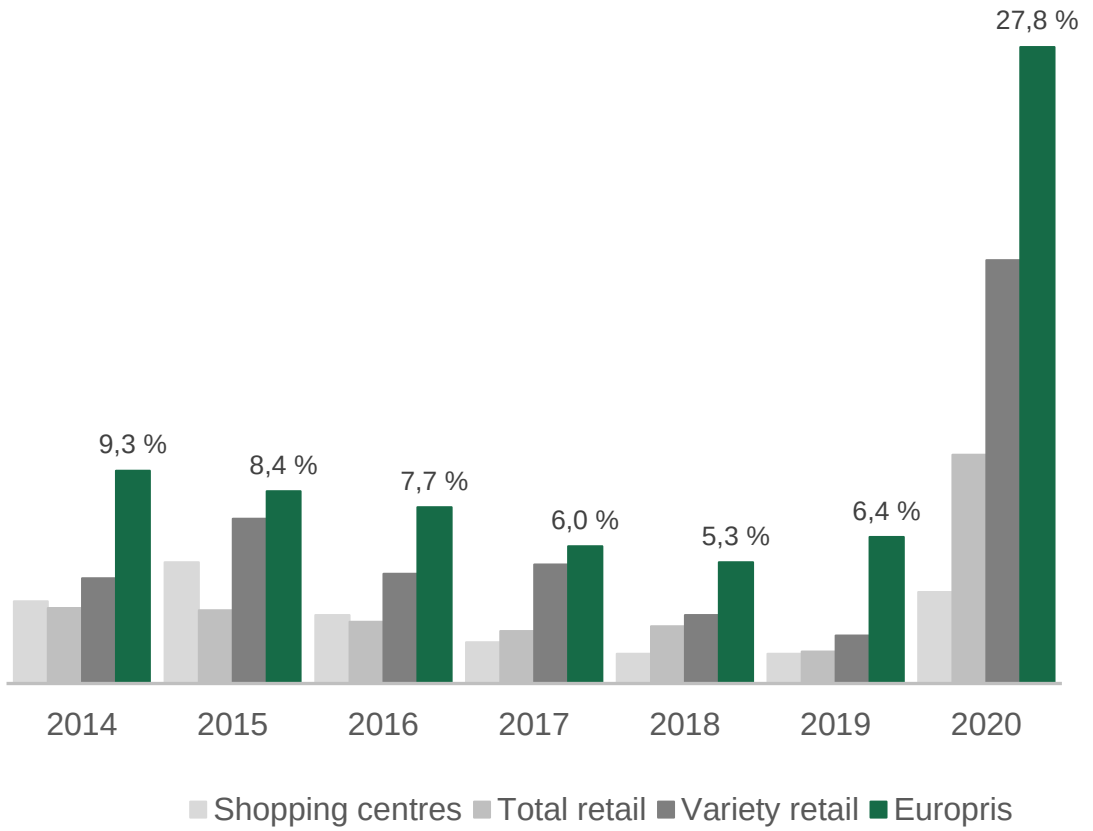
- Revenue growth:
  - Solid performance in existing stores
  - Store expansion
  - E-commerce
  - Positive revenue effects from Covid-19
- EBITDA margin:
  - Economies of scale
  - Sourcing partnership
  - Strict cost control

Revenue and EBITDA margin



Europris with a competitive edge and strong concept

Continuously expanding market share[1,2,3]



Market leader in Norway driven by a strong brand[4]

#1 price perception

100% brand recognition

[1] Europris chain figures
[2] Kvarud Analyse: Norwegian shopping centre index
[3] Virke retail index (using figures reported by statistics Norway)
[4] Mediacom annual market survey

Sustainability is an integrated part of the strategy



Sustainable value chain



Resource-efficient business model



Responsible employer



Empowering customers and communities

Europris established own symbol for sustainable products



Strategic focus areas



Strengthen price and cost position

Improve customer experience

Drive customer growth

Key initiatives

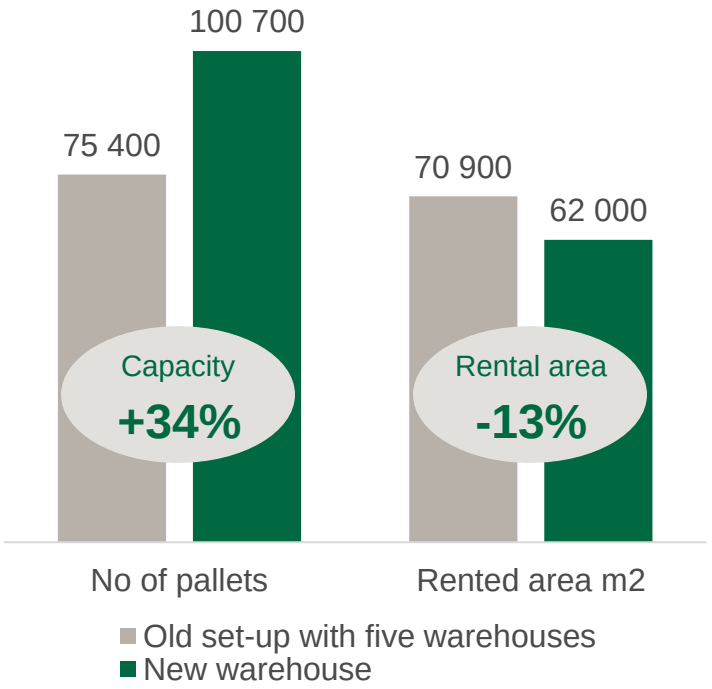
Strengthen price and cost position

Sourcing from solid Nordic base



Warehouse transition

Savings estimated to 0.75-1.25 percentage points of group revenues[2]



Private label strategy

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

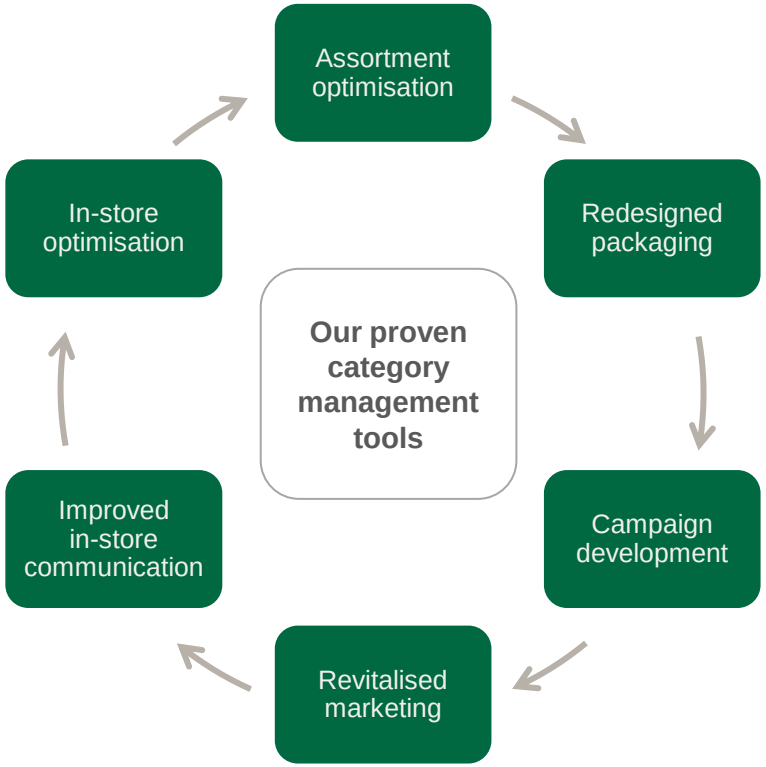


[1] 2020 retail sales
[2] Compared to 2017 figures

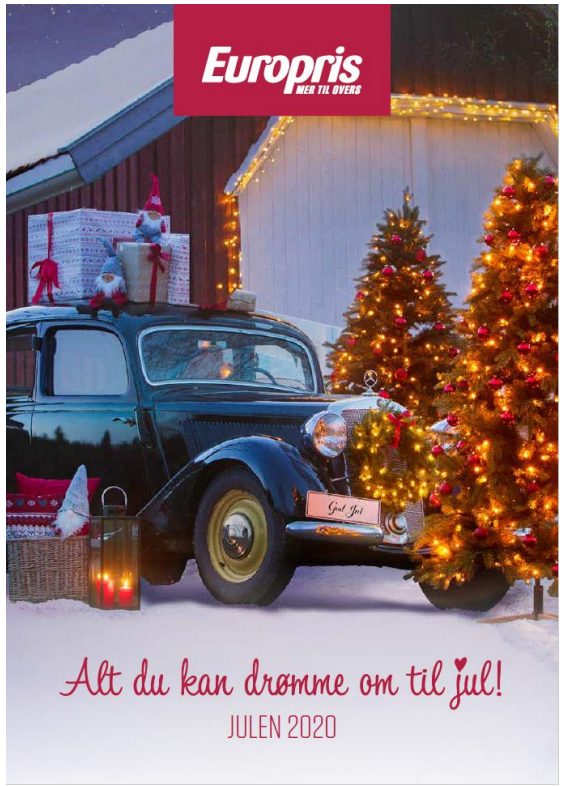
Key initiatives

Improve customer experience

Constant category development



In stores, seasons, campaigns



Sustainable product options

Improve sustainability performance

- Private label
- Brand name merchandising
- Packaging



Key initiatives

Drive customer growth

Store development

Comprehensive store development plan

- Relocations
- Upgrades
- Expansions
- New stores

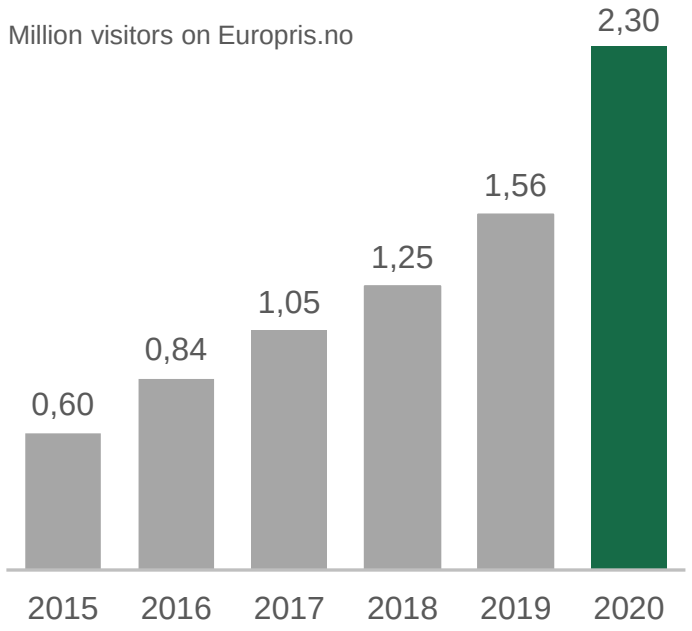
Long-term targets

- Net five new stores annually
- About ten relocations annually
- About ten refurbishments/modernisations annually

Grow e-commerce

New e-commerce platform in April 2020

- Simpler and more flexible shopping solution
- Product range significantly expanded



Expand digital, data and e-crm

36 million sales slips a year:



Data used to:

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

Expanding online offering and omnichannel expertise through acquisition of 67% of Lekekassen Holding

- Among fastest growing online retailers in Norway
  - Revenue NOK 545 and EBITDA NOK 94 million in 2020
- Price and cost position will be strengthened
  - Joint sourcing and cost synergies (freight, payment terms)
- Customer experience will be improved
  - Expanding product offering in stores and broader online assortment
- Customer growth will be enhanced
  - Improved access to the attractive family segment
  - Shared development of e-commerce solutions



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



Fogra Reklamefoto

Q&A

Alternative performance measures (APMs)

APMs are used by Europris for annual and periodic financial reporting in order to provide a better understanding of the group's financial performance. APMs are considered as well-know and frequently used by users of the financial statements and are also used in internal reporting and by management to measure operating performance.

Gross profit / gross margin
Gross profit is defined as Total operating income minus the cost of goods sold (COGS). The gross profit represents revenue that the group retains after incurring the direct costs associated with the purchase of the goods. Gross margin is defined as gross profit divided by total revenue and is useful for benchmarking direct costs associated with the purchase of the goods vs total revenues.

Opex
Operating expenses (Opex) is the sum of employee benefits expense and other operating expenses. It is useful to look at cost of these two components combined, as they compose a large part of the fixed operating costs. The Opex-to-sales ratio divides the Opex by Total operating income and is useful for benchmarking this cost base vs the development in sales.

EBITDA / EBITDA margin
EBITDA is earnings before interests, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of other intangibles. EBITDA is a well-known and widely used term among users of the financial statements and is useful when evaluating operational efficiency on a more variable cost basis as they exclude amortisation and depreciation expense related to capital expenditure. EBITDA margin is EBITDA divided by Total operating income and is useful for benchmarking this profitability parameter vs the development in sales.

EBIT
EBIT is earnings before interest and taxes and is the same as the IFRS definition of operating profit. EBIT is a well-known and widely used term among the users of the financial statements and is useful when evaluating operational profitability. EBIT margin is EBIT divided by Total operating income, and thus the same as Operating profit divided by Total operating income.

Working capital
Working capital is the sum of inventories and trade receivables and other receivables less the sum of accounts payable and other current liabilities. Net change in working capital is the change in the mentioned parameters; i.e., net change in working capital is the sum of change in inventories and trade receivables and change in other receivables less the sum of change in accounts payable and other current liabilities. Net change in working capital is a well-known and widely used term among the users of the financial statements and is useful for measuring the group's liquidity, operational efficiency and short-term financial conditions.

Capital expenditure
Capital expenditure (Capex) is the sum of purchases of fixed assets and intangible assets as used in the cash flow. Capex is a well-known and widely used term among the users of the financial statements and is a useful measure of investments made in the operations when evaluating the capital intensity.

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

Cash and liquidity reserves
Cash and liquidity reserves is defined as available cash plus available liquidity through overdraft and credit facilities. This measure is useful to see total funds available short term.

Total chain sales
Total chain sales are sales from all chain stores, that is both directly operated and franchise stores. This KPI is an important measure of the performance of the total Europris chain and considered useful in order to understand the development of the entire chain, regardless of ownership structure of stores. Like-for-like growth is defined as the growth in total chain sales for stores that have been open for every month of both the previous and the current calendar year.

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.