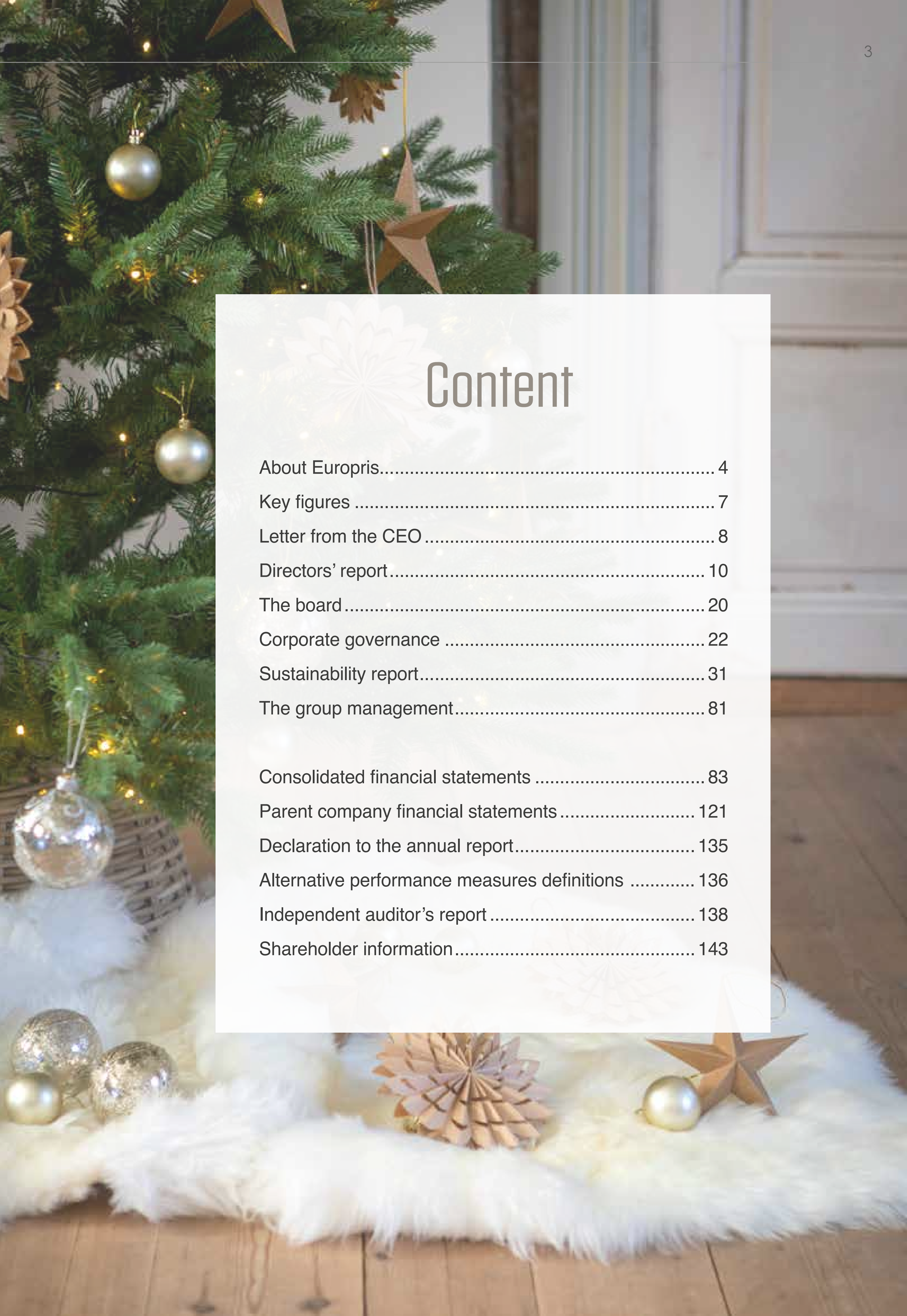
ANNUAL REPORT
EUROPRIS ASA 2022



Content

Europris – Norway´s #1 discount variety retailer

30 years of consecutive growth

1992 – Founded by Wiggo Erichsen

2000 – Store #100

2004 – Acquired by IK Investment Partners

2006 – Store #150

2012 – Acquired by Nordic Capital

2013 – JV with Tokmanni and opened Shanghai sourcing office

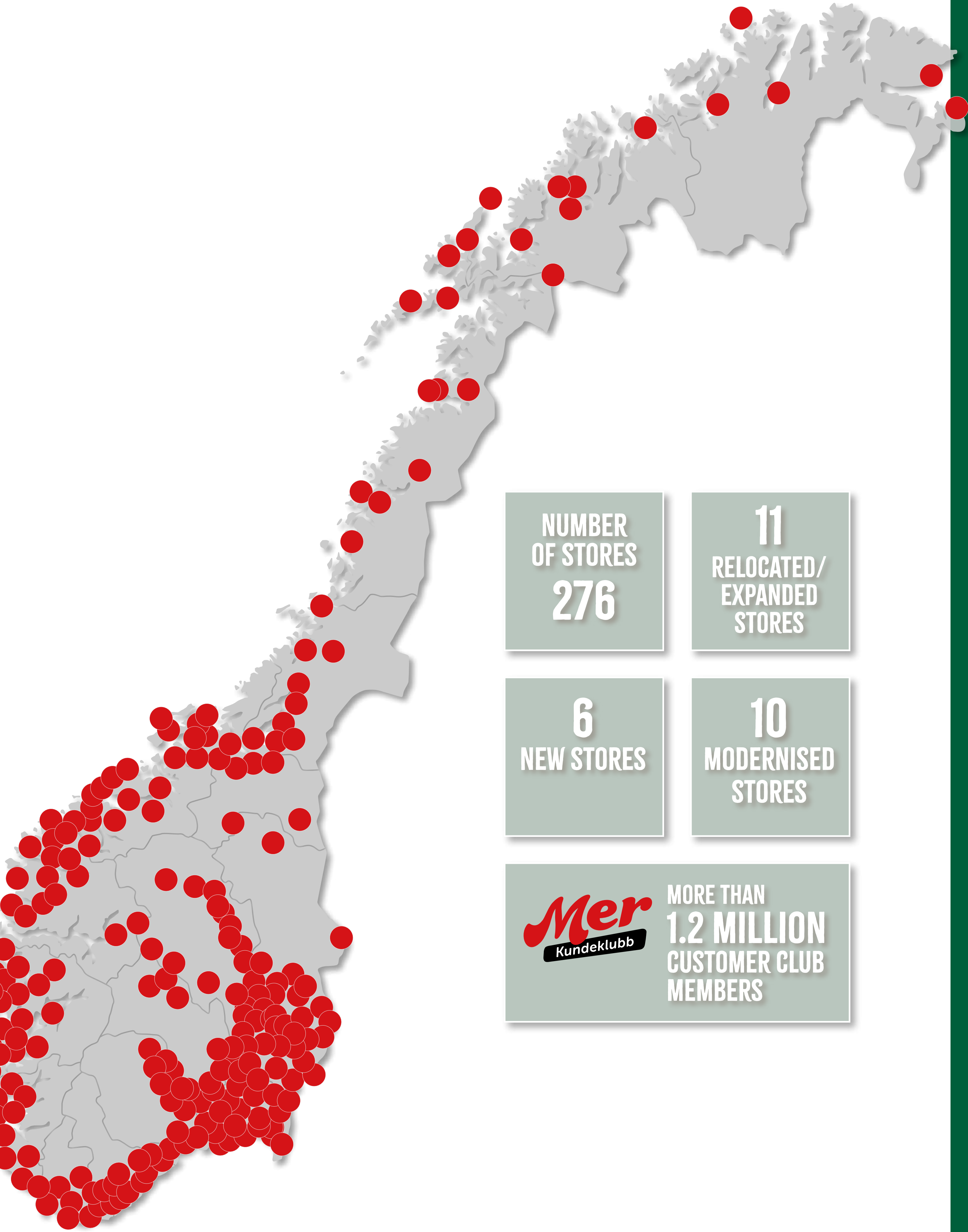
2015 – Listing on Oslo Stock Exchange

2017 – Store #250

2021 – Acquired 67% of Lekekassen and Lunehjem

2021 – 1 million customer club members

2022 – Acquired 67% of Strikkemekka



NUMBER OF STORES
276

11
RELOCATED/ EXPANDED STORES

6
NEW STORES

10
MODERNISED STORES

Mer Kundeklubb

MORE THAN
1.2 MILLION
CUSTOMER CLUB MEMBERS

Europris´ values

Key figures

(Amounts in NOK million)	FY 2022	FY 2021
GROUP KEY INCOME STATEMENT FIGURES		
Sales directly operated stores	7,518	7,438
Sales from partly owned subsidiaries	745	423
Sales from wholesale to franchise stores	666	707
Franchise fees and other income	87	80
Total operating income	**9,016**	**8,648**
% growth in total operating income	4.3%	7.9%
Cost of goods sold	4,833	4,592
Gross profit	**4,183**	**4,056**
Gross margin	46.4%	46.9%
Opex	2,132	1,973
Opex-to-sales ratio	23.6%	22.8%
EBITDA	**2,051**	**2,083**
EBITDA margin	22.8%	24.1%
EBIT (Operating profit)	**1,440**	**1,512**
EBIT margin (Operating profit margin)	16.0%	17.5%
Net profit	**1,042**	**1,104**
Profit attributable to owners of the parent	1,020	1,082
Earnings per share (in NOK)	**6.34**	**6.72**
Dividend per share (in NOK)	**3.75**	**4.00**
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES		
Net change in working capital	(374)	(139)
Capital expenditure	143	131
Financial debt	3,105	3,010
Cash	464	570
Net debt	**2,641**	**2,440**
- Lease liabilities	2,015	1,914
Net debt ex lease liabilities	**626**	**526**
Cash and liquidity reserves	**1,896**	**1,981**
EUROPRIS CHAIN KEY FIGURES		
Total chain sales	8,586	8,569
% growth in total chain sales	0.2%	2.2%
% growth in like-for-like chain sales	(1.1%)	1.5%
Total number of chain stores at end of period	276	270
- Directly operated stores	249	242
- Franchise stores	27	28

* For definitions and reconciliations of APMs, please see page 136

Letter from the CEO

From good to great

We consolidated our position as the market leader in the anniversary year of 2022. After 30 years of continuous sales growth, the value of our brand is greater than ever.

I would extend my heartiest thanks to all the employees who have contributed to making 2022 another year of progress for us.

A strong market position has been built by offering a campaign-driven low-price concept with a broad range of products which varies seasonally. Our customers have great confidence in us and expect attractive prices for quality products suited to the season.

MediaCom's annual customer survey* confirmed our position once again. We were ranked highest for price position (Which chains do you think have generally low prices?), campaigns (Where do you think you can get a bargain?) and seasonally tailored product offers (Which chains do you think have a seasonal range?).

During recent years, we have experienced increased customer recruitment. Many new shoppers were attracted during the pandemic. At the same time, we have steadily recruited more members to our Mer customer club, which currently exceeds 1.2 million participants.

We have placed great emphasis throughout on giving new and existing customers the best possible shopping experience. Upgrading a number of important categories has also lifted store standards and the product range.

In parallel with this, our able personnel have enhanced customer service. The visible result of that work is again reflected in the 2022 customer survey, which shows new top scores for product range and customer service. Satisfied customers return more often, as reflected in an increased shopping frequency at our stores

We will maintain our efforts to improve the customer experience in order to ensure that they continue to shop with us and thereby "pay less – save more" in a challenging time.

In December, we provided a detailed update for important players in the capital market. The theme for this review was "from good to great". In a series of presentations, we took our audience on a voyage through the developments which have made us what we are today and, not least, a possible journey to new heights.

How are we going to get even better? Looking ahead, we're going to do more of the things which have made us good. In addition, we have accepted a clear commitment to sustainability. The four components in our new strategy are to:

- improve the customer experience
- drive customer growth
- strengthen price and cost position
- be a responsible societal player.

* MediaCom Brand Tracker 2022, across Europris, Clas Ohlson, Nille, Jysk, Biltema, Coop OBS, Normal, Rusta and Jula.

We have set ourselves the goal of achieving net zero emissions by 2050 in line with the Paris agreement, and our commitment to join the Science-Based Target initiative has been approved already. In this way, we are setting clear demands for ourselves to work even more purposefully on sustainability in all parts of our company.

At the same time, we have made clear our commitment to being a more active player in the many local communities which host our 276 stores around Norway. The demanding pandemic showed us precisely how important these outlets were for many residents and communities.

We want to contribute to active and flourishing local communities by establishing closer collaboration with residents, businesses and voluntary organisations.

During the first post-pandemic year, customers and industry faced new and difficult challenges. Record inflation – particularly high electricity prices and increased interest rates – have put great pressure on household finances. As a result, we've seen a marked change in consumer behaviour. Customers have become more price-conscious and there's been a substantial decline in investment purchases.

Everyone has to think along new lines to adapt to the new pattern of demand. We believe that this development will continue through 2023, and that all retail companies will have to continue adjusting actively to an increasingly price-conscious market.

All of us are experiencing the same storm, but we're not all in the same boat. In our view, the change in customer behaviour fits well with our concept and very strong price position. We ended 2022 with solid sales growth, and are confident that our concept will continue to take market share in the time to come.

We will work hard to ensure that people
pay less – save more.

Espen Eldal
CEO of Europris ASA

Directors' report

Highlights of 2022

The group set another record for sales in 2022, thereby delivering 30 years of consecutive growth. Europris has emerged stronger from the pandemic and has maintained the higher level of sales established in recent years. Total group sales exceeded NOK 9 billion in 2022. Net profit declined from the record in 2021, but remained strong with more than NOK 1 billion attributable to the majority.

Household finances became tougher in 2022 as a result of rising interest rates, higher costs for electricity, fuel and food, and inflation overall. Europris plays an important role in these economic conditions through its low-price concept combined with weekly strong campaigns and broad product offering.

The Europris chain has proved relevant in a more demanding retail market, where customers expect even better value for money and where campaigns provide an increased share of sales. Consumables drove sales growth in 2022 and thereby accounted for a higher share of total sales. The Europris concept is flexible, and the organisation has done a tremendous job in tuning campaigns and product offerings in line with market sentiment.

Customers were reluctant to make investment purchases, but since products with a price point above NOK 1,000 accounted for only three per cent of sales in 2022, this has been manageable. Such sales declined by 21.5 per cent, while sales for products with a price point below NOK 1,000 increased by 1.1 per cent. The effect of lower sales for high-value items was most noticeable during the summer season, when Europris sells its largest share of such products.

Where Covid-19 is concerned, anti-infection measures and restrictions were in place until mid-February 2022. Unlike 2021, when nine per cent of the chain's stores were closed during the first half of the year, all stores were open throughout 2022. The pandemic had a negative effect on sickness absence, which rose in 2022. This was another challenging year for all Europris employees, who handled the difficulties in an impressive manner. It was comforting to see that employee engagement scores remained at a high level in 2022.

After two summers with travel restrictions, Norwegians again travelled abroad in 2022 – both for holidays and for cross-border border shopping. While the latter was not back to pre-pandemic levels, it did increase. The four stores closest to the Swedish border saw sales decline in 2022. Compared with 2019, however, sales growth for these stores was similar to that of the overall chain at around 30 per cent.

Given the significant effects of Covid-19 on consumer patterns in recent years, the group has found it useful to view sales developments for the Europris chain and for the market as a whole over the past three years. As illustrated in the table below, Europris has outperformed the market with a combined three-year growth of 30.2 per cent, compared with 19.7 per cent for variety retail and 17.2 per cent for total retail.

Sales growth	2020	2021	2022	Three years combined
Virke: total retail*	+10.0%	+4.6%	+2.6%	+17.2%
Virke: groceries*	+15.9%	-0.2%	-3.0%	+12.7%
Virke: variety retail*	+18.5%	-0.6%	+1.8%	+19.7%
Kvarud shopping centre index**	+4.0%	+3.6%	+4.4%	+12.0%
Europris chain	**+27.8%**	**+2.2%**	**+0.2%**	**+30.2%**

** Virke retail index (using figures reported by Statistics Norway)*
*** Kvarud Analyse shopping centre index*

Compliance with international sustainability standards is of great importance to the group. It is satisfying to have maintained a B score for its carbon disclosure project (CDP) reporting in 2022. Europris aims to cut CO_2 emissions in line with the Paris agreement, with the ambition of reaching net zero by 2050 in accordance with the Science-Based Targets initiative (SBTi). It is therefore pleased that its comittment to science-based targets has been officially approved, and the group is currently in a mapping phase. The group set sustainability targets in 2022 which will be followed up systematically on a regular basis. Europris has taken measures to reduce its environmental footprint, and is proud to have cut its GHG emissions in 2022 by 21 per cent. More about these results can be found under "Our climate profile" on pages 49-57.

In addition to taking over one franchise store, Europris completed one acquisition in 2022 by taking a 67 per cent stake in the Strikkemekka group (consolidated with effect from July 2022). Strikkemekka.no is the largest revenue contributor in the Strikkemekka group, and the acquisition has strengthened Europris' online presence in yarn.

The group has not been directly affected by the war in Ukraine. It has had very limited sourcing from Russia and Ukraine, and all sourcing from Russia was stopped. Global disturbances in supply chains have not affected the group. It has a long-term collaboration with a large global shipping company securing capacity on ships bringing goods from Asia.

Business operations and strategy

Europris is Norway's largest discount variety retailer by sales, and employs more than 3,000 people. The group's merchandise is sold through the Europris chain, which consisted at 31 December 2022 of a network of 276 stores throughout Norway. Of these, 249 were directly owned by the group and 27 operated as franchise stores. In addition, Europris has a 67 per cent stake in the e-commerce stores Lekekassen, Lunehjem, Strikkemekka and Designhandel. The group's head office is located in Fredrikstad, Norway.

Europris has a flexible business model which delivers a unique value proposition for shoppers by offering a broad range of quality private-label and branded merchandise across 15 product categories. The stores are designed to facilitate a consistent, easy and efficient shopping experience with a defined layout, making use of distinctive shop-in-shop concepts. Europris is a campaign-driven low-price retailer. It strives to ensure that advertised products are readily available to customers across all its stores throughout the weekly campaign period.

The group employs a low-cost operating model, with attention concentrated on efficiency across the entire value chain from factory to customer. It aims to maintain a low cost base through optimised and efficient sourcing, logistics and distribution processes. Goods are mainly sourced directly from suppliers in large volumes. High-quality sourcing and development of private label products are central to the group's value proposition, and it benefits from its cooperation with retailers Tokmanni in Finland and Sweden's ÖoB. Acquiring pure play online companies in 2021 and 2022 has also provided synergies for all the parties concerned through joint sourcing of products and services. In addition, the Lekekassen acquisition has given Europris access to strong brands in the toy category which are now included in the product offering at the Europris stores.

The group contributes to local communities by supporting such activities and organisations as sports clubs, humanitarian and charitable organisations and cultural festivals. Through its agreement with the City Mission of the Church of Norway since 2016, the group helps to improve conditions for people in difficult circumstances. Its membership of the Norwegian Retailers Environment Fund allows it to contribute to local and global initiatives on reducing plastic waste.

The group's key strategic initiatives were updated in 2022, adding a fourth element to be more explicit about the social and environmental responsibility which the group already takes:

1. strengthen the price and cost position
2. improve the customer experience
3. drive customer growth
4. act responsibly.

As part of acting responsibly the group updated its sustainability strategy in 2022, focusing on the four main areas: our climate profile, our products, our people and our social responsibility.

Operational review

Concept and category development

Campaign-driven discount retail is a cornerstone of Europris, and it is reassuring to see this engine continuing to drive traffic and sales even in a more challenging retail environment. Its 30th anniversary in 2022 was celebrated with customers throughout the year, involving several very attractive campaign weeks.

The pet food and accessories category has been a strong performer over time, and was revitalised in 2022. The shop-in-shop was renewed and rebuilt to improve the customer experience and drive sales. New sales-promoting elements were introduced to make the category more attractive and enhance the overall customer impression. The handyman and DIY category and the toy category were also upgraded in 2022. Where the toy category is concerned, the upgrade included both a modernised lay-out and an updated product range developed in cooperation with part-owned subsidiary Lekekassen. The upgrades have been well received by customers and subsequent growth has been higher than the average performance across categories.

e-CRM

Europris had more than 1,250,000 members in its Mer customer club at 31 December 2022, an increase of 22 per cent from 31 December 2021. Mer members are overall more loyal to Europris, with a higher shopping frequency and a larger average basket value than non-members.

More than 750,000 people subscribe to the weekly digital newsletter. Analysis of membership data from the Mer customer club is used to improve personalised digital marketing as part of a planned gradual transition from printed leaflets to digital messaging. Over time, the aim is to increase the frequency of store visits through better-targeted digital communication aimed both at existing customers and at reaching new customers. Greater engagement can be seen when communication is personalised and perceived to be more relevant to the recipient. Tests have also demonstrated that average basket value is somewhat higher for those exposed to personalised content. Furthermore, customer communication has achieved a better response when perceived to a greater extent to come from local stores rather than centrally from the chain.

Europris is testing the use of artificial intelligence in digital advertising, with data from the Mer customer club being used to boost traffic both to Europris.no and to the physical stores. Segmented digital newsletters are distributed together with social media (SoMe) campaigns to drive traffic to the stores. Autosync linking of segmented Mer customers directly to different SoMe platforms is a cost-effective way to ensure more relevant communication.

Europris launched an app for its Mer members in 2022, which had been downloaded by more than 50,000 members at 31 December 2022. Current functionality includes an overview of campaigns, access to the digital direct marketing leaflet, visibility of fixed Mer deals, overview of any personal coupons, a store locator and receipts from all previous shopping trips. Members using the app have a higher shopping frequency than those who have not downloaded the app.

Europris works continuously to improve the customer interface on its website, and 2022 was no exception in this respect. Improvements during the year made it easier for customers to navigate across the different categories. Ratings and reviews for selected products were launched on the website. Customer information for some of the higher-value items on Europris.no has been improved by combining the use of text, video and augmented reality (AR) technology. The AR functionality allows customers to use their mobile phones to place products where they wish to see them and to find out if they fit. In addition, users can zoom in to see product details close up. Customers using this technology have a higher conversion rate than those who do not. Store employees can also use it to give customers live demonstrations of products not on display in the stores.

E-commerce

Europris believes online shopping to be more of a “specialist’s game”. It has therefore adjusted its strategy for online sales, scaling down products offered for sale on Europris.no and turning its attention instead to investing in pure play online companies. The online product offering and delivery options at Europris.no were adjusted in 2022. While this change was expected to have a negative effect on online sales, it was also expected to enhance the customer’s online shopping experience and to improve the profitability of online sales.

Sales from Europris.no in 2022 amounted to NOK 103 million (NOK 147 million). A decline was expected, both from the changes implemented and because click and collect sales were boosted in 2021 by temporary store closures imposed under Covid-19 restrictions. Reduced demand for higher-value items also had a negative impact on online sales in 2022.

The Lekekassen group had sales of NOK 622 million for 2022, up by 5.3 per cent. Sales declined in Norway, while both Sweden and Denmark (launched mid-September 2021) delivered significant rises in turnover. EBITDA was NOK 99 million (NOK 110 million), reflecting the negative effect of lower gross margins.

The Strikkemekka group reported sales of NOK 193 million for the year. Higher sales compared with 2021 reflected increases from Strikkemekka in Norway and from the launch of Yarnmania in Sweden and Denmark, while Designhandel saw sales decline.

Store estate

Europris opened six new stores in 2022, of which three were in Greater Oslo. New stores in 2022 have performed better than expected on the basis of business cases. The network comprised 276 outlets at 31 December 2022, with a healthy pipeline of new stores. The board has approved an additional nine stores for 2023 and beyond, two of which are subject to a planning permission process.

New store openings in 2022

Month	Store	County
March	Frøya	Trøndelag
May	Lagunen	Vestland
June	Fjellhamar	Viken
June	Setermoen	Troms
September	Ensjø	Oslo
November	Nittedal	Viken

In addition to opening new stores, Europris relocated six stores and completed 21 store modernisations/ expansions during 2022.

Central warehouse

Expansion of both low- and high-bay areas at the central warehouse in Moss began in 2022 and is due to be completed in 2023. Automation of the expanded high-bay area is expected to be completed in the first half of 2024. The lease of the old central warehouse at Øra in Fredrikstad will run to 30 June 2024, securing capacity until the expansion in Moss has been finalised. After vacating the Øra facility, Europris will operate from a single central warehouse.

Total investment in automating the expanded high-bay area is estimated at NOK 100 million. NOK 15 million of this was paid in 2021 and NOK 10 million in 2022, while payments are expected to be NOK 55-60 million in 2023 and NOK 15-20 million in 2024.

Automation of the shuttle system for picking goods in the low-bay area was delayed owing to software issues as well as to the need to change some hardware components in order to improve the stability of the solution. This stabilisation was achieved in the second half of 2022, and the efficiency gain has been in line with the business case.

Financial review

Income statement

Total operating income for 2022 amounted to NOK 9,016 million (NOK 8,648 million), up by 4.3 per cent. Sales rose by 0.7 per cent when excluding structural growth from acquisitions*. The Europris chain experienced a like-for-like sales decline of 1.1 per cent.

Gross profit for the group amounted to NOK 4,183 million (NOK 4,056 million). The gross margin was 46.4 per cent (46.9 per cent), a decrease of 0.5 percentage points. The group recognised a net unrealised loss of NOK 14 million (gain of NOK 49 million) on hedging contracts and accounts payable. This had a negative effect of 0.7 percentage points on the change in margin.

Opex came to NOK 2,132 million (NOK 1,973 million). It was affected by structural growth, an increase in directly operated stores from 242 to 249, and inflation. Operating expenses were 23.6 per cent (22.8 per cent) of group revenue.

EBITDA was NOK 2,051 million (NOK 2,083 million), down by NOK 32 million or 1.5 per cent. Excluding structural growth from acquisitions, EBITDA declined by three per cent from 2021. The EBITDA margin was 22.8 per cent (24.1 per cent), down by 1.3 percentage points.

Operating profit amounted to NOK 1,440 million (NOK 1,512 million), down by NOK 71 million or 4.7 per cent.

Net unrealised profit on interest swaps was NOK 39 million in 2022 (unrealised profit of NOK 26 million), which thereby reduced total interest expenses charged.

Profit before tax was NOK 1,337 million (NOK 1,418 million).

Income tax expense was NOK 295 million (NOK 314 million), giving an effective tax rate of 22.1 per cent (22.1 per cent).

Net profit for 2022 was NOK 1,042 million (NOK 1,104 million), down by NOK 62 million. Net profit attributable to owners of the parent company was NOK 1,020 million (NOK 1,082 million).

Earnings per share in 2022 were NOK 6.34, compared with NOK 6.72 in 2021.

Cash flow

Net cash flow generated from operating activities was NOK 1,248 million (NOK 1,591 million). Net change in working capital was negative at NOK 374 million (negative at NOK 139 million). Working capital was affected by a higher level of inventory, reflecting

* Lunehjem consolidated from March 2021 (ie, January and February 2022 considered to be structural growth), Lekekassen consolidated from August 2021 (ie, January to July 2022 considered to be structural growth) and the Strikkemekka group consolidated from July 2022 (ie, July to December considered to be structural growth)

increased purchase prices and greater volumes of seasonal summer items, as well as timing differences for accounts payable and other accrued expenses. Inventory amounted to NOK 2.4 billion at 31 December 2022, an increase of NOK 387 million (19.4 per cent). This rise was wholly attributable to value growth, since volumes were down slightly from 31 December 2021. The inventory was healthy, with more than 90 per cent less than a year old.

Net cash flow used in investing activities was negative at NOK 209 million (negative at NOK 648 million). In 2022, the group acquired 67 per cent of the Strikke-mekka group for NOK 88.4 million. In 2021, it acquired 67 per cent of Lekekassen for NOK 501 million.

Capital expenditure amounted to NOK 143 million (NOK 131 million). The increase from 2021 reflected more store projects.

Net cash from financing activities was negative at NOK 1,144 million (negative at NOK 877 million). A dividend of NOK 644 million was paid in 2022, up from NOK 434 million in 2021. In addition, a dividend of NOK 16.5 million (NOK 0) was paid to non-controlling interests in subsidiaries and NOK 482 million (NOK 449 million) in principal was paid on lease liabilities.

The net change in cash for 2022 was an outflow of NOK 106 million (inflow of NOK 30 million).

Financial position and liquidity

Financial debt at 31 December 2022 was NOK 3,105 million (NOK 3,010 million), falling to NOK 1,090 million (NOK 1,096 million) when adjusted for lease liabilities.

Net debt at 31 December 2022 amounted to NOK 2,641 million (NOK 2,440 million), and fell to NOK 626 million (NOK 526 million) when adjusted for lease liabilities.

Cash and liquidity reserves for the group at 31 December 2022 amounted to NOK 1,896 million (NOK 1,981 million).

Equity

Equity at 31 December 2022 was NOK 3,283 million (NOK 2,889 million), representing an equity ratio for the group of 35.6 per cent (33.4 per cent). The increase in equity derived mainly from the net profit of NOK 1,042 less NOK 660 million in dividend paid.

Pursuant to section 3-3a of the Norwegian Accounting Act, the board confirms that the financial statements have been prepared on the assumption that the group is a going concern.

Allocation of profit

Europris ASA (the parent company) posted a profit of NOK 616 million for 2022.

The board proposes the following allocation (NOK million):

Ordinary dividend	459
Additional dividend	167
Retained earnings	(10)
Total	**616**

The Europris group achieved a profit of NOK 1,042 million in 2022. Profit attributable to the owners of the parent company amounted to NOK 1,020 million.

An ordinary dividend for 2022 of NOK 2.75 per share will be proposed by the board of Europris ASA to the general meeting. This represents a 10 per cent increase from the ordinary dividend of NOK 2.50 for 2021. To reflect the strong financial performance and solid financial position after a period still positively affected by Covid-19, the board also proposes to pay an additional dividend of NOK 1.00 per share for 2022. The total proposed dividend will thereby be NOK 3.75 per share, amounting to NOK 604 million excluding treasury shares. This proposal represents a pay-out ratio of 59.1 per cent of the majority's share of the profit.

Organisation and corporate social responsibility

Employees and organisation

The group has 3,444 employees, of whom 59 per cent are women. Employee engagement surveys for 2022 yielded results on a par with the strong findings from earlier years. Employees are very satisfied with their working day, have a high level of job satisfaction, and feel well equipped to manage their work. It is also reassuring that employees report that they are very satisfied with their managers.

Europris pays great attention to developing its employees. A combined strategy and leadership programme for managers launched in 2021 continued in 2022. Several physical gatherings were held during the year, concentrating on innovation, change management and how Europris can contribute to the circular economy.

Europris celebrated its 30th anniversary with an exciting and educational day, which ended with a grand party attended by 1,600 of the employees. Acknowledging strong performances and celebrating winners play an important part in strengthening the group's corporate culture, and several awards were handed out to proud employees.

Europris repeated its annual sustainability week for all employees in October 2022. The goal is to increase awareness of and knowledge about all environmental, social and governance (ESG) issues throughout the organisation. The updated strategy, with its four key areas covering "our climate profile", "our products", "our people" and "our social responsibilities", was presented to the whole workforce.

All Europris employees faced another demanding year in 2022, and returning to normal after Covid-19 was accompanied by an increase in sickness absence. The workforce has handled these conditions in an impressive manner, making extra efforts to keep stores open and the logistics centre going.

The group is committed to reducing sick leave, and this is followed up closely on a monthly basis. During 2022, representatives from the HR department travelled over the country holding several full-day face-to-face sessions, in total covering all store managers and management at the warehouse. Sickness absence nevertheless increased by 0.3 percentage points in 2022 to 9.1 per cent and equals a total of 44,829 sickness days (42,220 in 2021). This rise reflected more short-term absences. Like the market in general, Europris also experienced a rise in Covid-19 infections, common colds, flu, and stomach infections compared with 2021.

Sickness absence	2022	2021
Group	9.1%	8.8%

No severe accidents or injuries which resulted in serious personal injury or material losses were reported in 2022. A total of 10 lost-time injuries were recorded to 31 December 2022, none of which resulted in long-term absence. The group has a dedicated commitment to occupational health, environment and safety. If an accident or injury occurs, remedial action to prevent it recurring is always assessed and implemented whenever suitable measures can be adopted.

Equal opportunities and discrimination

Europris' policy is to promote equal human rights and opportunities, and to prevent discrimination on the grounds of age, gender, religion, ethnicity, nationality, disability, sexual orientation, sexual identity or stage of life. The group is working actively to apply Norway's Equality and Anti-Discrimination Act to its business, including in recruitment and promotion, training and development, pay and working conditions, and protection against any type of harassment.

Europris is a workplace with equal opportunities in all areas. Where gender equality in the parent company Europris ASA is concerned, women accounted for 43 per cent of directors in 2022. Actual conditions in the organisation related to gender equality, and the measures taken to fulfil the duty to act in accordance with section 26 of the Equality and Anti-Discrimination Act, are described in more detail in the section on ”Our people”, see pages 59-64.

Environment, business ethics and corporate social responsibility

The group does not pollute the natural environment beyond the level considered normal for its type of business. It works actively to prevent adverse environmental effects and ethics-related issues, human rights violations and corruption. Europris works with suppliers to ensure that products are produced in clean and safe environments, that workers are treated with respect and earn a reasonable wage, and that suppliers work within relevant local laws and regulations.

The Transparency Act came into effect in Norway on 1 July 2022. Its purpose is to promote respect by companies for basic human rights and decent working conditions along supply chains. As a member of Ethical Trade Norway, the group is committed to working actively on due diligence for responsible business conduct, in addition to adhering to international guidelines and standards such as the OECD, the UN Guiding Principles on Human Rights and the Paris agreement. Europris has drawn up its own policy and guidelines for ethical trade (code of conduct) and also aims to ensure that suppliers are certified through Amfori BSCI where relevant. The group's due diligence assessments in accordance with the Transparency Act are publicly available at Europris ASA - about us - corporate governance - policies. More information in this area can be found on pages 47-48.

Pursuant to section 3-3c of the Norwegian Accounting Act, the board has drawn up guidelines for business ethics and corporate social responsibility. The main principles are covered in the company's sustainability policy, available on its website at https://investor.europris.no. Europris' activities in the area of corporate social responsibility, including human rights, labour rights, the working environment, equality, discrimination, anti-corruption and the natural environment are described in more detail under "Our people", see pages 59-64.

Corporate governance

The board and executive management of Europris ASA review the group's corporate governance principles annually. Reporting accords with section 3-3b of the Norwegian Accounting Act and the Norwegian code of practice for corporate governance as updated most recently on 14 October 2021. See pages 22-29 for a detailed statement on corporate governance at Europris.

Europris ASA has taken out a directors' and officers' liability insurance policy for the group and its subsidiaries. This covers legal costs and personal liability for directors and officers arising out of possible claims made against them while serving on a board of directors and or as an officer.

Transactions with related parties

No significant transactions were conducted with related parties in 2022.

Risk and risk management

The board pays great attention to risk in the value chain, risk management and internal control procedures, and reviews the company's risk register annually. Risk classification is subject to periodic review by management to identify any change in classification and to follow up any actions agreed in order to mitigate risks. For each key category, risks are identified and classified in accordance with the likelihood of their occurrence and the potential impact should they occur.

The risk register focuses on the following key risk categories:

- financial
- market
- operational
- strategic.

The key risks identified are presented in the tables below.

Financial risk

Risk type	Description of risk	Internal control
Interest rate risk.	Interest-rate volatility affecting the group's interest costs.	The financial policy includes hedging of interest rates. Sixty per cent of the group's long-term loans is currently hedged: NOK 300 million maturing in 2027 and NOK 300 million maturing in 2030.
Liquidity risk.	Increased indebtedness affecting the group's ability to grow and posing a threat of breaching financial covenants.	Projected cash flows are updated regularly, and the group has sufficient cash and credit facilities available.
Credit risk.	Risk of customers defaulting.	Europris has limited exposure to credit risk. The clear majority of revenue transactions are settled by debit card or in cash. Trade receivables relate mainly to the group's franchisees, where losses on trade receivables have historically been limited. Sales to B2B customers are still a relatively small part of total revenues and historically involve limited losses.

Market risk

Risk type	Description of risk	Internal control
Natural disaster, conflict, pandemic, etc.	Natural disasters and conflicts may affect the production and supply of goods. A pandemic, depending on restrictions imposed and customer behaviour, could have either a positive or a negative effect.	Europris has many suppliers, who are located in different geographic regions. The probability that the entire value chain will be affected is therefore low. The group can adapt its range and campaign offering on the basis of available goods. Online shopping and click and collect can also be offered to customers as a substitute for shopping in physical stores. Europris' store network is spread over a large geographical area and consists mainly of independent stores outside shopping centres, thereby limiting the risk that many of them will be affected by the same restrictions/effects simultaneously. The product range consists mainly of low-price products which all households need in their everyday lives.
Macroeconomic environment.	Changes in the macro-economic environment which reduce consumer spending.	The Europris concept is resilient in uncertain times, with a wide and accessible store network, a broad product offering at low prices, and attractive campaigns. The wide range of products and price points allows customers to trade up and down. The operating model is based on low costs to keep sale prices as low as possible. Forecasting and planning models are detailed so that the group can react fast if the economic outlook changes.
Competition.	Significantly increased competition in the market.	Management follows developments in the market closely through regular reporting of market data as well as through its own competitor analyses. Price surveys are conducted systematically to monitor the group's competitiveness on a continuous basis. Category development is an important element, where Europris can, if desired, reduce its product offering in categories facing strong competition while introducing new products in categories where competition is less fierce.
Digitalisation.	Change in shopping patterns as a result of digitalisation.	Europris has strengthened its online presence in some categories through the acquisition of 67 per cent stakes in Lekekassen, the Strikkemekka group and Lunehjem. Where sales of products from Europris.no is concerned, parts of the product portfolio are available for click and collect in the stores or for home delivery. Low-value products, less exposed to online shopping, account for a large part of the range. This website's main function is to provide customers with good information and to use e-CRM to expand footfall to the physical stores. The number of members in the Mer customer club has reached more than 1.2 million, and an e-CRM system which permits personalised direct marketing is in place. Marketing is directed to a greater extent at social and digital media.
Sustainability.	Change in shopping patterns as a result of sustainability.	Sustainability forms an integrated part of Europris' strategy and is taken into account in product development and strategic initiatives. In 2022 the group's key strategic priority areas were updated to highlight that sustainability is an integrated part of the group's strategy. Europris' ambition is that, over time, all products sourced from the Shanghai office will come from certified factories (BSCI). The group also conducts its own audits with its team at the Shanghai office and has several employees at this office dedicated solely to sustainability and supplier quality. A packaging expert, whose main job is to reduce packaging and contribute to more efficient transport and thereby cut CO_2 emissions, is also in place at the Shanghai office. Detailed programmes for reducing waste and energy consumption are in place for the stores, the logistics centre and head office.
Purchasing prices, including currency, and overall cost development.	Increased purchasing prices, including currency rate volatility, and rises in other costs.	Purchase prices and general cost developments will affect competitors in the same way, and historically these types of cost increases have been absorbed by the market. To reduce foreign currency risk, the group's financial policy (approved by the board annually) includes a currency strategy. Purchase orders in USD and EUR are hedged for up to six months, which allows sufficient time to adjust the retail price. Historically, this has proved to work well during periods with large fluctuations in the currency market.

Operational risk

Risk type	Description of risk	Internal control
Central infra-structure, property.	Loss of operating facilities affecting operations or causing serious injury to employees.	The group's buildings are properly protected against fire, and fire drills are conducted regularly. The group's assets are covered by full-value insurance in addition to business interruption policies.
IT infrastructure, including cyber risk.	Damage to IT infrastructure.	Europris has good routines for backup and data security. Extensive IT security tests, both physical and digital, are carried out and deviations handled and improved on an ongoing basis. Europris has agreements with third-party providers to monitor logs continuously for rapid identification of any security breaches, and a cyber incident agreement which ensures swift assistance should anything arise. Training of employees is done on a continuous basis, to make them aware of risks and as a preventive measure.
Product risk, food risk, harm to people, animals, the environment or property.	Risk if a product harms people, animals or the environment.	Europris uses reputable suppliers who are well-established and have good expertise about their categories and product types. The majority of products sourced from the Shanghai office are from certified factories (BSCI), in addition to being audited by the team at the Shanghai office. The group performs quality tests before approval and sale of products, in addition to random testing of food products. Follow-up of suppliers with high-risk products has been intensified. Routines for product withdrawals are established. Europris has insurance to cover product risk and any consequential damage.
Supply chain.	Disruption to the supply chain leading to shortages of goods in stores.	Europris has a fixed agreement with a sound logistics company for inbound freight of long-travelled goods. Two transport firms are used for outbound logistics and, if one fails, volumes can be shifted to the other. Other transport methods can also be evaluated should a need for this arise. Inventory levels in the stores are sufficient to manage for some time without deliveries.
Regulation and compliance.	Breach of regulatory or legislative requirements resulting in financial penalties and/or reputational damage.	The group has established policies and procedures with instructions in such areas as ethical behaviour, diversity and equality, anti-corruption, anti-competitive behaviour, data protection and GDPR, compliance and corporate governance. These are revised annually by the board, and employee training is regularly conducted. Actions to ensure complianse with the Transparency Act has been inplemented in 2022. The majority of products sourced from the Shanghai office are from certified factories (BSCI), in addition to supplier audits conducted by the team at the Shanghai office and quality checks both at the Shanghai office and the quality office in Norway. Europris conducts on-site inspections of suppliers in addition to extensive product testing.
Reliance on key management.	Loss of key personnel/ skills critical for business operations.	Europris has a structured approach to succession planning and talent management. In this work, all managers are evaluated and potential successors in both short and long terms are identified. In addition, plans are implemented for retention, development and training of key staff.

Strategic risk

Risk type	Description of risk	Internal control
Concept and category development.	Lack of innovation entailing lower margins and growth.	Europris has dedicated category teams which work systematically on concept and category development. This is a strategic priority area for the group. The market and consumer trends are continuously monitored and the group can rapidly adapt to changes. Three out of 15 categories were updated in 2022.
New store rollout.	Lack of profitable new store locations which affects the group's growth plans.	The property development team has a pipeline of potential locations and works continuously to expand this list. The group maintains good relationships with landlords and is working strategically with other retailers for co-location of stores. New store openings must meet strict investment criteria and all are subject to board approval. Development of new stores is monitored closely and shows that these have historically performed well.
Omnichannel and e-commerce.	Incomplete development of solutions and lack of relevance for the customer.	In 2022, the group has updated its strategic plan for digitalisation, including omnichannel and e-commerce. The group also made another acquisition of a pure online player during 2022, in addition to two acquisitions in 2021, and strengthened its expertise in this field. The digital advisory board has been replaced by a new collaboration with the partly owned subsidiaries.
Alliances and cooperation.	Improving sourcing prices and co-developing PL range.	Europris has a collaboration with Tokmanni and ÖoB for sourcing and product development, in order to achieve better purchasing prices and to realise synergies. Europris and Tokmanni also have a joint venture at the Shanghai office and opened a sourcing office together in Vietnam in 2022. The group is also considering setting up and collaborating with suppliers in eastern Europe. A collaboration with partly owned subsidiaries also aims to realise synergies for both sides.

Market developments and outlook

Household finances in Norway are more challenged, with rising interest rates and higher prices for food, energy and other necessities. Although private consumption held up reasonably well during 2022, most economists are cautious in their expectations for consumer spending in the time to come.

Although Europris expects to have to fight hard for its share of the wallet, these market conditions also represent opportunities for companies able to stay relevant to consumers and to offer good value for money. The group is well positioned, with a well-recognised low-price concept, strong campaigns, and a broad and relevant product offering. Over time, it has outperformed the retail market. The board is confident that Europris will continue to play an increasingly important role and to take market share.

The group's long-term financial and operational ambitions remain unchanged:

- continue to deliver like-for-like growth above the market over time
- target of opening an average of five new stores net per year, depending on the availability of locations which meet strict requirements for return, and the potential for relocations, expansions and modernisations
- increase the EBITDA margin over time from improved sourcing and a more cost-effective value chain
- a dividend policy of paying out 50-60 per cent of net profit while maintaining an efficient balance sheet.

The board emphasises that assessing the outlook must take account of uncertainty.

Events after the reporting period

No material events have occurred since 31 December 2022.

Fredrikstad, 23 March 2023

THE BOARD OF DIRECTORS OF EUROPRIS ASA

Tom Vidar Rygh
Chair

Claus Juel-Jensen

Hege Bømark

Bente Sollid Storehaug

Karl Svensson

Tone Fintland

Pål Wibe

Espen Eldal
CEO

The board

Tom Vidar Rygh (chair)

Tom Vidar Rygh is an adviser to the Nordic Capital Funds. He holds a degree in economics and business administration (siviløkonom) from the Norwegian School of Economics (NHH). Rygh has held various leading executive positions in industrial and financial companies, including executive vice president of Orkla ASA, CEO of SEB Enskilda and partner in/CEO of NC Advisory AS – adviser to the Nordic Capital Funds. He has served as chair and director of several companies in a number of sectors, including Telenor ASA, Oslo Børs, Carlsberg Breweries A/S, Storebrand ASA, Aktiv Kapital ASA, Eniro AB, Netcom ASA, Helly Hansen ASA, Dyno ASA, Industrikapital Ltd, Actinor Shipping ASA, Borregaard Forests AS, Holberg Inc, Orkla Eiendom AS, Telia Overseas AB and Baltic Beverage Holding AB. Rygh has also served as an adviser to a number of prominent investment groups, such as TPG and the John Fredriksen group. He is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 620,227.

Hege Bømark

Hege Bømark is a director of AF-Gruppen ASA, OBOSbanken AS and the Institute for Eating Disorders. She has also been a director of Oslo Areal ASA, Norgani Hotels ASA, BWGHomes ASA, Norwegian Property ASA and Fornebu Utvikling ASA, all of which are or have been listed companies. Prior to becoming a full-time professional-director, Bømark served as a project broker in AS Eiendomsutvikling and as a financial analyst at Fearnley Finans AS and Orkla Finans AS. She holds a degree in economics and business administration (siviløkonom) from the Norwegian School of Economics (NHH). Bømark is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 8,129.

Tone Fintland

Tone Fintland has many years of experience as a senior executive in the pharmaceutical industry. She has functioned since 2016 as global procurement Director at TEVA Pharmaceuticals, and has previously held similar positions in the Actavis Group and Alpharma Inc. In addition, Fintland is a President of NIMA (the Norwegian Association for Purchasing and Logistics) and NIMA Oslo Akershus Affiliate. She holds a Bachelor in Business Administration from the BI Norwegian Business School. Fintland is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 21,000.

Claus Juel-Jensen

Claus Juel-Jensen is a professional board member and has extensive boardroom experience from different companies in food and non-food retail, food production and wholesale in Germany, Denmark, Sweden and Norway. In his professional career, he was the CEO of Netto Germany, a joint venture between Edeka Germany and Dansk Supermarked Group, from 1995-2004 and after that CEO of Netto International (DK, DE, SE, PL, UK) from 2005-2017.Juel-Jensen has extensive experience in the food-discount industry and the internationalisation of retail concepts. He holds a Master of Business Administration and an MSc from Copenhagen Business School and the University of Cologne, and has the rank of captain in the Royal Danish Guard. Juel-Jensen is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 17,304.

Pål Wibe

Pål Wibe is an independent board professional, advisor and investor. He was the Chief Executive Officer of XXL ASA from 2020 to 2022. Wibe has previously been the CEO of Europris from 2014 to 2020. Prior to that appointment, he served as CEO of Nille AS for almost seven years and CEO of Travel Retail Norway AS for two years. Before that, he held various executive positions at ICA Ahold AB for six years and worked for five years in McKinsey & Co. Wibe holds a degree in economics and business administration (siviløkonom) from the Norwegian School of Economics (NHH) and an MBA from the University of California at Berkeley. He is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 408,572.

Bente Sollid Storehaug

Bente Sollid Storehaug is CEO of Digital Hverdag and non-executive director of Polaris Media, Hafslund, Nortel, Questback, Lumi Gruppen, Motor Gruppen and Eika Gruppen. She is also chair of PlaceWiseGroup and Ocean Visioneering. Storehaug has been a member of several policy advisory boards for government ministers in Norway.
She has also been appointed by the government to an expert committee on the future funding of the Norwegian Broadcasting Corporation (NRK). Storehaug established her own internet consultancy in 1993, which is listed today on Oslo Børs as Bouvet ASA. She is the youngest member of the Norwegian Association of Editors. Storehaug is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 2,038.

Karl Svensson

Karl Svensson is a director of RuNor AS, the Svensson family's special purpose vehicle for its investment in Europris. He is partner of Zurich-based financial advisory firm Lilja Capital Advisory Partners. Svensson also has operational retail experience, having previously worked for Runsvengruppen AB, the parent company of ÖoB. He graduated from Uppsala University in 2003 with an MSc in business and economics. Svensson is regarded as independent of senior executives, material business associates and the company's major shareholders, with the exception that Europris holds an option to acquire the remaining 80 per cent of the ÖoB shares. Number of shares in Europris ASA: 281,891.

Corporate governance

Europris ASA has made a strong commitment to ensuring trust in the group and to enhancing shareholder value through effective decision-making and improved communication between the management, the board of directors and the shareholders. The group's framework for corporate governance is intended to reduce business risk, maximise value and utilise the group's resources in an efficient, sustainable manner to the benefit of shareholders, employees and society.

1. Implementation and reporting on corporate governance

The board of Europris is conscious of its responsibility for the development and implementation of internal procedures and regulations to ensure that the group complies with applicable principles for corporate governance.

Europris is listed on Oslo Stock Exchange and subject to reporting requirements for corporate governance under the Norwegian Accounting Act as stock exchange regulations. Europris complies with the Norwegian Code of Practice for Corporate Governance (the code), last revised on 14 October 2021, which is available on the Norwegian Corporate Governance Committee's website at www.nues.no.

Application of the code is based on the "comply or explain" principle and any deviation from the code is explained under the relevant item. At 31 December 2022 Europris deviated from the recommendation in one section of the code during 2022 pertaining to the establishment of separate guidelines regulating responses to takeover bids (section 14).

The principles and implementation of the code are subject to annual reviews by the board and a statement is included in the annual report in accordance with the requirements of the continuing obligations for listed companies from Oslo Stock Exchange as well as the Norwegian code.

2. The business

Europris is Norway's largest discount variety retailer by sales. The group offers a broad range of quality own brand and branded merchandise across a wide range of product categories. The group's merchandise is sold through the Europris store chain, which consisted at 31 December 2022 of a network of 276 stores throughout Norway. Of these, 249 are directly owned by the group and 27 operate as franchise stores. In addition, Europris has a 67 per cent stake in the Lekekassen, Lunehjem, Strikkemekka and Designhandel e-commerce stores. The group's growth strategy remains unchanged, and its expansion in discount variety retailing will continue through both physical stores and the online channel. The group's head office and storage facilities are located in Fredrikstad and Moss, Norway.

The company's business purpose, as presented in article 3 of the company's articles of association, is as follows: "The company's business is commercial activity in the European wholesale and retail market, or business in relation to this, including issuing loans, and collateral and issuing guarantees for group companies and direct or indirect involvement in business with similar or other company object, as well as other business in relation to the above mentioned".

The board has established clear objectives, strategies and risk profiles for the group's business activities, to create value for its shareholders and to ensure that its resources are utilised in an efficient, sustainable manner to the benefit of all its stakeholders. Europris, as a consumer group, actively seeks to reduce risk and the potential for negative business effects by integrating sustainability in its business strategy. This is an approach which also creates opportunities for growth and long-term value creation. Europris has developed various policies providing business practice guidance, including on sustainability, code of conduct, ethical trade, anti-corruption, data protection, trade sanctions and whistleblowing. These policies set the standards for the behaviour which can be expected internally and externally in order to build trust, loyalty and responsible behaviour internally, and to prevent violations and negative effects externally.

Europris' sustainability policy and supplier code of conduct are available from the group's website at https://investor.europris.no. The group's objectives, strategies and risk profile are described on pages 10-19 of the

2022 annual report, while the group's sustainability efforts are described on pages 31-79.

Deviations from the code: None.

3. Equity and dividends

Capital structure

At 31 December 2022, the group's equity totalled NOK 3,283 million, which corresponded to an equity ratio of 35.6 per cent. The board considers Europris' capital structure to be adequate in relation to the group's objectives, strategy and risk profile.

Dividend policy

Europris aims at a dividend pay-out ratio of 50-60 per cent of the group's net profit while maintaining an efficient balance sheet. The group intends to provide shareholders with a competitive return on invested capital, taking into account its risk profile. It plans to pay out surplus liquidity (funds not necessary for the group's day-to-day operations or to deliver on its strategy) in the form of a dividend or by means of a capital reduction through distribution to the shareholders. The group considers whether the available liquidity should be used for new investment or repayment of debt, instead of being paid out as dividend. Subject to the approval of the AGM, the aim is to pay dividend annually. Dividend payments are subject to certain legal restrictions pursuant to the Norwegian Public Limited Companies Act and should also take account of the group's capital requirements and financial position as well as general business conditions.

Based on the financial results for 2022 the board will propose a dividend of NOK 2.75 per share. To reflect the strong financial performance after a period still positively affected by Covid-19, the board proposes to pay an additional dividend of NOK 1.00 per share for 2022. In total, the proposed dividend is NOK 3.75 per share. The proposed dividend represents 59.1 per cent of the majority's share of the profit. Europris' leverage policy is to run the business with moderate leverage and to maintain an efficient balance sheet.

Board mandates

The annual general meeting on 21 April 2022 granted two separate mandates to the Europris board. Both mandates are valid until the next AGM in 2023, but in any event no longer than to 30 June 2023. A separate vote was held on each mandate. For supplementary information, reference is made to the minutes of the AGM in 2022.

- A mandate to increase the share capital of Europris ASA by a maximum of NOK 16,696,888. The mandate corresponds to ten per cent of the shares and share capital of the company. It may be used for necessary strengthening of the company's equity and the issue of new shares as consideration for the acquisition of relevant businesses. As of 31 December 2022, the authorisation had not been used.

- A mandate to repurchase Europris ASA's own shares up to a total nominal value of NOK 16,696,888. The maximum amount that can be paid for each share is NOK 100 and the minimum is NOK 10. The mandate corresponds to ten per cent of the shares and share capital. Shares acquired pursuant to the mandate may be deleted in connection with a later reduction of the registered share capital, used as consideration shares with regard to the acquisition of businesses or used in the company's incentive and investment schemes for employees, executive management and the board of directors. At 31 December 2022, the company owns 5,938,263 treasury shares.

Deviations from the code: None.

4. Equal treatment of shareholders

Europris has one class of shares and all shares have equal rights. Each share has a nominal value of NOK 1.00 and carries one vote. Europris ASA owned 5,938,263 treasury shares at 31 December 2022.

The board has a mandate to increase the company's share capital which allows the board to waive the pre-emptive right of existing shareholders. In the event of such a capital increase, the reason for the transaction and the waiver will be provided in a public announcement. There were no such events in 2022.

Transactions involving treasury shares will be undertaken on the stock exchange or otherwise at the listed price and reported immediately.

Deviations from the code: None.

5. Shares and negotiability

The Europris share is freely transferable on Oslo Stock Exchange. No restrictions are set in the articles of association on owning, trading or voting for shares.

Deviations from the code: None.

6. General meetings

The general meeting is the highest authority in Europris ASA. It is open to all shareholders, and Europris encourages shareholders to participate and exercise their rights at the company's general meetings. In order to vote, the shareholder must be registered with the Norwegian Central Securities Depository (VPS) at the time of the general meeting.

Notification

The annual general meeting will be held each year before 30 June. The next AGM is scheduled for 20 April 2023. Extraordinary general meetings may be called by the board at any time. The auditor or shareholders representing at least five per cent of the shares may call in writing for an extraordinary general meeting to discuss a specified matter.

Written notice of a general meeting, along with supporting documents, is sent to all shareholders with a known address at least 21 days prior to the date of the meeting. Pursuant to article 7 of the articles of association, the notification and supporting documents need not be sent to the shareholders if they are made available to them on the group's website at https://investor.europris.no. Any shareholder may nevertheless request that the documents be sent by mail by contacting the investor relations department at Europris ASA or by e-mail to ir@europris.no.

Registration and proxies

The registration deadline is normally five days before the general meeting, pursuant to article 7 of the articles of association, and all the necessary registration information is provided in the notice.

Shareholders who are unable to attend may vote by proxy. The notice of the meeting will contain more detailed information about the procedure for appointing a proxy, including an authorisation form which permits separate votes for each item up for consideration at the general meeting. In addition, a person will be appointed who can act as proxy on behalf of shareholders.

The board may decide that shareholders can submit their votes in writing, including the use of electronic communication, during a period before the general meeting.

Agenda and execution

The agenda for the general meeting is determined by the board, and the main items which it must contain for the AGM are specified in article 8 of the articles of association. The agenda will include detailed information on the resolutions to be considered and the recommendations from the nomination committee.

The chair of the board, the chair of the nomination committee, the CEO, the CFO and the group's auditor will attend general meetings under normal circumstances unless they have valid grounds to be absent. The meeting will normally be chaired by the chair of the board. In the event of any disagreement over individual agenda items where the chair of the board belongs to one of the fractions, or for some other reason is not deemed to be impartial, a different person will be selected to chair the meeting in order to ensure independence with respect to the matters concerned.

Deviations from the code: None.

7. Nomination committee

The company's nomination committee is regulated by article 6 of the articles of association. It will comprise two to three members, and the majority will be independent of the board and the group management. The composition of the committee will ensure that the interests of the shareholders are safeguarded.

Instructions for the nomination committee were adopted at the general meeting on 13 May 2015. They include the main principles for the nomination committee's work, making and supporting proposals and general procedures. The instructions are subject to annual reviews, and any proposed changes will be submitted to the general meeting for approval.

The nomination committee makes recommendations to the general meeting regarding the election of shareholder-elected directors, remuneration of directors including relevant subcommittees, the election of members and the chair of the nomination committee and remuneration of members of the nomination committee. Each proposal is justified on an individual basis and presented with the notice documents to the AGM. Shareholders in Europris are encouraged to nominate candidates for the board. More information on this can be found on the group's website at https://investor.europris.no.

At 31 December 2022, the nomination committee consisted of the following members:

- Mai-Lill Ibsen (chair)
- Inger Johanne Solhaug
- Alf Inge Gjerde.

The members are elected by the general meeting for a term of two years, and none of the members are up for election in 2023. All the members are considered independent of the board and executive management. Remuneration of the members of the nomination committee is determined by the general meeting.

Deviations from the code: None.

8. Board of directors: composition and independence

Article 5 of the articles of association provides that the board will consist of a minimum of three and a maximum of ten directors, as determined by the general meeting. The board had seven members at 31 December 2022, of whom three were women. All shareholder-elected directors are regarded as independent of senior executives and material business associates. Europris holds an option to acquire the remaining 80 per cent of the shares in ÖoB (Runsvengruppen), and one of the directors are related to this company. The person in question does not participate in related cases. None of the executives are directors.

The directors are elected for a term of two years and may be re-elected. The general meeting elects the chair of the board.

According to the instructions for the nomination committee, the board's composition will be broadly based to ensure that it has the necessary experience, qualifications and capacity to safeguard the common interests of the shareholders. Furthermore, the composition of the board should allow it to function effectively as a collegiate body and to act independently of special interests. A detailed presentation of the expertise and background of the directors is available on the group's website at https://investor.europris.no.

Europris ASA has no direct employees and therefore no requirement to appoint employee representatives to the board. Three employees are represented on the board of the Europris AS subsidiary and as observers on the board of Europris ASA.

Directors are encouraged to hold shares in Europris. An overview of director shareholdings in the company can be found in note 22 to the 2022 annual report and on the company's website at https://investor.europris.no.

Deviations from the code: None.

Name	Postion	Served since	Up for election
Tom Vidar Rygh	Chair	2012[1]	2023
Bente Sollid Storehaug	Director	2015	2023
Hege Bømark	Director	2015	2023
Tone Fintland	Director	2017	2023
Claus Juel-Jensen	Director	2017	2023
Karl Svensson	Director	2019	2023
Pål Wibe	Director	2020	2024

[1] Served since 2012 in Europris AS and in Europris ASA since 2015.

9. The work of the board of directors

Board's responsibilities and tasks

The board determines the group's overall objectives and strategy, taking into account financial, social and environmental considerations, in addition to appointing the CEO and determining the terms and conditions of his or her employment. Furthermore, the board is responsible for supervising the general and day-to-day management of the group's business, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the group's activities, accounts and asset management are subject to adequate controls, and undertaking investigations necessary to the performance of its duties.

Instructions for the board of directors

The board has adopted instructions which describe its responsibilities, duties and administrative procedures, including handling of related party transactions. The instructions also regulate the distribution of duties between the chair and the CEO. The current instructions were approved by the board in May 2015 and are subject to annual reviews.

Instructions for the chief executive officer (CEO)

The instructions for the CEO regulate the day-to-day management of the group's operations to ensure that the group pursues and seeks to reach the strategic targets set by the board. The CEO is also responsible for keeping the group's accounts in accordance with prevailing Norwegian legislation and regulations, and for managing the group's assets in a responsible manner. The CEO briefs the board about the group's activities, financial position and operating results at least once a month. The current instructions for the CEO were approved by the board in May 2015 and are subject to annual reviews.

Conflicts of interests and disqualification

Directors and members of the executive management must notify the board immediately if they have a direct or indirect material interest in an agreement or transaction entered into by the group. The board's consideration of material matters in which the chair of the board is, or has been, personally involved will be chaired by some other director.

The group has no controlling shareholders and there has been no conflict of interest identified related to suppliers and other stakeholders in 2022.

Related party transactions

The group will immediately make public any material transaction between the group and shareholders, directors, leading employees or any of their close relations, as well as with other companies in the group. In the event of such transactions, the board will evaluate whether it is necessary to seek a third-party valuation. An independent valuation is required for material transactions between companies in the same group where there are minority shareholders. There were no transactions with close associates in 2022.

Financial reporting

The board receives financial reports and comments from the CEO at least once a month on the group's operations, economic position and financial status. The board will also be kept continuously informed of any material legal disputes, contract terminations, changes in management and material conflicts related to clients, suppliers and employees. The financial report forms the basis for enabling the board to maintain an informed view of the group's results, capital adequacy and financial position. Quarterly financial reports are reviewed at board meetings, and these provide the basis for external financial reporting.

The work of the board of directors

The board will meet at least five times a year. It held nine meetings in 2022, where four meetings were held virtually and five were physical meetings. The overall attendance rate at board meetings was 94 per cent.

Audit committee

The group's audit committee is governed by the Norwegian Public Limited Liability Companies Act and a separate instruction has been adopted by the board. The members of the audit committee are appointed by and among the directors.

The audit committee's primary purpose is to act as a preparatory and advisory body for the board on matters concerning accounting, auditing and finance, including monitoring of internal controls related to financial reporting. The committee reports and makes recommendations to the board, but the latter retains responsibility for deciding on and implementing such recommendations. The audit committee held five meetings in 2022, with an overall attendance rate of 93 per cent. At 31 December 2022, the audit committee consisted of three directors who all were regarded as independent of the group:

- Hege Bømark (chair)
- Tom Vidar Rygh
- Claus Juel-Jensen.

Remuneration committee

The group's remuneration committee is governed by a separate instruction adopted by the board. The members are appointed by and among the directors. Its primary purpose is to assist the board in discharging its duties related to determining the compensation of the executive management. The committee reports and makes recommendations to the board, but the latter retains responsibility for implementing such recommendations. The remuneration committee held three meetings in 2022, with an attendance rate of 100 per cent. At 31 December 2022, the remuneration committee consisted of three directors:

- Tom Vidar Rygh (chair)
- Bente Sollid Storehaug
- Tone Fintland.

Dedicated ESG responsibility

The board has chosen one of its members to hold a dedicated responsibility for ESG issues.

Board's evaluation of its own work

The board conducts an annual assessment of its own work and expertise, which is presented to the nomination committee. The assessment includes the work of the board, the work of its committees and the contribution made by the various directors. The board sets individual and collective targets to measure performance, in order to ensure that the evaluation is an effective tool. An evaluation of this kind was last conducted in December 2022.

Deviations from the code: None.

10. Risk management and internal control

The board is responsible for ensuring that the group's risk management and internal control systems are adequate in relation to the regulations governing the business. The board reviews the group's main areas of risk and internal control systems annually, including the group's guidelines and practices on sustainability and how consideration for its stakeholders is integrated into the group's value creation. The audit committee holds at least one meeting a year with the auditor, who presents the group's internal control routines, including identified weaknesses and areas subject to improvements, for review by the committee.

The board works according to a plan which ensures that all the various operational areas are subject to a more in-depth review at least once a year. Management follows a similar schedule in performing an evaluation of the same topics ahead of the board's review, in addition to a periodic risk review.

Europris has established a treasury policy to define a framework for managing financial exposure and group treasury operations. The most recent update was approved by the board in February 2023. The policy takes account of the financial and commercial risks that Europris is exposed to and details the allocation of responsibility for financial risk management between the board, the CEO, the CFO and within the Europris group. The policy further specifies the risks that Europris is exposed to, and how they should be managed, reported, measured and controlled. The content of the treasury policy is described in detail as working procedures in the Europris finance manual, where processes and procedures are established in the form of instructions which serve as a reference for compliance with the treasury policy. The policy is subject to annual reviews by the board.

Europris prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), which are intended to give a true and fair view of the company's and the group's assets, liabilities, financial position and results of operations. The board receives reports at least once a month on the group's business and financial results, providing a good overview of the group's strategic and operational performance as well as plans for the forthcoming period. In addition, quarterly reports are prepared in accordance with Oslo Stock Exchange recommendations, which are reviewed by the audit committee before the board meeting and subsequent publication.

As a discount retailer, Europris is exposed to a range of market, operational and strategic risks which may adversely affect the group's business. Further information regarding such risk factors and how these are managed is disclosed in the directors' report and the notes to the annual accounts for 2022.

Europris furthermore monitors satisfaction by employees and promotes the health and wellbeing of its workforce. In addition, it devotes attention to the training and education of employees across all aspects of its business.

The group's CFO is responsible for conducting unbiased, complete audits of the group's compliance programme, including guidelines for anti-corruption, on a regular basis in light of the group's specific business areas, geographical location and legal obligations.

Deviations from the code: None.

11. Remuneration of the board of directors

The nomination committee is responsible for proposing the remuneration of directors in order to reflect the responsibilities, expertise and time spent as well as the complexity of the business. Members of the audit committee and remuneration committee are entitled to additional remuneration, reflecting the extra workload. The proposal is approved by the company's general meeting. Directors' fees for 2022 were approved by the AGM in 2022.

Directors' fees at 31 December 2022 were not linked to performance, and the company does not grant share options to its directors. Additional information relating to directors' fees can be found in note 7 to the financial statements included in the 2022 annual report.

Directors and/or companies with which they are associated should not take on specific assignments for the group in addition to their board appointment. If they do, however, this must be disclosed to and approved by the full board.

Deviations from the code: None.

12. Salary and other remuneration for executive personnel

Europris has a policy of offering competitive remuneration for the executive management based on current market standards as well as on group and individual performance. The board has established guidelines for determining pay and other remuneration for members of the executive management.

Remuneration consists of a basic pay element combined with a performance-based bonus scheme (both short and long term) linked to the group's financial and operational performance. The maximum annual pay-out from the bonus scheme is limited to 12 months of gross base pay. The management group participates in the group's insurances, and may be entitled to certain fringe benefits, such as free newspaper, car and phone.

The board has prepared a statement on the determination of salaries and other benefits payable to senior executives. The guidelines were presented to and adopted by the 2021 AGM. Updated guidelines will be presented for the AGM on 20 April 2023. Further details relating to the pay and benefits payable to the CEO and other senior executives can be found in note 7 to the financial statements included in the 2022 annual report and in a separate remuneration report that can be found at the company's website.

Deviations from the code: None.

13. Information and communications

Investor relations

Investor relation activities at Europris ASA aim to ensure that the information provided to financial markets gives market participants the best possible foundation for a correct valuation of the group. Europris communicates in an open, precise and transparent manner about the group's performance and market position in order to give financial markets a correct picture of its financial condition and other factors which may affect value creation. Europris complies with the Oslo Stock Exchange code of practice for IR, last updated in March 2021. The group has adopted an IR policy, which is available in a condensed form on the website at https://investor.europris.no.

All market participants will have access to the same information published in English. All notices sent to the stock exchange are made available on the group's website at https://investor.europris.no and at https://newsweb.oslobors.no. The CEO, CFO and Head of IR are responsible for communication with shareholders and analysts in the period between general meetings.

Financial information

Interim reports are published on a quarterly basis, in line with Oslo Stock Exchange recommendations. In connection with the publication of its interim results, Europris holds open investor presentations to provide an overview of the group's operational and financial performance, market outlook and future prospects. These presentations are also made available through webcasts on the group's website.

Deviations from the code: None.

14. Take-overs

No defensive mechanisms against takeover bids are provided in Europris' articles of association. Nor are any other measures implemented specifically to hinder the acquisition of shares.

Deviations from the code: The board has not established written guidelines for how it should act in the event of a takeover bid. Since such circumstances are normally one-off by nature, drawing up general guidelines is challenging.

Were a takeover bid to be made, the board would consider the relevant recommendations in the code and whether the specific circumstances permit compliance with the recommendations in the code.

15. Auditor

The group's auditor, BDO AS, is appointed by the general meeting and is independent of Europris ASA. The board has received a written confirmation from the auditor that requirements for independence and objectivity have been met.

The board requires the auditor annually to present to the board and the audit committee a plan covering its main auditing activities and a review of the group's internal control systems, including identified weaknesses and proposals for improvement. In addition, the board requires the auditor to attend the board meeting dealing with the group's annual accounts in order to highlight any material changes to accounting principles, comment on any material estimates, and report on any topics where a significant difference of opinion exists between auditor and management.

At least once a year, the auditor and the board hold a meeting without any representatives of the group's executive management being present. The auditor normally attends all meetings in the audit committee.

The board has established guidelines for any work performed by the auditor. All material services, audit-related and otherwise, must be approved in advance by the audit committee. The CFO is authorised to approve such services on condition that (1) services approved by the CFO are reported to the next meeting of the audit committee, (2) such services must need to be approved at short notice to protect the group's interests, (3) such services, following a case-specific evaluation, do not affect the independence of the auditor and (4) the service amount to a maximum of NOK 250,000 and is of a "normal" nature.

The board will inform the AGM about the remuneration payable to the auditor, broken down between auditing and other services. The AGM approves the auditor's fees. For further information about remuneration of the auditor, see note 6 in the 2022 financial statements.

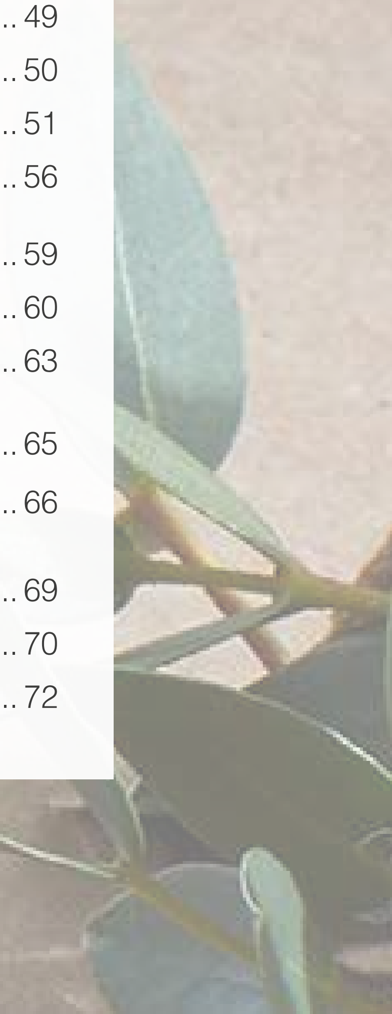
During 2022, Europris has completed a tender process for external audit services in accordance with The Public Limited Liability Companies Act and the Auditors Act. The audit committee and the board have been actively involved in the process and will present their proposal for a final decision at the AGM on 20 April 2023.

Deviations from the code: None.

Sustainability report 2022

Europris ASA

Content



Highlights 2022 – the year in brief

21%

reduction in carbon emissions compared with 2021

Reduced energy consumption by

9%

in stores

Revised strategy and KPI indicators up to 2030

→ New UN goal: SDG 10 reduced inequalities

BSCI supplier audits

92%

Maintained CDP score

B

Internal engagement and education:

- Leadership development programme on sustain-ability and circularity completed by all managers
- Sustainability week for all employees

Number of people in work training

→ 122

Commitment to Science Based Target Initiative

Sustainability in all we do

The year 2022 marked a big step forward for Europris in terms of setting clear and ambitious targets in its sustainability strategy. Important commitments made for climate work will help to set the pace for the journey ahead.

The group is proud to be moving in the right direction, but is also impatient to accelerate the transition even more throughout its organisation. Inflation and an increased cost of living create a sense of urgency in pursuing the overall ambition: to reduce the group's impact on the environment and give everyone the opportunity to make sustainable choices through sustainable but affordable products.

However, sustainability is not just about reduced emissions. Its people are what makes Europris great, and being an attractive place to work is essential to it as a group. Equally, it wants to make a positive contribution to people and the environment in the many local communities it is part of. To achieve that ambition, sustainability is part of governance in Europris and in all decision-making processes throughout the organisation.

Europris' ESG strategy is based on the UN sustainable development goals (SDGs) and the material topics which identify its most significant impacts on the economy, the environment and people. The strategy encompasses four main priority areas aimed at inspiring and activating positive change and at leading the journey towards it: our products, our climate profile, our people and our social responsibility. The aim of this sustainability report is to provide stakeholders with transparent information on the group's impacts, and it has been prepared in accordance with the 2021 Global Reporting Initiative (GRI) standards. The figures and KPI's of this report include Europris AS, Europris Butikkdrift AS and Europris Holding AS, unless otherwise specified. Numbers are based on status at 31 December 2022.

Europris´ sustainability strategy

Environment (E)

Our products

Give everyone the opportunity to make sustainable choices, and be a pioneer for affordable sustainable products

Our climate profile

Reduce emissions in line with the Paris agreement with ambitions of reaching net zero by 2050

Social (S)

Our people

Being an attractive place to work, where employees thrive and experience personal development

Our social responsibility

Contribute positively to people and the environments in the many local communities we are a part of

Governance (G)

Sustainability is an integrated part of the strategy and value chain, and shall naturally be a part of the governance and all the decision-making processes throughout the company

A focus on the most material sustainability aspects

The principles, requirements and guidelines of the 2021 GRI standards were followed in identifying Europris' key sustainability impacts in its value chain. The GRI standards have been revised from the previous GRI framework of 2016, and the group has amended its materiality approach to align with the adjustments specified in the revised standards.

Identifying Europris' most significant impacts started with mapping the activities, business relationships, stakeholders and sustainability context of the entities it encompasses. Examining the value chain and not just core activities is essential in describing impacts at a local, regional and global level in relation to the sectors which Europris operates in. International guidelines and standards Europris is expected to comply with, such as the OECD, the UN guiding principles on human rights and the Paris agreement, were also included in developing and understanding the group's sustainability context.

A list of actual and potential impacts – both negative and positive – was identified. This assessment evaluated each identified impact across several dimensions, such as irremediability, time scale and whether it related to human rights. These impacts were then scored in terms of severity, using dimensions for scale, scope and likelihood. Scoring for each impact was based on its severity and likelihood in relation to the others. In addition, each was categorised by its time frame – in other words, whether it had an actual or potential scope. To prioritise the most material impacts, a threshold was set for inclusion in further materiality assessments. Ultimately, impacts with similar characteristics were grouped into material topics*.

The group considers that "satisfied customer" is no longer tied to materiality and has therefore removed it as a material topic. Furthermore, two new material topics were identified and added to the list:

- climate resilience
- business ethics and anti-corruption.

Material topics prioritised on the basis of the 2022 materiality analysis

- Human rights due diligence
- Safe and good-quality products
- Climate-friendly operations and logistics
- Climate resilience
- Sustainable products and circular solutions
- Equal opportunities and an inclusive work environment
- Business ethics and anti-corruption
- Community engagement and local value creation
- Health and safety in the workplace

* The materiality matrix presented in the 2021 annual report has been revised to a prioritised list in 2022, in order to align with the requirements of the 2021 GRI standards.

Europris is in continuous dialogue with key stakeholders, both internal and external. This provides valuable input and knowledge about how to adapt the business even further in a sustainable direction to ensure that its sustainability goals are met. Information acquired from communication with stakeholders is a crucial input in updating materiality impacts. Key stakeholder groups, the type of dialogue Europris has with them and the frequency of the dialogue is presented below.

Interaction with key stakeholders

Stakeholders	Type of dialogue	Frequency
Employees	Meetings Newsletters for store managers Workplace Key stakeholders for prioritised sustainability areas Sustainability week Employee survey	Weekly/monthly Quarterly Ongoing Annually Annually Annually
Customers	Brand tracker survey Customer survey on sustainability Newsletter to Mer members Website and some social media Customer leaflet	Annually Annually/project-based Weekly Weekly Weekly
Banks	One-to-one meetings	Semi-annually
Analysts	Meetings and calls	Quarterly
Investors	Roadshows Investor seminars Meetings	Quarterly Quarterly On request
Other partners, such as Green Dot, Amfori, Norwegian Retailers' Environment Fund and Ethical Trade Norway	Meetings Information meetings Webinars, courses	Semi-annually Semi-annually Bimonthly/semi-annually as required (regulatory updates)
Local community, such as charities and local partnerships	Meetings	Regularly
Suppliers	One-to-one meetings Annual vendor summits Code of conduct	At least twice a year, normally more often Annually Annually, related to contracts

Governance

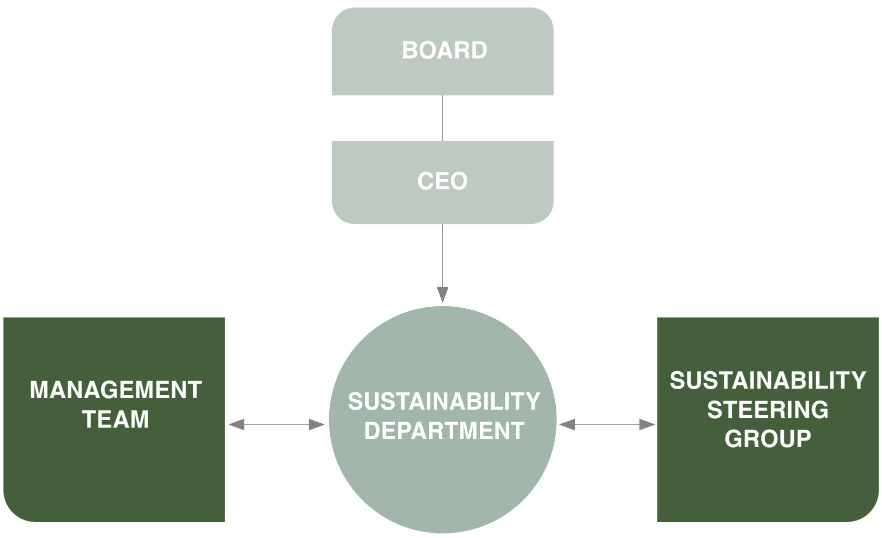
Sustainability is an important component in Europris' overarching goals. The board recognises its importance as an integrated part of the group's strategy and culture, and oversees all important material impacts related to the economy, the environment and people. Sustainability work and reporting are governed by the board, and supervised by the steering group and the sustainability department. They are based on the group's sustainability strategy and the material topics presented in the materiality assessment.

The CEO regulates day-to-day management of the group's operations to ensure that it pursues and seeks to reach the strategic targets set by the board. That includes the alignment and approval of the annual report and material topics. The CEO briefs the board at least once a month on the group's activities, operations, economic position, and financial status. Climate related risks and opportunities are reported to the board annually. The vice president for strategy and sustainability provides a quarterly update to the board on sustainability-related activities and KPI performance. This person is responsible for making sustainability an integral part of the strategy, and for monitoring all sustainability targets and initiatives.

The sustainability manager reports to the vice president for strategy and sustainability, and is responsible for updating the sustainability strategy, implementing plans, and assessing and incorporating the sustainability strategy across the organisation.

Several members of the board have experience of ESG matters through their current jobs, through the academic professional environment on sustainability at the Norwegian Business School or through global procurement, for example. One director also obtained a certificate in sustainable business strategy during 2022. The board has chosen one of its members to hold dedicated responsibility for ESG issues. This director meets the vice president for strategy and sustainability and the sustainability manager at least twice a year to discuss and work with strategic ESG issues for Europris.

> ***We have set ourselves the goal of achieving net zero emissions by 2050 in line with the Paris agreement, and our commitment to join the Science-Based Target initiative has been approved already. In this way, we are setting clear demands for ourselves to work even more purposefully on sustainability in all parts of our company***
>
> **Espen Eldal**
> CEO of Europris ASA



Business ethics and anti-corruption

Acknowledging the group's impact on business ethics and anti-corruption is essential for its future, owing to its close links with both regulations and reputation. Impacts related to business ethics refer not only to implementing appropriate business policies and practices on controversial subjects, such as corruption, bribery and discrimination, but also to the way Europris works with corporate governance and legal compliance. That makes business ethics and anti-corruption a natural material topic for the group.

A selection of impacts are presented in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Business ethics and anti-corruption	Lack of training and competence can lead to corruption	Actual	Negative	No
	Deviation from IT routines which leads to leaks of sensitive employee data	Potential	Negative	Yes
	Advertising potentially leading to discrimination or misleading communication with customers	Potential	Negative	Yes

Europris recognises and addresses these impacts. The board has established clear objectives, strategies and risk profiles for the group's business activities in order to create value for its shareholders and to ensure that its resources are utilised in an efficient and sustainable manner to the benefit of all stakeholders. Various policies have been developed by the group to establish business practices and provide guidance in the following important sustainability areas: supplier code of conduct, ethical trade, anti-corruption, anti-competitive behaviour, data protection, trade sanctions and whistleblowing. These policies set standards for the behaviour expected both internally and externally to build trust, loyalty and responsible business behaviour, and to prevent violations and negative impacts externally.

The policies are revised annually and approved by the board. A project was initiated in 2022 with the aim of revitalising policies across the organisation. The group has mapped out which key roles need special attention or training related to various policies, and suitable measures to ensure that the policies are well understood and embedded in the day-to-day business. These could include onsite training or e-learning. This work will continue into 2023.

A whistleblower system available to all stakeholders, both internal and external, is maintained by the group via its website. This enables anonymous reporting of such important matters as breaches of the group's ethical guidelines, including discrimination, bullying and sexual harassment. Six cases were reported in 2022, none of which involved discrimination or corruption. All these incidents were handled and resolved by the HR department. No major cases arose in relation to the General Data Protection Regulation (GDPR) in 2022. Two internal cases were reported to the Norwegian Data Protection Authority and resolved within the organisation. Where communication and advertising were concerned, one complaint was raised and resolved through direct dialogue with the customer.

Reporting standards and achievements

Based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Europris has held workshops to identify, assess and classify the climate-related risk it is exposed to. Since 2014, the group has also incorporated reporting of its greenhouse gas (GHG) emissions in alignment with the GHG Protocol in order to manage the climate impact of both its own operations and its value chain. The group is proud to be recognised for its climate-related sustainability work, with a B score for the fourth year in a row from the Carbon Disclosure Project (CDP), a global non-profit environmental organisation.

CDP DRIVING SUSTAINABLE ECONOMIES	2018	2019	2020	2021	2022
	C	B	B	B	B

The Position Green Group, an independent research and advisory firm, awarded Europris a B score for its 2021 sustainability report following an evaluation (ESG 100) of the 100 largest companies on the Oslo Stock Exchange. The group is satisfied with this recognition and devotes great attention to increasing expertise on and knowledge about sustainability throughout its organisation.

Adjustments from 2021

As mentioned above, the group has revised its materiality approach and topics from previous reporting periods. The attention paid to the organisation's most significant impacts on the economy, the environment and people – including human rights – has been reassessed. As a result, the materiality matrix presented in the 2021 annual report has transformed to a prioritised list in 2022.

The group also reconsidered its overall ESG strategy in 2022. In line with its values of "simple" and "clear", it has changed the designations of its four key strategic areas to our products, our climate profile, our people and our social responsibility. In addition, the group has identified clear and measurable KPIs for each of these areas in order to enable it to work in an even more systematic and targeted way in each part of the strategy and to improve monitoring of the progress being made. As part of revising the strategy, a more detailed specification on how this relates to the UN SDGs has been developed. This is described in the model below. SDG 10 (reduced inequalities) has been included in the strategy.

The climate accounting has been revised for 2022 (ISAE 3410 Assurance engagement on greenhouse gas statements with limited assurance) for scope 1 and 2 and for waste in scope 3.

Our strategy in relation to the UN SDGs

UN SDGs	SDG targets/main priority areas	Commitments from the strategy for delivering on the SDG target	Topics reared to Europris' sustainability strategy
12 RESPONSIBLE CONSUMPTION AND PRODUCTION		Europris seeks to give everyone the opportunity to make sustainable choices, and to be a pioneer in offering sustainable but affordable products (12.8) Europris additionally works to reduce waste and packaging with more circular solutions (12.5)	Our products
13 CLIMATE ACTION		Europris will implement specific measures to reduce energy consumption across the organisation, reduce emissions associated with products and transport, and contribute to increased utilisation of waste in order to strengthen resilience to and capacity for dealing with climate-related hazards (13.1)	Our climate profile
5 GENDER EQUALITY		Europris works for equal opportunities and an inclusive work environment, and is committed to ensuring full participation in and equal opportunities, regardless of gender, at all levels of decision-making in the organisation (5.5)	Our people
8 DECENT WORK AND ECONOMIC GROWTH		Europris will ensure that products are sourced responsibly, and promotes a safe work environment for all workers throughout the supply chain (8.8) Europris will contribute to full and productive employment and decent work for all employees, including young people and those with disabilities, as well as equal pay for work of equal value (8.5)	Our people Our social responsibility Our products
10 REDUCED INEQUALITIES		Europris will be an inclusive, ethical and responsible business which contributes to the local communities it is part of (10.3)	Our social responsibility
17 PARTNERSHIPS FOR THE GOALS		Europris is committed to measuring and managing risks and opportunities presented by climate change in accordance with the CDP, a global environmental disclosure system (17.14) Europris encourages and promotes cooperation through both business and civil society partnerships, building on and sharing experience in order to promote best practice (17.17)	Our climate profile Our social responsibility

Our products

Europris recognises that its main impact on ESG issues relates to sourcing and producing products. The Intergovernmental Panel on Climate Change (IPCC) concludes that the biggest threats to nature and the climate today are the way humans are consuming resources. To reverse the loss of nature and halt climate change, the world must reduce production and consumption footprints by 50 per cent in 2030. This chapter explains how Europris works continuously to increase its share of sustainable products and its approach to creating a more circular business. It also describes how the group works with safe and good-quality products and how products are sourced responsibly through due diligence work on human rights.

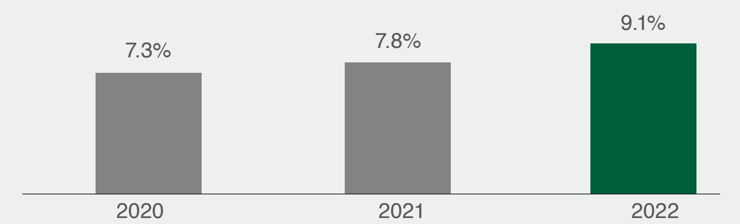
Ambition:
Give everyone the opportunity to make sustainable choices, and be a pioneer for affordable sustainable products.

Commitment:
Europris strives to provide sustainably produced and sourced products, presented in a way which motivates customers to make sustainable choices.

Material topics:
- Sustainable products and circular solutions
- Safe and good-quality products
- Human rights due diligence.

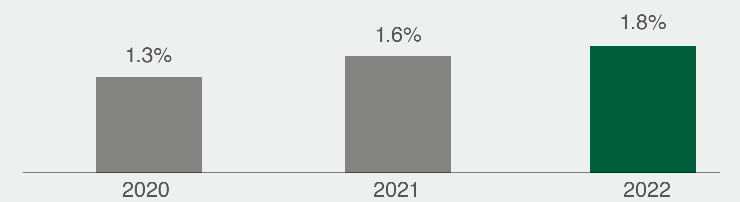
Europris also works towards the following targets:
- Annual reduction in the amount of packaging for directly sourced products
- All new directly sourced products will have recycled and/or recyclable packaging.

Share of chain sales for third-party certified products



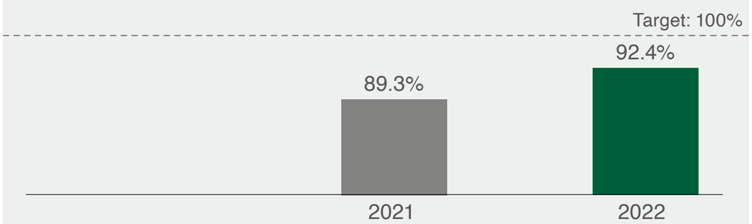
Target: Annual increase in share of chain sales for third-party certified products

Share of complaints



Target: Annual reduction in complaints related to three key product groups in the chain (outdoor furniture, small domestic appliances and seasonal lighting)

Share of purchase from BSCI-audited suppliers in risk areas



Target: All group products sourced from risk areas will come from socially audited suppliers by 31 December 2030

Sustainable products and circular solutions

Both manufacturing processes and raw materials used at Europris may negatively affect forests, water supplies, local ecosystems and the people involved in its supply chain. The actual use and after-use of products must also be accounted for. ”Sustainable products and circular solutions” have naturally been included as a material topic. An overview of some of the actual and potential impacts is presented below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Sustainable products and circular solutions	Failure to screen suppliers in environmental audits, leading to impacts on biodiversity and emissions	Actual	Negative	No
	Products with unnecessary packaging, leading to increased use of materials	Actual	Negative	No
	Signing the guide against greenwashing	Actual	Positive	No

Europris seeks to reduce its negative footprint by continuously improving its sourcing strategy in terms of conducting responsible and ethical trade, increasing the share of sales for third-party certified products (Swan, FSC, EU Eco Label, etc), and a product strategy concentrating on circular solutions.

The group’s main ambition is to give everyone the opportunity to make a sustainable choice and to be a pioneer with sustainable but affordable products. As a major retailer in Norway, Europris has an influence on consumption patterns among its customers. It is therefore already looking at opportunities to extend product lifespans by offering spare parts for repairs and by using a higher proportion of recycled material in products and packaging.

Involving participants from purchasing, quality, sustainability, marketing and packaging/design, a corporate project has been established to improve the share of sustainable products and to provide clear and better information in order to educate customers and to make sustainable choices easily accessible to them. The disposables category has been the first in-depth priority area, with high-risk materials and policies identified. Findings from this project will be implemented in 2023.

A second corporate project is exploring further circular business models to meet the retail future in such areas as reuse, repair and rental. The group is in the exploration phase, and this project will continue in 2023.

Third-party certifications

Europris has an ambition to achieve annual growth in the share of sales from third-party certified products, and is proud to say that the results have been positive for the fourth year in a row. Twenty such certifications have been considered relevant to the product range offered by the group with regards to the environment and/or ethical trade, quality and health. An updated list of these can be found at Europris.no.

The group launched its own umbrella sustainability symbol in April 2021, covering the 20 different third-party certifications. This is intended to help customers find sustainable products more easily. The products concerned bear the symbol on store shelves and in digital and print marketing.


Effekt
GLASS
& VINDU
GLAS & FÖNSTER

Packaging

According to the EU Green Deal, packaging waste in Europe reached a record high of 173 kilograms per inhabitant in 2017. Europris is responsible for large quantities of packaging in the Norwegian market. As a member of Green Dot Norway, it meets the national legal requirements for waste by paying an environmental tax on all imported packaging. This levy helps to finance the country's waste collection system.

Europris committed in 2020 to the Green Dot plastic pledge, undertaking to contribute to a more circular plastic economy. The plastic packaging of the future will be smarter, more innovative and sustainable. Goals are to increase the use of recycled plastic, avoid unnecessary use of plastic, and design for recycling.

Europris' ambition is to move towards more environment-friendly packaging made from recyclable or recycled materials. It is also working towards a general annual reduction in the amount of packaging. Using recycling pictograms and explanatory text will make it as easy as possible for customers to recycle and limit the impact on the environment.

Defined goals, such as filling rate, recyclable materials and optimisation of materials, are applied when designing new packaging. In addition, Europris applies a packaging policy for suppliers in order to deliver on its ambition.

Greenwashing poster signed

As a group selling substantial amounts of products in many different categories, Europris also has a responsibility to help shoppers find sustainable alternatives in its stores through clear information.

Greenwashing can be defined as misleading marketing, where a product or a business is presented as more environment-friendly than it actually is. While refraining from misleading or false information goes without saying, sustainability and social responsibility are complicated areas where it is difficult to navigate and easy to make mistakes. The greenwashing poster is a guideline for businesses which want to avoid such errors and contribute positively to the green transition. Signatory companies meet several times a year to discuss and share measures in order to be proactive and avoid greenwashing.

Vie Eco candles, third party certified by Swan.

Safe and good-quality products

A key driver in developing longer-lasting products, slowing consumption and reducing emissions is improved product quality. As a discount retailer, Europris acknowledges the potential for negative associations related to price and quality perceptions. The group is very aware of the need to provide safe and good-quality products. This thereby ranks as a material topic of great importance. An overview of some of the actual and potential impacts is presented below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Safe and good-quality products	Product with short lifecycle, leading to greater consumption and climate impact	Actual	Negative	No
	Lack of spare parts and inability to repair, leading to increased use of materials	Actual	Negative	No
	Variable quality control, leading to possible sales of potentially harmful products	Potential	Negative	No
	Quality department with a level of expertise permitting good control	Actual	Positive	No

Europris aims to strengthen its reputation as a trustworthy and dependable retailer of discount variety merchandise, while making quality an important criterion for sustainability in specific categories where the impact is highest.

The trend for customer complaints is moving slightly in the wrong direction, and work in this field is therefore important for bringing down their number. This minor increase related primarily to a specific article with poor quality, which has subsequently been improved. It is important to note that the group's KPIs apply to three key product groups – outdoor furniture, small domestic appliances and seasonal lighting. These are big categories with a high proportion of private labels, where the group is able to affect quality. For the range as a whole, the overall rate of complaints is stable. Europris has a dedicated quality and safety department with offices in both Shanghai and Norway to ensure that

Head of quality at the quality and safety department in Norway.

products are safe, have good quality, are correctly labelled for content, and have been checked for safe use and disposal.

All high-risk products are tested to ensure that they comply with international and national legislation. The group works diligently to keep hazardous substances out of products and to continue meeting high standards of quality, transparency and safety. That is particularly important since merchandise is sourced from a multitude of suppliers across the globe, increasing the risk that certain products may fail to meet national requirements. Products are tested at the production site in accordance with Norwegian product regulations. In addition, all high-risk items, such as electrical products, toys, chemicals, food items, food contact materials and pet food, are subject to strict checks by the quality assurance department before production can take place. The group wants to ensure that all its products are safe and of good quality, and has zero tolerance for recalls and withdrawals.

The quality assurance department in Norway has concentrated its attention on optimising routines and testing in collaboration with the quality team in Shanghai, which is the group´s joint Asian sourcing office with Tokmanni. The latter unit ensures that pre-shipment inspections are carried out for products produced in Asia. Reports from these inspections must be approved by the quality assurance department at head office in Norway before the shipment is released. That provides time for corrections to be made before products leave the production site and reduces the risk of faulty or defective products being transported to Norway. Increased attention has also been paid to improving quality based on feedback about product defects through follow-up at regular meetings with product managers. No cases of non-compliance concerning products or their incorrect labelling which resulted in a fine or warning were identified in 2022.

		2020	2021	2022
Product	Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
	Incidents of non-compliance with regulations resulting in a warning	2	2	0
	Incidents of non-compliance with voluntary codes	5	6	11
Labelling	Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
	Incidents of non-compliance with regulations resulting in a warning	0	0	0
	Incidents of non-compliance with voluntary codes	0	0	1
Total	Incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
	Incidents of non-compliance with regulations resulting in a warning	2	2	0
	Incidents of non-compliance with voluntary codes	5	6	12

Europris has implemented a new system to improve tracking and reporting of customer complaints and product defects. Greater data accuracy will allow the group to work more efficiently on reducing defects and enhancing quality. This is important for sustainability, and will improve quality for customers. The group has intensified the attention it devotes to suppliers of high-risk products or product categories which exceed a claim rate of three per cent over the year, with the aim of improving the quality of unsatisfactory products.

Human rights due diligence

Europris has a large number of suppliers and sub-suppliers worldwide. Around 40 per cent of total chain sales come from countries identified as high risk in relation to human rights. A systematic approach to promoting good working conditions in the entire supply chain is therefore essential, and is pursued in close cooperation with suppliers and business partners.

As a natural consequence of business relationships and potential negative impacts, due diligence on human rights is an important material topic. The table below addresses some of the actual and potential negative and positive impacts related to human rights.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Human rights due diligence	Variations in supplier screening which might lead to a breach of human rights	Potential	Negative	Yes
	Risk materials, such as minerals involving human-rights challenges	Actual	Negative	Yes
	High share of social audits	Actual	Positive	Yes

In order to address social impacts which are actually and potentially negative, Europris relies on extensive screening through audits before entering into a new business relationship. The group has a supplier code of conduct based on UN and International Labour Organisation (ILO) conventions. Suppliers in the group´s identified risk areas are pre-screened to map whether they meet minimum criteria under the Europris code of conduct before it will do business with them. All suppliers are required to sign agreements and the Europris supplier code of conduct. In addition to complying with set standards for business ethics and anti-corruption, suppliers are required by this code to minimise adverse effects on human health, animals and the environment throughout their value chains.

Norway's new Transparency Act

The Transparency Act came into effect in Norway on 1 July 2022. Its purpose is to promote respect by companies for basic human rights and decent working conditions along supply chains. A goal of the Act is to ensure that the public has access to information on these conditions and on how businesses handle them. Together with other measures, these legal requirements will contribute to work by Europris to meet and comply with UN SDG 8 on decent work and economic growth, as well as SDG 12 on responsible consumption and production. The core of the Act imposes a duty to carry out due diligence assessments. These require businesses to map possible and actual negative impacts on basic human rights and decent working conditions in supply chains, implement improvement measures, follow these up and report on them.

Due diligence assessments - what does Europris do?

To clarify what is expected of suppliers, Europris has drawn up its own policy and guidelines (code of conduct) for ethical trade as explained above. These can be found on the group's website at Europris ASA - about us - corporate governance - policies

Europris is a member of Ethical Trade Norway and Amfori BSCI. The first of these is a membership organisation for both private and public enterprises, and serves as a guidance and resource centre for ethical trade. The other is a large and highly reputable international organisation which monitors that factories and companies comply with a wide range of requirements related to working conditions, pay discrimination, child labour, freedom of association and collective bargaining, forced or compulsory labour and rights of indigenous peoples, corruption, environmental considerations and so forth.

Europris monitors its suppliers through supplier evaluations and third-party audits, and follows these up through its purchasing office in Shanghai. Membership in Amfori BSCI ensures that the results of monitoring activities and audits are shared between members, maximising the effort-result ratio to ensure increased control for buyers and suppliers. The group's target is that all purchases from risk areas must come from suppliers and factories audited for social and environmental aspects by the end of 2030. In addition, all suppliers and factories with BSCI assessment must have a score of C or better on a scale from A-E. This work will follow up any deviations continuously and improve them where possible.

Suppliers/factories without BSCI membership must complete a self-assessment to ensure they commit to all parts of the Europris code of conduct in addition to undergoing a third-party audit. The group's due diligence assessments are publicly available at Europris ASA - about us - corporate governance - policies

Europris also has its own corporate governance manual, which contains guidelines for ethical trade, anti-corruption, anti-competitive behaviour and ethical behaviour by all group employees. These guidelines are based on the UN and ILO conventions and describe the main principles for the way Europris should handle human and labour rights in day-to-day operations. This manual is revised annually and approved by the board.

Example from one of the factories in China.

Our climate profile

Acknowledging its impact on the environment is essential for the future of the Europris business. As the global climate challenge becomes ever more acute, the group must make choices for a greener transition to more climate-friendly business activities and operations. This chapter describes its work on climate-friendly operations and logistics and the transition being made towards net zero through initiatives related to climate resilience.

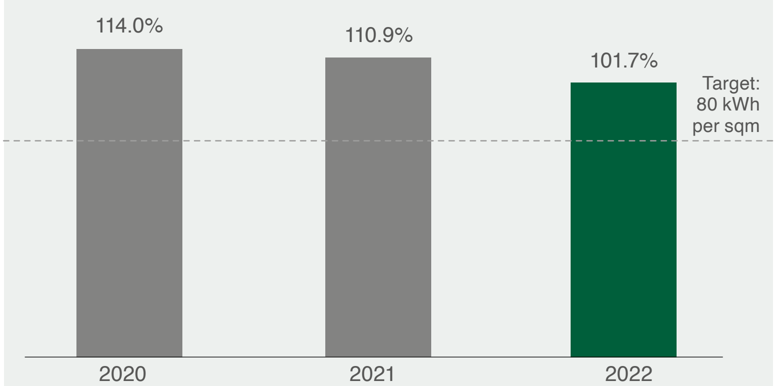
Europris is proud to say that it committed in 2022 to the Science-Based Targets initiative (SBTi) in line with the net zero goal of 2050. Work has started to identify the group's emissions from scope 3, and will continue in 2023. That will lead to the formulation of targets for meeting the reductions needed to comply with its commitments.

Ambition:
Reduce emissions in line with the Paris agreement with ambitions of reaching net zero by 2050.

Commitment:
Enable climate resilience and limit climate impacts through climate-friendly operations and logistics.

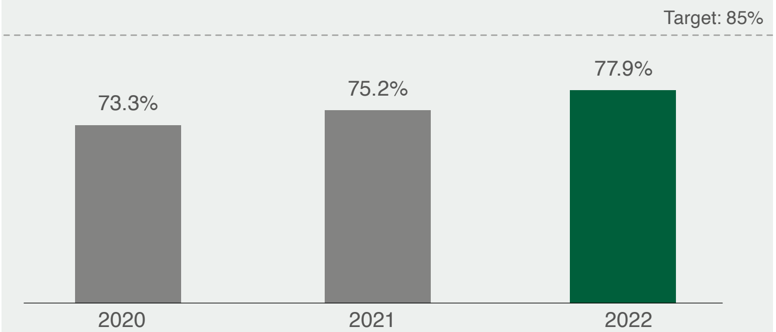
Material topics:
- Climate resilience
- Climate-friendly operations and logistics.

Energy efficiency (kWh per sqm) - stores



Target: Increase energy efficiency in stores in 2030 by 20 per cent from 2022 level (from 100 kWh to 80 kWh)

Recycling rate



Target: Reach an overall recycling rate of 85 per cent by the end of 2025 (stores, warehouses and head office)

Climate-friendly operations and logistics

Operating in a climate-friendly manner involves taking responsibility for reporting on emissions, waste management, energy consumption and transport. It also means holding Europris accountable and improving how to cut CO_2 emissions.

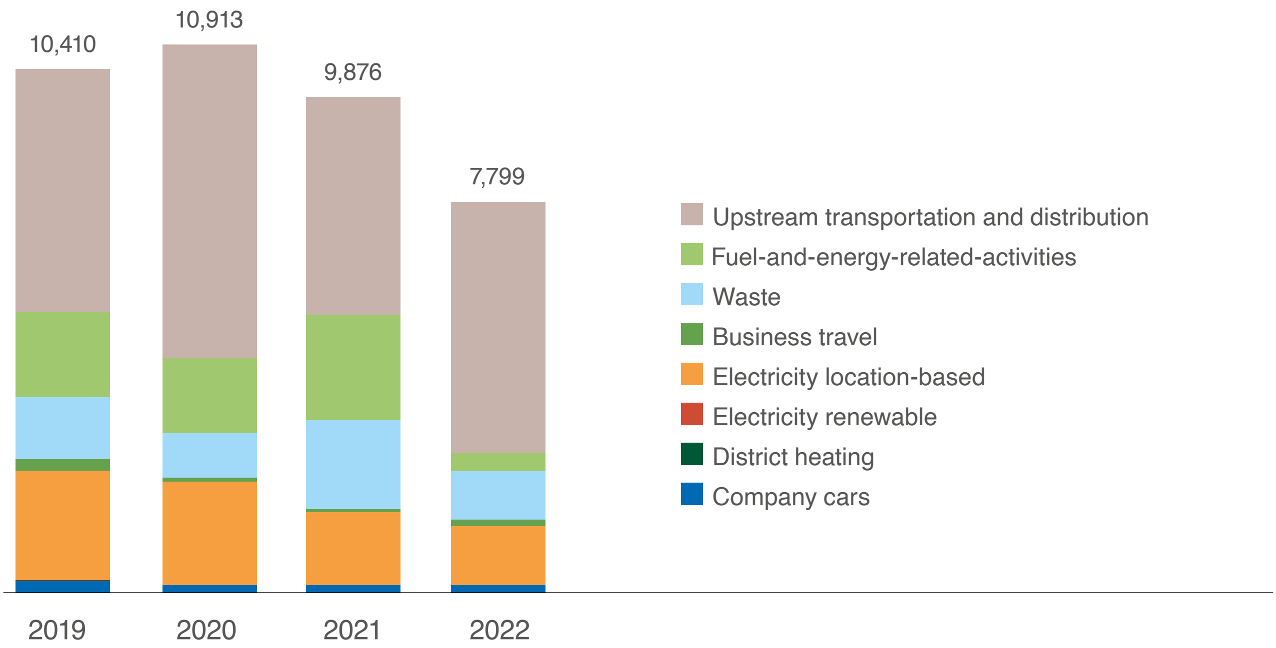
Impacts by the group on the climate relate to direct and indirect emissions from its operations, transport methods and use of resources. Climate-friendly operations and logistics remained a material topic in 2022. Policy commitments for this are described in the section on governance. A selection of impacts are presented in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Climate-friendly operations and logistics	Choice of transport methods leading to high emissions	Actual	Negative	No
	Electricity use and heating from non-renewable sources in stores and offices	Actual	Negative	No
	Eco-Lighthouse certification	Actual	Positive	No

Europris recognises and addresses these impacts. They are directly related to operations and logistics and are often systemic rather than specific to one site or operation in Europris. Business relationships may have negative impacts along the value chain even if the group does not contribute directly to them.

To meet the objectives of its environmental strategy, Europris measures and assesses its emissions in accordance with the GHG Protocol initiative. It has taken major steps in developing its carbon accounting in order to prepare the submission to the SBTi.

Total greenhouse gas emissions 2019-2022 (tCO_2e)



Carbon accounting

GHG emission, tCO_2e	2020	2021	2022	Change from previous year
Scope 1				
Transport total	163.3	152.1	132.1	(13.1%)
Scope 2				
District heating	3.6	4.2	3.9	(7.1%)
Electricity renewable	-	-	-	-
Electricity location-based	2,038.3	1,425.7	1,121.1	(21.4%)
Electricity market-based	13,074.9	10,715.5	11,469.9	7.0%
Location-based energy emissions	2,041.9	1,429.9	1,125.0	(27.1%)
Market-based energy emissions	13,078.5	10,719.7	11,473.8	6.6%
Total energy consumption (MWh)	**51,160.9**	**47,296.7**	**44,223.7**	**(6.9%)**
Scope 3				
Business travel	101.6	95.7	172.1	79.8%
Waste	889.8	1,106.6	948.0	(14.3%)
Fuel-and-energy-related activities	1,486.0	629.4	362.1	(42.5%)
Upstream transport and distribution	6,230.6	6,462.1	5,060.0	(21.7%)
Total location-based emissions	**10,913.2**	**9,875.8**	**7,799.3**	**(21.0%)**
Total market-based emissions	**21,949.8**	**19,165.6**	**18,148.1**	**(5.3%)**

Note: Reporting of GHG emissions and energy consumption by Europris accords with a corporate accounting and reporting standard. It takes account of the following GHGs, all converted to CO_2 equivalents (CO_2e): CO_2, CH_4, N_2O, SF_6, HFCs, PFCs and NF_3. Statistics from the International Energy Agency (IEA Stat) provide electricity emission factors. These are based on either local averages for heating/cooling or average IEA statistics. GHG emissions are consolidated on the basis of where the group has operational control. Climate accounting has been revised (ISAE 3410 Assurance engagement on greenhouse gas statements with limited assurance) for scope 1, scope 2 and waste in scope 3. Partly owned subsidiaries are only included in scope 1 and 2.

The group's carbon inventory is divided into direct and indirect emissions scopes in accordance with the GHG Protocol. Scope 1 covers all direct emission sources, including all use of fossil fuels for stationary combustion or transport in owned, leased or rented assets. For Europris, scope 1 emissions are solely related to the use of leased cars by employees in direct operations. Scope 2 includes indirect emissions related to purchased energy, electricity and heating/cooling. Where Europris is concerned, this represents all energy consumed in its stores, head office and warehouses. Scope 3 includes indirect emissions resulting from upstream and downstream value-chain activities which the group does not control. Europris currently measures fuel- and energy-related activities, upstream transport and distribution, waste and business travel in this scope. Upstream transportation and distribution include emissions from the warehouses to the store facilities, and not overseas transportation and distribution from the factories. The group is working on incorporation of these emissions in 2023.

Europris is pleased to have reduced its total location-based GHG emissions (scopes 1 and 2, and selected scope 3 categories) by 21 per cent in 2022. This was achieved despite opening six additional stores during the year. The decrease primarily reflects energy efficiency measures, lower energy consumption, increased recycling rates and improvements in logistics.

Emissions from location-based electricity fell by 21.4 per cent from 2021 to 2022 305 tCO_2e as a result of targeted emission-reduction activities and a cut in the emission factor for the Nordic electricity grid. This factor equals an emission reduction of 216 tonnes of CO_2e, while the group's actual activities account for 89 tCO_2e. Goods transport, energy use and waste were its main sources of carbon emissions during this period, while business travel (scope 3) and well-to-wheel emissions from transport using group-owned vehicles (scopes 1 and 3) accounted for only 4.4 per cent of total emissions.

Scope 1 - Own vehicles

In accordance with the vehicle policy at 30 June 2021, zero-emission vehicles are the only possible choice. Exceptions can only be made for regional managers located in areas where mileage/range is insufficient for the travel distance to stores, and must be approved by the relevant departmental head in the management team. In 2022, 78 per cent of cars leased were electric compared with 70 per cent the year before. Scope 1 emissions were thereby reduced by 13 per cent year-on-year.

Scope 2 - Energy

Europris is pleased to see results from the actions it has taken to cut energy consumption. The group has pursued traceable and targeted activities to promote sustainable operations, technical solutions and optimised energy use. Both the head office in Fredrikstad and the logistics centre in Moss are Eco-Lighthouse certified, with the logistics centre also securing Breem certification in 2022. Furthermore, the head office incorporates such energy-saving measures as good insulation, external sun shading, LED lighting, motion detectors to control lights, a ventilation system which switches off after working hours, and solar panels.

The total energy consumed by the group amounted to 44,223.7 MWh in 2022 (-6.9 per cent). The group continues to utilise self-generated electricity through solar panels at its head office. These generated 47.7 MWh in 2022 (45.2 MWh in 2021) or 11.1 per cent of the electricity consumed at head office. Europris is also exploring other options for increasing self-generated electricity capacity in its operations, such as installing of solar panels on its central warehouse. Europris´ warehouses achieved a 6.2 per cent cut in electricity consumption and a 18.6 per cent reduction in energy used for heating in 2022.

Combined with emission reductions in the Nordic electricity grid, driven primarily by increased use of renewable energy, these efforts contributed to a significant reduction in scope 2 emissions and represented a total cut in emissions of 21.4 per cent in 2022 when using the location-based accounting method.

The year 2022 saw much attention devoted to energy-saving measures in stores, with close monitoring of energy use and with best practice shared across stores and regions. The group cut consumption by nine per cent to 101.7 kWh/m^2 compared with 110.9 kWh/m^2 in 2021. Specific measures taken to reach these results included:

- better monitoring technology
- improved routines for energy use and follow-up of saving measures in stores, with one-to-one follow up for underperforming stores
- new heating and ventilation systems.

In line with the KPI of reducing energy consumption by 20 per cent by 2030, the group will maintain the great attention paid to managing correct temperatures in stores by using energy monitoring technology through Energima. In addition, work continues to reach the target of using only LED light fittings across all the stores.

Europris will continue its efforts to reduce emissions from its operations. Initiatives to enable customers to be more environment-friendly began in 2022 and will be continued in 2023 – by further introducing environmental stations, for example, where customers can return used batteries, small electrical devices, and fluorescent tubes.

PILOT PROJECT: energy saving with doormats made from recycled fishing nets

Europris ran a trial in 2022 to develop a more circular way of using doormats in its stores. These are currently changed several times a week, which involves frequent transport and cleaning. Making the new mats from recycled fishing nets means they absorb water better, allowing them to remain in place permanently while store staff simply vacuum and shake off the dirt. The trial proved successful, and the plan is to implement this solution permanently in all stores by the second quarter of 2023.

PILOT PROJECT:
using second-hand batteries to store energy (project period 2020-23)

Through its partnership with Energima, Europris has embarked on a pilot project for storing electricity. This work is partly funded by Enova SF, a company owned by the Ministry of Climate and the Environment. The ambition is to cut GHG emissions, develop energy and climate technology, and strengthen energy security.

The pilot aims to learn how to improve the life cycle of both new and second-hand batteries, while handling peak load management (peak shifting) in a building's power network. An installation in the Europris store at Råde will primarily be used for testing and optimising a cloud-based energy management system (EMS). This controls charging and discharging of the battery pack to avoid peak tariffs or to buy energy when prices are low over a 24-hour cycle. Using batteries smoothens the load on the mains supply and reduces losses in the electricity transmission system. Local power capacity is effectively increased without the need to upgrade the building's power intake.

The EMS was significantly improved during 2022. It takes account of both far more volatile spot prices and reducing power peaks. The system is now autonomously controlled on the basis of machine learning (ML).

Experience from the pilot so far, given Europris' portfolio of buildings, shows that output reductions of 25-35 per cent are achievable.

Scope 3 - Transport

Emissions from transporting sourced goods were included in the climate report for the first time in 2019, and showed that GHGs released from goods transport exceeded Europris´ own direct output. The group has recognised this impact and is working with its suppliers to find efficient low-emission logistical solutions. Monitoring emissions from transporting sourced goods provides a basis for further dialogue with partners on finding more sustainable approaches. Total emissions related to lorry transport from warehouses to stores were reduced by 21.7 per cent in 2022.

In 2022, the group expanded its fleet of 25-metre heavy goods vehicles (HGVs) from 10 to 16. That increases the pallets carried on each vehicle and thereby reduces the number of HGVs on the road. This initiative contributed to a reduction of 350 tonnes of CO_2e (tCO_2e) in 2022 (7 per cent of these emissions).

The group is on a continuous journey to convert transport from fossil fuels to electricity, and strategic cooperation is the key to achieving results. Dialogue has been initiated with several companies which share the same goals, including Asko, the Port of Moss, Greencarrier, Noah AS and Enride AS.

Europris has created zero-emission autonomous electric ferries together with Asko across the Oslo Fjord between Moss and Horten.

As an example of this type of strategic co-operation, Europris has created a zero-emission transport stage together with Asko across the Oslo Fjord between Moss and Horten, placing 10-15 trailer-loads per week on autonomous electric ferries from October 2022. Europris has also tested the use of electric lorries for deliveries in Oslo and eastern Norway. Even though these examples do not account at present for large cuts in emissions, they represent an important start to reducing the group's footprint from fossil-fuel logistics.

Another project involves electrifying transport between Moss and Tromsø by using electric lorries from Moss to Oslo, then train to Bodø and finally a new shipping service to Tromsø. A pilot is also being run by six Europris stores in northern Norway for goods delivery by rail instead of road. These initiatives started in 2022 and will continue in 2023 with a heavy emphasis on strategic cooperation in order to reach the long-term target of zero-emission transport. Europris continuously seeks to find better and more cost-efficient solutions for sustainable transport.

Scope 3 - Circular solutions and waste reduction

A growing number of stores puts pressure on Europris to decouple business growth and environmental impact. That in turn underlines the importance of waste management and circular solutions. The group is committed to reducing waste in its operations, and will continue to seek solutions for marking such cuts and for helping its customers to do the same.

Europris has a partnership with the waste management company Ragn-Sells to increase its efforts in this area. The group has negotiated a new and better agreement which catalyses improved recycling action, since it gets more back when bringing volume in. This applies to all stores, the logistics centre and head office.

The aim is to reach a total recycling rate for the group of 85 per cent by the end of 2025. This rate rose from 75 to 78 per cent in 2022, when total waste-related emissions were reduced by 14.3 per cent compared with 2021. That reflects quality improvements to waste data in terms of coverage, increased granularity in waste fractions and waste reduction initiatives.

Europris is pleased to see that overall enhancements are moving in the right direction, and understands that reaching a total recycling rate of 85 per cent requires great concentration on finding solutions and further improvements. In 2023, the group will review all waste equipment in stores and replace containers with 1,000-litre fractions for mixed waste. This should make better provision for achieving targets. Great attention will also be devoted to making improvements in areas where results are currently weak. Together with Ragn-Sells, Europris will continue to increase its efforts to achieve further gains in this area.

Electric transportation from store to waste disposal.

Climate resilience

The Centre for Climate and Energy Solutions defines climate resilience as “the ability to anticipate, prepare for and respond to hazardous events, trends or disturbances related to climate”. Addressing impacts relating to climate resilience is essential to the way Europris will be transitioning to a green economy.

The scope of environmental impacts is continuously broadening, and companies are increasingly expected to prepare for and mitigate them. By working on climate resilience, Europris can mitigate potentially negative impacts on the climate by implementing initiatives more suited for a low-carbon economy. Internal policies and processes are needed to tackle such potentially negative impacts as loss of biodiversity, deforestation and emissions. Europris' most significant contribution to helping combat climate change is to address these potential future impacts right now. Its policy commitment to this material topic can be found in the section on governance.

Climate resilience is a new material topic based on the 2022 materiality assessment. A selection of impacts are illustrated in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Climate resilience	Lack of internal processes and policies related to climate-related impacts and biodiversity	Actual	Negative	No
	Lack of policies to counter deforestation and biodiversity loss may lead to selecting suppliers with harmful operations	Actual	Negative	No
	Lack of internal resources to meet new legal requirements may lead to a risk of non-compliance	Actual	Negative	No

These impacts relate directly to the group's operations. They are often systemic and not specific to a single site or operation in Europris. However, its business relationships can cause negative impacts along the value chain even if the group does not contribute directly to them.

Measures were taken in 2022 to mitigate potential future impacts. In its Capital Markets Update during December, Europris announced its commitment to a net zero pathway aligned with the SBTi requirements. This involves significant action points. During 2022, the group worked towards establishing a complete carbon accounting, establishing and identifying reporting routines for biodiversity and identifying the financial implications of Europris' risks and opportunities related to climate change. Measures enable Europris both to mitigate the risk of potential future impacts and to deliver on stakeholder expectations – such as upcoming legislation and voluntary reporting frameworks.

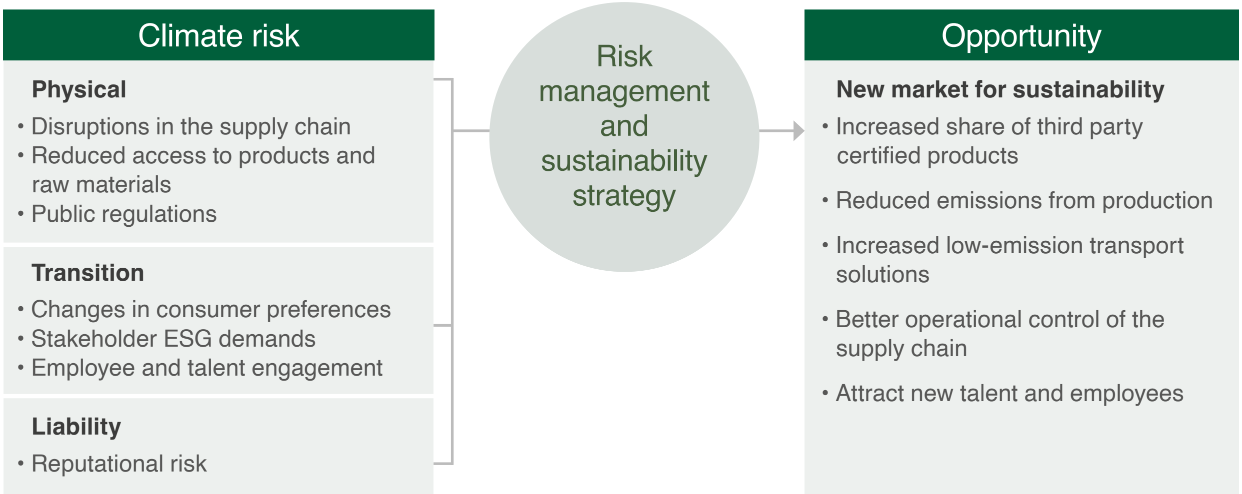


Figure: Europris' most significant climate-related risks and opportunities identified in accordance with the Task Force on Climate-related Financial Disclosures (TCFD)-framework.

Physical climate-related risks, such as the increased frequency and severity of extreme weather events, could have a negative effect on the Europris value chain. Examples of this include disruption in the transportation of goods, access to raw materials and the urgency for Europris to adapt to circular business models. Transitional and liability risks are linked to changing customer preferences. To mitigate the effect of the risks identified, Europris carries out ongoing assessments of its product portfolio and logistics operations. Regular dialogue is conducted with stakeholders to ensure that their expectations are met.

The group may also identify several climate-related opportunities, such as increasing market share through the offer of more sustainable products. Working to make the Europris value chain more sustainable will reduce indirect emissions from the production of products, for example, and through low-emission transport solutions. Being a responsible group which takes sustainability seriously is also important for existing and future employees. Work in these areas can enhance employee satisfaction and thereby contribute to employee retention and attract new talent to the group, while also mitigating the risk of elevated employee turnover. Europris will assess extending its reporting on TCFD disclosures in 2023.


Jeg er
Europris
KAMPANJETILBUD!
Ribbeform

Our people

Dedicated employees are Europris' most important asset. Taking care of them means being a responsible employer, keeping everyone safe and developing personnel to fulfil their potential. This chapter explains how Europris works continuously to be an attractive and inclusive employer. It also describes recruitment and promotion processes, training and development through the Europris Academy, pay policy, working conditions, and the material topics equal opportunities and an inclusive work environment and health and safety in the workplace.

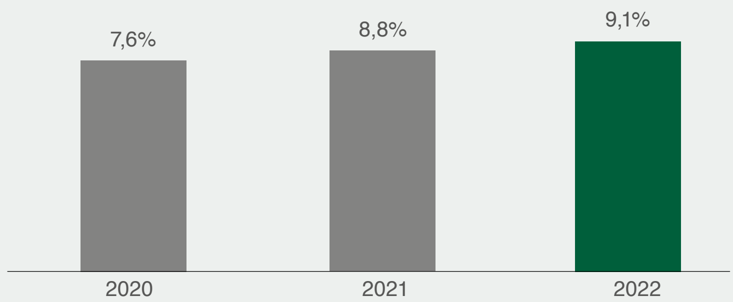
Ambition:
Being an attractive place to work, where employees thrive and experience personal development.

Commitment:
Be an ethical and responsible company which develops and cares for its employees.

Material topics:
- Equal opportunities and an inclusive work environment
- Health and safety in the workplace.

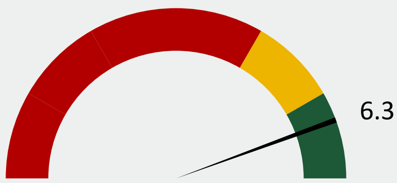
Additionally, Europris has the following policies:
- Zero tolerance for discrimination at the workplace
- Zero injuries at the workplace.

Sickness absence



Target: Annual decrease in sickness absence

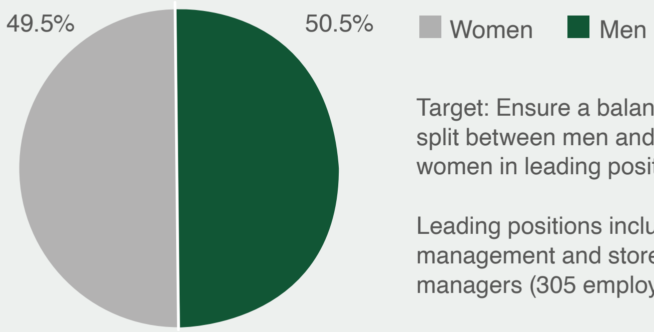
Attractive workplace



Target: Be an attractive workplace, with a score of at least 6 on a scale of 1-7

Source:
employee survey 2022

Gender balance in leading positions



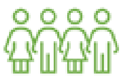
Target: Ensure a balanced split between men and women in leading positions

Leading positions include management and store managers (305 employees)

Equal opportunities and an inclusive work environment

Europris believes in equal opportunities for all people, which is why this is a material topic for the group. In order to meet the ambition of being an attractive employer and increasing the annual attendance percentage, it is essential to create an inclusive work environment where employees have equal opportunities regardless of age, gender, religion, ethnicity, nationality, disability, sexual orientation, sexual identity or stage of life. Europris supports the ability of its employees to combine work and private-life. It aims to be a workplace where no disability-based discrimination occurs. As far as possible, individual customisation is used to adapt the workplace and working tasks where required – either temporarily or permanently – for existing employees or to make provision for job applicants with disabilities.

A range of impacts, both direct and indirect, have been identified by Europris in this material topic. Partnerships or other business relationships may incorporate a range of negative impacts in the value chain which the group may not be directly involved in. However, Europris recognises these impacts and addresses them by having a transparent and open recruitment policy as well as a policy of zero discrimination. A selection of impacts are presented in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Equal opportunities and an inclusive work environment	Lack of HSE routines, which leads to bullying or harassment of employees, or discrimination against them	Potential	Negative	Yes
	A gender balance in leading roles will enable Europris to grow a diverse and inclusive working environment	Potential	Positive	Yes
	Europris complies with Norway's Equality and Anti-Discrimination Act in order to improve the position of women and minorities	Actual	Positive	Yes

The group's core values and business ethics are communicated regularly and clearly so that employees can use them as guidelines in their working day. It has also launched a set of leadership principles to guide managers on desired behaviour. Work with these principles will be a key part of the management training programme in 2023.

Policies and guidelines in Europris apply to all employees, whether full-time, part-time, permanent or temporary. A separate policy on diversity and non-discrimination was approved by the board in 2022. This topic had previously been covered by the ethics policy but was separated out to underline its importance and to strengthen the way Europris will work to prevent any harassment or discrimination and to promote equality. The group has zero tolerance for any form of harassment or bullying, and encourages employees to report any unacceptable behaviour. Should such behaviour be reported or discovered, an investigation will be pursued with the involvement of the HR department to ensure that appropriate measures are taken.

The group's whistleblower system, described in the section on governance, is a tool for capturing any non-compliance with the ban on discrimination or harassment.

Europris invests in future employee generations by collaborating with social welfare schemes, such as those run by the Norwegian Labour and Welfare

Administration (NAV), in order to meet the group's ambitions of including people who have dropped out of working life. The group will continue to pursue constant improvements in fostering an inclusive and constructive workplace without discrimination or inequality.

Recruitment and promotion

One of the group's ambitions is that at least 50 per cent of its store managers are internally recruited. The proportion of such posts filled in this way during 2022 was 83 per cent, compared with 85 per cent the year before. While the group gives emphasis to internal candidates, however, every recruitment process is advertised externally to ensure that all aspects of diversity are maintained. The group ranks candidates on the basis of their personal traits and skills to reduce the risk of discrimination and unconscious prejudice during the recruitment process. Whenever possible, the aspiration is to have at least one candidate from each gender in the final round of the recruiting process. Employee turnover was 23.4 per cent, up from 19.8 per cent in 2021 (this includes temporary workers). The main reason to the increase was a deactivation in the system of employees that had not worked for the company in 2022.

Training and development

Revitalised in 2020, the Europris Academy provides relevant training for employees across the organisation. The learning management system (LMS) ensures that expertise development and training are documented, followed up, systematised and available at all times.

Store employees participate in training across a diverse range of subjects during a year, provided both virtually and physically depending on the topic covered. The main courses given fall within the following categories:

- product, concept and seasonal execution
- leadership and store management
- onboarding of new employees
- HSE

To ensure a good onboarding process for new store managers, Europris has a total of 17 mentors tasked with inspiring and supporting such personnel available across the chain.

A digital pre-boarding programme was introduced in 2022 with the goal of ensuring a smooth intro-

duction to Europris before an employee has their first working day. This covers the group's history, values, culture and sustainability.

To strengthen management and promote an innovation mindset, all middle managers have been enrolled in a combined strategy and leadership programme. This was initiated in 2021 with attention concentrated on changing market trends, and continued in 2022 with the emphasis on how to lead innovation and change in the strategic area of sustainability. It will continue in 2023. Several physical gatherings were held during 2022 where participants worked in small groups on selected case projects in innovation and the circular economy, leading to a final session where all the groups presented their case results. Further work will be done on relevant input from this exercise. In addition to the physical meetings, participants had regular exposure to relevant videos, podcasts, coaching and group work. A total of 2,745 hours were devoted to the programme in 2022.

Pay and work conditions

Overall, more women than men work in the Europris stores and more men than women in its warehouses, which is representative for this type of industry. So is the high proportion of part-time contracts. The group's mapping of involuntary part-time work in 2021 was addressed during 2022, and such employment contracts were converted where possible. A new routine will be implemented in 2023 to ensure compliance with new legislation on the issue.

The group's gender pay gap shows that men are paid on average 11.5 per cent more than women, compared with 12 per cent in 2021. This reflects a larger number of males in more senior positions and an age differential where men have greater seniority on average. The group monitors that employees with individual pay agreements receive equal pay for equal work. Any deviations must be explained by differences in education, training, competence, age or other relevant criteria. Should any unwarranted pay gap be discovered, it will be handled on a case-by-case basis and efforts made to close any unintentional differential. Action on the gender pay gap is part of the annual pay adjustment process, where any inequitable differences are addressed. Diversity is taken into account in recruitment and promotion processes. The majority of the group's employees are covered by collective pay agreements which ensure equal pay for equal work.

Work was pursued by the group in 2022 to improve and structure its data on diversity and equal opportunities in order to improve analysis and enable the group to work more strategically on this issue. The group will work in 2023 to automate and structure these data into dashboards, which will make the information more accessible to and more up-to-date for managers.

The group works continuously on non-discrimination and a safe and healthy work environment. These efforts cover such areas as recruitment, promotion, training and development, pay and working conditions (including involuntary part-time contracts), accommodation of special needs, stages of life, bullying and sexual harassment.

Health and safety in the workplace

Most of the group's employees work in the stores and warehouses. Ensuring that the stores are welcoming and stocked with the merchandise customers want requires physical work, and personnel are therefore prone to occupational injuries and illness. HSE measures are of central importance to Europris in promoting a safe work environment and preventing accidents, and are therefore a material topic.

A range of impacts were identified by Europris on this material topic. The group recognises these impacts and addresses them through a dedicated human resources (HR) department and two designated HSE managers, who work continuously on following up any issues and on ensuring learning and improvement. The group's work on HSE is rooted in the Norwegian Working Environment Act, and the framework provided by the Norwegian Labour Inspection Authority is used as the basis for evaluating risks and creating action plans. A selection of impacts are presented in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Health and safety in the workplace	Insufficient training in HSE may lead to increased frequency of injuries and sickness absence for employees	Actual	Negative	No
	Preventive activities will limit the extent of work-related accidents	Actual	Positive	No
	Mental health care provided for employees prevents stress, low productivity, depression, sickness and more absence	Actual	Positive	Yes

Work environment

The annual employee engagement survey and various physical meetings throughout the year are important channels for employee feedback. Europris also has a work environment committee (AMU), which holds four meetings a year. Comprising representatives from head office, stores and warehouses, it plays an important role in the way the group works on:

i) investigating the risk of discrimination, inequality or HSE issues

ii) analysing causes of the identified risks

iii) suggesting and ensuring implementation of appropriate measures

iv) evaluating the results of measures taken.

To map risks, safety hazards or breaches of its policies, the group has electronic systems for recording deviations which are accessible to all employees. It regularly conducts employee interviews and satisfaction surveys, risk assessments and physical inspections. Based on the results from the employee satisfaction surveys, the group carries out a climate survey if necessary to understand the situation better, plus pursuing dialogue with relevant employees on taking the required action. The annual employee engagement survey in 2022 showed a high level of job satisfaction. Overall, the strong results from previous years were maintained.

Employees can report work-related risks or any deviations/breaches via their managers, the HSE manager or the HR department. These can also be reported anonymously through the external whistleblower system. The HSE managers, together with safety delegates and other employees, follow up any identified deviations. Information obtained is used to establish policies and improved work practices.

The workplace must never pose health and/or safety hazards for employees. To ensure safe and healthy working conditions, the group devotes great efforts to preventative and rehabilitative measures – including e-training of store staff, in-house HSE courses and specialised courses for elected safety delegates.

Preventive initiatives

Preventive initiatives are important for a workplace which promotes good health. All employees are enrolled in a HR management system, which contains several modules for ensuring easy management of employees and provides a solid foundation of HR master data secured in line with the GDPR. All employees have access to information, processes and routines in internal handbooks, which are updated in accordance with current laws and regulations.

To mitigate the level of sickness absence, the group has developed several "how to" e-learning courses for all employees. The majority of its managers took a one-day physical training course in 2022, which concentrated on regulations, best practice in using the HR system, case studies and dialogue. This has been followed up by a refresher course after three months to reinforce the lessons learnt. During 2022, the group invested in an extensive ergonomic survey to identify root causes which might cause injuries and sickness absence in the stores. Findings from this survey will lay the basis for preventive measures in 2023.

All employees at head office and warehouses, as well as store managers, are covered by corporate health insurance. This ensures that employees receive rapid treatment if they become ill or are injured, in addition to treatment by psychologists, chiropractors, physiotherapists and so forth.

The group works continuously to be a workplace which promotes good health. A significant ambition up to 2025 is to improve attendance and reduce sickness absence among employees. To achieve this, the group will continue to facilitate HSE-related learning and training programmes for managers and employees. Specific initiatives targeting mental health are high on the agenda, since absences related to such issues increased during the pandemic.

Our social responsibility

Corporate social responsibility (CSR) has become an increasingly important issue for companies worldwide, and is defined as "taking actions aimed at benefiting the society that the business operates in" (Corporate Finance Institute, 2022). Making a local contribution is very important for Europris because the 276 stores it had at 31 December 2022 are spread throughout Norway. They often play an important role in smaller communities, and the group wants to contribute positively to wellbeing in the local societies it is part of. This chapter explains how Europris engages with and gives back to these communities.

10 REDUCED INEQUALITIES

8 DECENT WORK AND ECONOMIC GROWTH

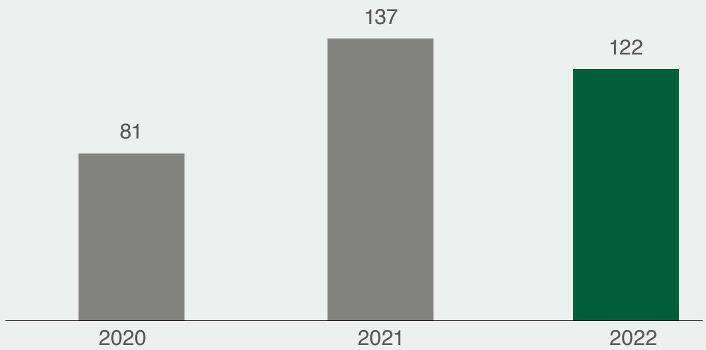
17 PARTNERSHIPS FOR THE GOALS

Ambition:
Contribute positively to people and the environments in the many local communities we are a part of.

Commitment:
Ensure that customers and other stakeholders are satisfied and that Europris gives back to society and the local community.

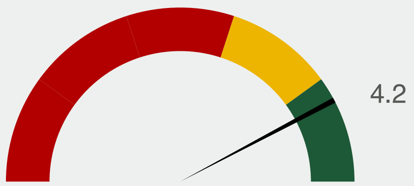
Material topics:
- Community engagement and local value creation.

Number of people in work training



Target: Give people the opportunity to be included in working life.

Contributing positively to local communities



Target:
Be a responsible company which contributes positively to local communities, with a score of at least 4 on a scale of 1-5

Source:
Employee survey 2022 (head office and distribution centre)

Community engagement and local value creation

Local value creation and community engagement is naturally a material topic, since Europris cares greatly about its customers and the local communities which it operates in. The group engages with stakeholders through sponsorships, partnerships and other community-building activities, as well as with charities contributing to both social and environmental causes. By making a large share of sustainable choices easily accessible and communicated well to everyone, the group plays an important role as an enabler of more sustainable but affordable living. Europris recognises its position as a local value creator and will always comply with local tax regulations as well as striving to create value through job creation and supporting the local community via its indirect value creation.

A range of impacts have been identified with this material topic. Some are presented below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Community engagement and local value creation	Lack of information and knowledge about a healthy lifestyle, leading to obesity	Actual	Negative	No
	Supporting local sports teams has a positive effect and helps to reduce inequality	Actual	Positive	No
	Discarding products after their expiry date causes waste rather than contributing to a circular economy	Actual	Negative	No

Our partnerships

The group's impact on local communities is a result of relationships with such organisations as the City Mission, Spond and the Norwegian Retailers Environment Fund. Europris contributes by supporting local activities and organisations, such as sports clubs, humanitarian and charitable organisations, cultural festivals and other events which take place in the areas where it has a presence. Moreover, the group supplies and donates products to several projects initiated locally by the City Mission, the Helping Heart and other organisations.

A corporate project on Europris as the local store was rolled out in 2022. The aim was to standardise procedures and provide local store managers with a toolkit of initiatives aligned with the group's ESG strategy, which enables them to serve and contribute to their communities. Work on this project has been communicated well internally and will continue to be pursued with increased vigour during 2023.

Through its cooperation with the City Mission, the group provides annual financial contributions to help improve conditions for those in need. Europris also contributes to this partnership by for example supplying products for projects at cost price, donating any surplus products it might have, distributing campaign materials for the City Mission through its communication platforms, and placing clothing containers outside its stores.

Europris has been a member of the Norwegian Retailers Environment Fund since 2018. Members donate NOK 1.00 to the fund for each plastic bag they sell. The group thereby contributed NOK 15.7 million to the fund in 2022. The proceeds are invested in local and global initiatives based on UN SDG 14, with the emphasis on three areas – reducing plastic waste, increasing resource efficiency, and cleaning shorelines. Initiatives in 2022 included the following:

- Participation in Clean Norway, the country's first comprehensive national clean-up programme, which covered in 10 counties. Europris employees were encouraged to join local clean-ups. The group staged a competition during its sustainability week in 2022 where all employees in the group were encouraged to fill one plastic bag with waste from their neighbourhood, and five winners received a prize for their efforts. This created great participation and engagement internally.

- Helping to clear away 4,000 tonnes of plastic waste from the natural environment.
- Helping to clean up 6,000 kilometres of coastline.

Inclusion and work training

Ensuring that no one is left behind is integral to sustainable development. The desire to address this is also the reason for adding SDG 10 – reduced inequalities – to the group's strategy. Attention in 2022 was revised to emphasis reducing inequality in and between Norwegian communities by contributing positively to human wellbeing at local level. Europris decided to add SDG 10 because of its recognition that the group can make a contribution which matters to vulnerable groups and minorities.

The group collaborates with social welfare schemes like the one run by the NAV, and welcomed 39 new employees under this umbrella in 2022, compared with 27 the year before. A further 122 people were included in our work training programme the year, as against 137 in 2021. This is an important partnership for Europris because it allows the group to contribute to an extended aspect of value creation by providing people with the opportunity to gain work experience and return to the workforce.

Europris will continue to strengthen its local presence by establishing stores in new locations around Norway. This allows people to shop where they live, making their lives more convenient and providing sustainable but affordable products for everyone.

The group worked in late 2022 on refining its strategy within social responsibility for two reasons. One is the incorporation of a new UN SDG. The other is providing content to support the local store project, which aims to standardise procedures and provide store managers with tools which make them better able to serve their communities. The group will evaluate future strategic partnerships in order to secure a good fit between this initiative and strategic partners at a national level.

Ole Øverlien Ravndal (21) had lost all enthusiasm for and faith in school after years of bullying and failing to fit in. Four years ago, he started working one day a week at Europris Ålgård. His life has now totally changed.

Good dialogue and support from store manager Sølvi Iren Søyland gave Ole the chance he needed. The number of days he worked increased rapidly as he proved able to tackle the job in a very positive way. He developed a network and friendships among colleagues and proved to himself and Søyland that he was in the right place.

Through a dedicated commitment, Ole has earned his trade certificate after passing several tests and documenting his in-store work experience. He is now a permanent part of the team and working five days a week.

"Ole has a customer service mindset and a positive attitude which many others can only dream of," Søyland says.

Over the years, Europris Ålgård has been among the group's stores engaged in recruiting young people who have dropped out of the school system.

Photo: Gjestalbuen/Hilde Anette Ebbesvik

Søyland welcomes the chance to utilise and include youngsters like Ole. "There's so much drive in these youngsters when you get the motivation right," she says. "It's so important to give them a chance to grow and be included.

"You need to have it in you to succeed as a store employee. And Ole definitely does."

Store openings in 2022


Frøya

Lagunen


Setermoen


Fjellhamar


Ensjø

Nittedal

GRI input – our people

GRI 2.7 Employment type	Number of Men	Number of Women
Permanent employees	854	1,176
Temporary employees	168	275
Employees without guaranteed hours	359	512
Total by gender	1,381	1,963
Total	**3,344**	

GRI 2.7 Employment capacity	Number of Men	Number of Women
Full-time employees	595	495
Part-time employees	786	1,468
Total by gender	1,381	1,963
Total	**3,344**	

2.8 Workers who are not employees

Europris had 27 franchises in 2022, with a total of 185 FTEs compared with 193 in 2021. The primary reason why the total number of employees decreased here was that the number of franchise stores declined by one. These people do the same work as other managers and employees in Europris stores.

GRI 401-1a New hires	Number of Men	Number of Women
Under 30 years	375	422
30-50 years	73	114
Over 50 years	15	30
Total new hires by gender	463	566
Total	**1,029**	

GRI 401-1a New hires, share of total	Share of Men	Share of Women
Under 30 years	36.5%	41.0%
30-50 years	7.1%	11.1%
Over 50 years	1.5%	2.9%
Total new hires by gender	45.0%	55.0%

401-3 Parental leave

Europris offers all employees, both full- and part-time, benefits in accordance with Norwegian legislation on parental leave.

GRI 401-3 Parental leave	Men	Women
Number of employees that took parental leave	44	39
Average numbers of weeks of parental leave	11	34

GRI 405-1 Employees, gender distribution	Share of Men	Share of Women
Management	80%	20%
Store managers	44%	56%
Remaining staff on individual pay agreements	58%	42%
Employees on collective agreements	39%	61%
Total	**41%**	**59%**
Board of directors	57%	43%

GRI 405-1 Employees, age distribution	Share Under 30 Years	Share 30-50 Years	Share Over 50 years
Management	0%	54%	46%
Store managers	6%	71%	23%
Remaining staff on individual pay agreements	12%	54%	34%
Employees on collective agreements	54%	35%	11%
Total	**47%**	**39%**	**13%**
Board of directors	0%	14%	86%

GRI 406-2 Gender balance and pay for different positions	Number of Men	Number of Women	Pay difference men vs women
Management	39	10	16.2 %
Store managers	112	144	2.7 %
Remaining staff on individual pay agreements	108	79	11.4 %
Employees on collective agreements	1,122	1,730	1.9 %
Total	**1,381**	**1,963**	**11.5 %**

GRI's are for Europris AS, Europris Butikkdrift AS and Europris Holding AS, unless otherwise specified. Numbers are based on status at 31 December 2022.

Independent Auditor's Report

To the board of directors of Europris ASA

We have been engaged by the Management of Europris ASA to provide limited assurance in respect of the information presented in scope 1, scope 2 and category 5 Waste in scope 3 in the Greenhouse Gas (GHG) statement included in the Sustainability Report section in the Europris – Annual Report 2022.

Conclusion

Based on our work, nothing has come to our attention causing us not to believe that the GHG statement scope 1 and scope 2 and category 5 Waste in scope 3 is not, in all material respects, prepared in accordance with the Greenhouse Gas (GHG) Protocol Standard.

Management's Responsibilities

Management of Europris ASA is responsible for the preparation and presentation of the GHG Statement and that it has been prepared in accordance with the reporting criteria described in the Report, including the GHG Protocol Standard. Management is also responsible for establishing such internal control management determine is necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards – IESBA Code, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion on the information presented in scope 1, scope 2 and category 5 waste in scope 3 in the GHG Statement. We conducted our work in accordance with International Standard on Assurance Engagements 3410, *Assurance Engagements on Grenhouse Gas Statements* ("ISAE 3410"), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the GHG statement is free from material misstatements.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of Europris ASA's use of GHG Protocol as the basis for the preparation of the GHG statement, assessing the risks of material misstatements of the GHG statement whether due to fraud or error responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Considering the risk of material misstatement, our procedures included, among others:

- Meetings with management in Europris and Cemasys to discuss issues, risks, important sustainability topics and procedures for collecting and reporting relevant data
- Analytical review of development and changes from prior reporting periods
- Review of evidence supporting the information in the report on a sample basis

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for a conclusion with a limited level of assurance on the subject matters.

Oslo, 22 March 2023

BDO AS

Terje Eggum Adolfsen
State Authorised Public Accountant

GRI index

Global Reporting Initiative (GRI) is an independent international standards organisation which has developed the world's most widely used framework for sustainability reporting. These guidelines consist of reporting principles, aspects and indicators which organisations can use to disclose information related to their financial, environmental and social performance.

Statement of use	Europris ASA has reported in accordance with the GRI standards for the period 01.01.2022-31.12.2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standard(s)	N/A

GRI standard/ other sourse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
GRI 2: General disclosures 2021	2-1 Organisational details	Directors´ report p.11	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organisation's sustainability reporting	Consolidated financial statement p. 90			
	2-3 Reporting period, frequency and contact point	a. Annually b. 01.01.2022-31.12.2022 c. 23.03.2023 d. Trude Mork Alnæs trude@europris.no			
	2-4 Restatements of information	No known errors from last reporting period p. 39			
	2-5 External assurance	a. Signed by the board. b. Sustainability report p.70-71			
	2-6 Activities, value chain and other business relationships	Sustainability report p. 41-48			
	2-7 Employees	GRI Input - Our people p. 69			
	2-8 Workers who are not employees	GRI Input - Our people p. 69			
	2-9 Governance structure and composition	Corporate governance p. 25-27			
	2-10 Nomination and selection of the highest governance body	Corporate governance p. 24-25			
	2-11 Chair of the highest governance body	No. The highest governance body is not a senior executive in the organisation	b: Yes	Not applicable	The chair is not a senior executive
	2-12 Role of the highest governance body in over-seeing the management of impacts	Sustainability report p. 37			
	2-13 Delegation of responsibility for managing impacts	Sustainability report p. 37			
	2-14 Role of the highest governance body in sustainability reporting	Sustainability report p. 37			
	2-15 Conflicts of interest	Corporate governance p. 26			
	2-16 Communication of critical concerns	Sustainability report p. 38			

GRI standard/ other sourse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
GRI 2: General disclosures 2021	2-17 Collective knowledge of the highest governance body	Sustainability report p. 37			
	2-18 Evaluation of the performance of the highest governance body	Corporate governance p. 26-27			
	2-19 Remuneration policies	Remuneration report			
	2-20 Process to determine remuneration	Remuneration report			
	2-21 Annual total compensation ratio	Ratio 13:1. Store employees represents the largest group of employees in Europris, which reflects the median compensation	b.	Information unavailable/ incomplete	First time reporting. We aim to report these indicators in the 2023 report
	2-22 Statement on sustainable development strategy	Sustainability report p. 37			
	2-23 Policy commitments	https://investor.europris.no/about-us/corporate-governance/policies/default.aspx			
	2-24 Embedding policy commitments	Sustainability report p. 38, p. 48			
	2-25 Processes to remediate negative impacts	We have the following sentance in our code of conduct: In the event of a breach of the code of conduct, Europris and the supplier will jointly prepare a plan for remedying the breach. Remediation must take place within a reasonable period of time. The contract will only be terminated if the supplier remains unwilling to remedy the breach following repeated enquiries.			
	2-26 Mechanisms for seeking advice and raising concerns	i. Our employees can seek advice on implementing policies and practices for responsible business conduct through its leaders, through documents on the internal employee handbook or through resources in the sustainability department. ii. The whistleblower channel can be used anonymously and is aimed for any relevant stakeholders of the organisation. The cases are handled confidentially by a third-party and through legal/HR department. Depending on the case, the management group is involved.			
	2-27 Compliance with laws and regulations	Sustainability report p. 38			
	2-28 Membership associations	Ethical Trade Norway, Amfori BSCI, CDP, Green Dot Norway, Norwegian Retailers Environmental Fund			
	2-29 Approach to stakeholder engagement	Sustainability report p. 36			
	2-30 Collective bargaining agreements	a. Sustainability report p.69 b. Yes			

GRI standard/ other sourse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Material topics					
GRI 3: Material topics 2021	3-1 Process to determine material topics	Sustainability report p. 34-35	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	Sustainability report p. 35			
Economic performance					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 34-35			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Directors´ report p.13			
	201-2 Financial implications and other risks and opportunities due to climate change	Directors´ report p.16-18 Sustainability report p.57			
Anti-corruption					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 38			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Ethical trade report			
	205-2 Communication and training about anti-corruption policies and procedures	a. 100% c. Code of conduct, embedded in all supplier contracts https://investor.europris.no/about-us/corporate-governance/policies/default.aspx	b. d. e.	Information unavailable/ incomplete	Lack of tracking procedure. We aim to report these indicators in the 2023 report
	205-3 Confirmed incidents of corruption and actions taken	Sustainability report p. 38			
Anti-competitive behavior					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 38			
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability report p. 38			
Energy					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 50			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	a. 11,335.5 MWh. Fossil fuels including petrol and diesel, electricity and district heating b. 32,898.2 MWh. Fossil fuels including petrol and diesel, electricity and district heating c. i. 43,119.8 MWh grid. 47.7 MWh self-generated. ii 454.5 MWh grid. e. 44,233.7 MWh. f. GHG Protocol g. DEFRA, IEA	c. iii and iv d.	Not applicable	Not relevant
	302-2 Energy consumption outside of the organisation		Yes	Not applicable	Not relevant

GRI standard/ other sourse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Emissions					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 51			
	305-1 Direct (Scope 1) GHG emissions	a, b, f, g. Sustainability report p. 51	c. d. e.	Not applicable Information unavailable/ incomplete	Not relevant Will be developed in 2024 as a part of the process of submitting an application to SBTi
	305-2 Energy indirect (Scope 2) GHG emissions	a, b, c, f, g. Sustainability report p. 51 e. IEA for location-based and AIB for market-based emission factors	d.	Information unavailable/ incomplete	Will be developed in 2024 as a part of the process of submitting an application to SBTi
	305-3 Other indirect (Scope 3) GHG emissions	a, b, c, d, g. Sustainability report p. 51 f. Emission factors are from a range of different databases, depending on the scope 3 category in question. Europris have not created its own emission factors.	e.	Information unavailable/ incomplete	Will be developed in 2024 as a part of the process of submitting an application to SBTi
Waste					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 50			
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	a. Sustainability report p. 55 Waste management. Europris has environmental screening and audit by Miljøfyrtårn. b. Strategic cooperation with Ragn-Sells, who specialise in waste management. c. Digital reports and dialogue with strategic partner, Ragn-Sells.			
	306-3 Waste generated	a. Residual waste: 1638t Mixed waste: 5228t Cardboard waste: 303t EE waste: 3t Hazardous waste: 6t Metal waste: 12t Mineral oil waste: 0.07t Organic waste: 38t Plastic waste: 94t Wood waste: 120t Glass waste: 0.77t b. Sustainability report p. 55			
Supplier environmental assessment					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 47			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria		Yes	Information unavailable/ incomplete	Will be started with Amfori BEPI in 2024
	308-2 Negative environmental impacts in the supply chain and actions taken		Yes	Information unavailable/ incomplete	Will be started with Amfori BEPI in 2024

GRI standard/ other sourse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Employment					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 60			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	GRI Input - Our people p. 69 b. Turnover rate 23.4% - Men 24.6% Women 22.4%	b.	Information unavailable/ incomplete	Turnover not reported by age group. We aim to report on these indicators in the 2023 report
	401-3 Parental leave	GRI Input - Our people p. 69	c,d,e	Information unavailable/ incomplete	We aim to report these indicators in the 2024 report
Occupational health and safety					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 63			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Sustainability report p. 63-64			
	403-2 Hazardidentification, risk assessment, and incident investigation	Sustainability report p. 63-64	c.	Not applicable	Not relevant
	403-3 Occupational health services	Sustainability report p. 63-64			
	403-4 Worker participation, consultation, and communi-cation on occupational health and safety	Sustainability report p. 63-64			
	403-5 Worker training on occupational health and safety	Sustainability report p. 63-64			
	403-6 Promotion of worker health	Sustainability report p. 64 All employees are covered by mental health service in the event of an emergency			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability report p. 63-64			
	403-10 Work-related ill health	a. i: 0, ii, iii Directors´ report p. 15 b. 0 d. No workers excluded	c, e	Information unavailable/ incomplete	We aim to report these indicators in the 2023 report
Training and education					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 60			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	A total of 7,166 hours of completed training were tracked across the group. In addition, courses are conducted per department that is not tracked			

GRI standard/ other sourse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Diversity and equal opportunity					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 60			
GRI 405: Diversity and equal oppor-tunity 2016	405-1 Diversity of governance bodies and employees	GRI Input - Our people p. 69			
	405-2 Ratio of basic salary and remuneration of women to men	GRI Input - Our people p. 69			
Non-discrimination					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 38			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2022 two cases were reviewed by the HR department in relation to discrimination. Incident is no longer subject to action.	b. ii-iv	Not applicable	Not relevant
Freedom of association and collective bargaining					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 47			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Ethical trade report			
Child labor					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 47			
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	a. i: Child labour (UN convention on the rights of the child, ILO conventions nos. 138, 182 and 79, and ILO recommendation no. 146). There shall be no recruitment of child labor defined as any work performed by a child younger than the age(s) specified in the code of conduct. ii: 0 b. i: We do yearly due diligence assessments reported in the Ethical trade report. Child labor is seen as little risk within our operations and suppliers. ii: 0 c. The code of conduct regulates our zero tolerance towards child labor.			
Forced or compulsory labor					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 47			
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability report p. 47 Etical trade report			

GRI standard/ other sourcse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Rights of indigenous peoples					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 47			
GRI 411: Rights of indigenous peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	a. No incidents in relation to indigenous peoples.	b.	Not applicable	Not relevant
Local communities					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 66			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Environmental and social impact assessment is irrelevant to our store network as we are not building new stores. The material topic focus on local value creation and community engagement with SDG goal on reduced inequality, decent work and equal pay for work of equal value			
Supplier social assessment					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 47			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability report p. 41			
	414-2 Negative social impacts in the supply chain and actions taken	b. Ethical trade report c. Sustainability report p. 47 e. The nature of our business is to screen a number of suppliers before choosing the ones who are compliant with demands and requirements	a, d	Information unavailable/ incomplete	We aim to report these indicators in the 2024 report
Customer health and safety					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 45			
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability report p. 45-46			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability report p. 45-46	b.	Not applicable	Not relevant

GRI standard/ other sourse	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Marketing and labeling					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 38, 45			
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	a. The organisation is responsible for correct content and labeling that ensures safe use of products as well as information about the recycling of the product after use. This is taken care of by the department of quality and product safety. The department has developed a risk matrix to meet all necessary requirements	b.	Information unavailable/ incomplete	Insufficient data
	417-2 Incidents of non-compliance concerning product and service information and labeling	Sustainability report p. 46	b.	Not applicable	Not relevant
	417-3 Incidents of non-compliance concerning marketing communications	Sustainability report p. 38	b.	Not applicable	Not relevant
Customer privacy					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report p. 38			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability report p. 38			

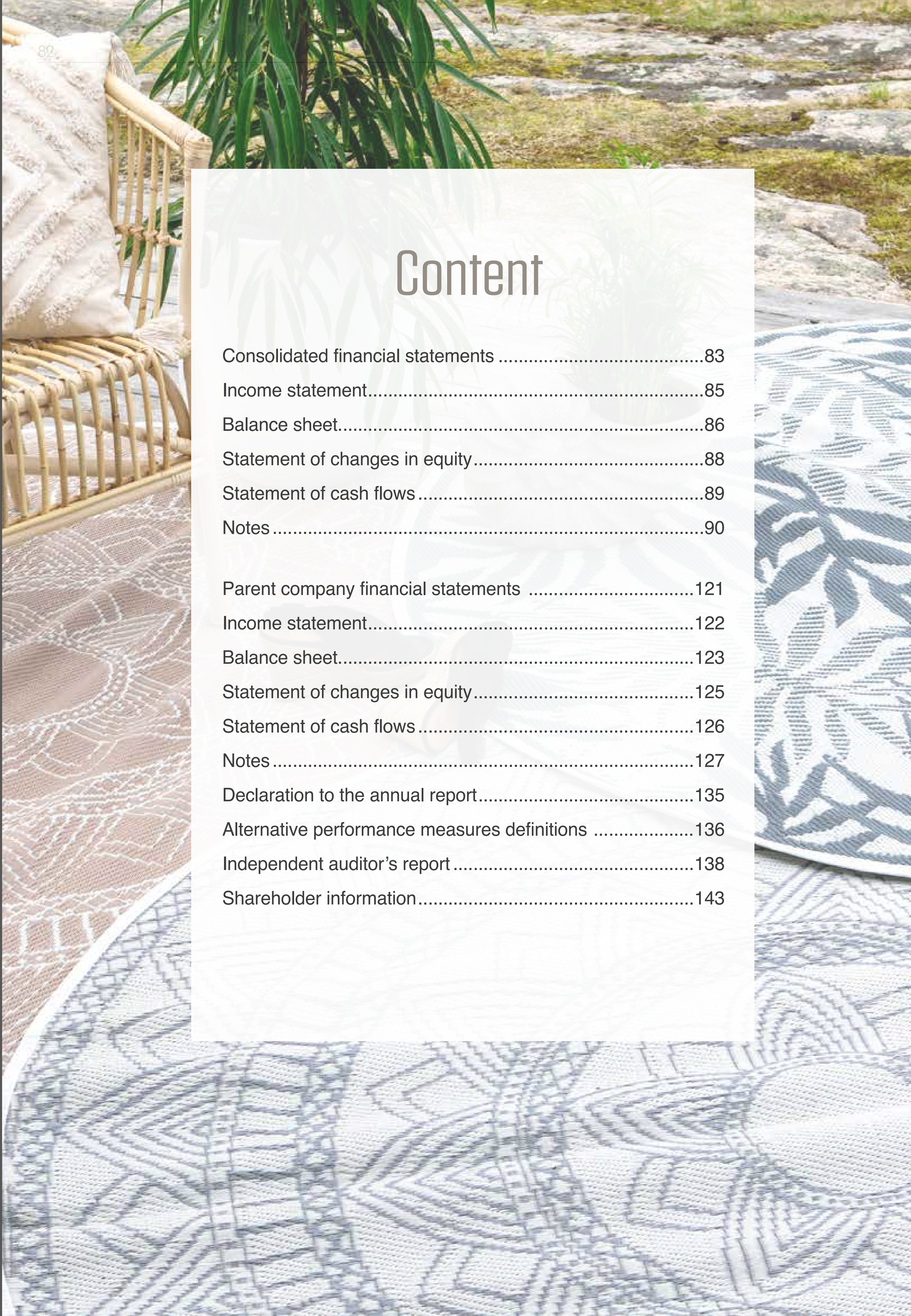
The group management

Espen Eldal - CEO

Espen Eldal was appointed CEO of Europris in April 2020. He has been the Chief Financial Officer of the company since 2014. Prior to his appointments in Europris, he served as managing director of Berendsen Tekstil Service AS, and Sales & Marketing Director and Finance Manager of PartnerTech, Norway. Prior to this, Mr Eldal worked as a Finance Manager in Travel Retail Norway, prior to which he held various executive positions in Gate Gourmet both in Scandinavia and in Switzerland. Mr Eldal holds a Bachelor in Finance and Administration from Oslo University College, is a certified auditor and has completed the Officers' Training School. Mr Eldal is a Norwegian citizen and resides in Norway.

Stina C Byre - CFO

Stina Charlene Byre started as CFO of Europris in January 2021. Ms Byre came from the position as CFO of COWI AS, where she had been CFO since 2019. Prior to this, she spent 10 years in Orkla, holding various financial management positions; CFO of Orkla Health Group, CFO of Pierre Robert Group, Financial Manager of Lilleborg and Financial Manager of Orkla Brands. Ms Byre started her career as a management consultant at McKinsey & Company. She holds a Master of Business and Economics from BI Norwegian Business School, including exchange programme at Texas A&M University in the USA. Ms Byre is a Norwegian citizen and resides in Norway.



Content

EUROPRIS ASA GROUP 2022

Consolidated income statement

Figures are stated in NOK 1,000	Note	2022	2021
Revenue	4,5	8,928,898	8,568,379
Other income	5	86,868	79,798
Total operating income	5	**9,015,766**	**8,648,177**
Cost of goods sold	20	4,832,783	4,592,143
Employee benefit expensees	6,7,8	1,295,131	1,230,303
Depreciation	12,13,14	611,035	571,223
Other operating expenses	6,9,14	836,461	742,749
Total operating expenses		**7,575,410**	**7,136,420**
Operating profit		**1,440,356**	**1,511,758**
Interest income	10	200	102
Other financial income	10	39,222	28,253
Total financial income		**39,422**	**28,354**
Interest expense	10,14	122,796	101,548
Other financial expense	10	24,020	21,201
Total financial expense		**146,816**	**122,750**
Net financial income (expense)		**(107,394)**	**(94,395)**
Profit/(loss) from associated companies	16	4,047	189
Profit before tax		**1,337,009**	**1,417,551**
Income tax expense	11	295,153	313,588
Profit for the year	18	**1,041,856**	**1,103,963**
Profit attributable to non-controlling interests		21,887	22,152
Profit attributable to owners of the parent		1,019,969	1,081,811
Earnings per share (basic and diluted) – in NOK	18	**6.34**	**6.72**
Consolidated statement of comprehensive income			
Profit for the year		1,041,856	1,103,963
Other income and expense		-	-
Total comprehensive income for the year		**1,041,856**	**1,103,963**
Profit attributable to non-controlling interests	17	21,887	22,152
Profit attributable to owners of the parent		1,019,969	1,081,811

Notes 1 to 29 are an integral part of the consolidated financial statements

Consolidated balance sheet

Figures are stated in NOK 1,000	Note	31-12-2022	31-12-2021
ASSETS			
Non-current assets			
Software	12	92,967	65,421
Trademark	12	591,266	591,266
Goodwill	12,15	2,191,054	2,073,373
Land	13,15	21,224	46,190
Buildings	13,15	113,230	119,362
Fixtures and fittings	13	338,070	328,520
Right-of-use assets	14	2,434,465	2,320,022
Investment in associated companies	16	132,925	128,844
Other investments		374	383
Other receivables	19,25	36,651	28,391
Derivatives	24,25	76,667	37,676
Total non-current assets		**6,028,893**	**5,739,449**
Current assets			
Inventories	20	2,383,837	1,997,312
Trade receivables	19,25	215,175	215,480
Other receivables	19,25	65,256	44,241
Provisions	19,25	62,882	60,816
Derivatives	19,24,25	4,725	11,494
Cash	21,25	464,488	570,286
Total current assets		**3,196,363**	**2,899,629**
Total assets		**9,225,256**	**8,639,078**

Notes 1 to 29 are an integral part of the consolidated financial statements

Consolidated balance sheet

Figures are stated in NOK 1,000	Note	31-12-2022	31-12-2021
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	22	212,684	212,624
Other paid-in capital	22	22,054	20,718
Other equity		2,725,783	2,386,704
Total shareholders' equity		**2,960,521**	**2,620,046**
Non-controlling interests	17	322,082	268,680
Total equity		**3,282,603**	**2,888,726**
Liabilities			
Non-current liabilities			
Deferred tax liability	11	57,622	52,332
Borrowings	2,23,25,26	1,085,349	1,091,521
Lease liabilities	14,26	2,015,033	1,913,555
Total non-current liabilities		**3,158,004**	**3,057,407**
Current liabilities			
Borrowings	2,23,25	5,000	5,000
Current lease liabilities	14,26	521,958	490,164
Accounts payable	2,25	876,419	843,854
Tax payable	11	291,305	324,057
Public duties payable	25	393,683	376,023
Put option liability	2,15	281,221	246,528
Other current liabilities	2,23	406,090	404,379
Derivatives	24,25	8,973	2,940
Total current liabilities		**2,784,650**	**2,692,945**
Total liabilities		**5,942,654**	**5,750,352**
Total equity and liabilities		**9,225,256**	**8,639,078**

Fredrikstad, 23 March 2023

THE BOARD OF DIRECTORS OF EUROPRIS ASA

Tom Vidar Rygh
Chair

Claus Juel-Jensen

Hege Bømark

Bente Sollid Storehaug

Karl Svensson

Tone Fintland

Pål Wibe

Espen Eldal
CEO

Notes 1 to 29 are an integral part of the consolidated financial statements

Consolidated statement of changes in equity

Figures are stated in NOK 1,000	Share capital	Treasury shares	Share premium	Other paid-in capital	Other equity	Total	Non-controlling interests	Total equity
Equity 01.01.2022	**166,969**	**(5,997)**	**51,652**	**20,718**	**2,386,704**	**2,620,046**	**268,680**	**2,888,726**
Profit for the period	-	-	-	-	1,019,969	1,019,969	21,887	1,041,856
Dividend	-	-	-	-	(643,886)	(643,886)	(16,500)	(660,386)
Sale of treasury shares	-	59	-	1,336	1,505	2,900	-	2,900
Non-controlling interests on acquisition of subsidiary	-	-	-	-	(4,437)	(4,437)	47,977	43,540
Put option liability	-	-	-	-	(34,693)	(34,693)	-	(34,693)
Translation differences	-	-	-	-	622	622	38	660
Other comprehensive income	-	-	-	-	-	-	-	-
Equity 31.12.2022	**166,969**	**(5,938)**	**51,652**	**22,054**	**2,725,784**	**2,960,521**	**322,082**	**3,282,603**
Equity 01.01.2021	**166,969**	**(6,150)**	**51,652**	**17,475**	**1,983,661**	**2,213,608**	**-**	**2,213,608**
Profit for the period	-	-	-	-	1,081,811	1,081,811	22,152	1,103,963
Dividend	-	-	-	-	(434,207)	(434,207)	-	(434,207)
Net purchase/sale of treasury shares	-	153	-	3,243	3,874	7,270	-	7,270
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	246,528	246,528
Put option liability	-	-	-	-	(246,528)	(246,528)	-	(246,528)
Translation differences	-	-	-	-	(1,907)	(1,907)	-	(1,907)
Other comprehensive income	-	-	-	-	-	-	-	-
Equity 31.12.2021	**166,969**	**(5,997)**	**51,652**	**20,718**	**2,386,704**	**2,620,046**	**268,680**	**2,888,726**

In accordance with sections 9-4 and 9-5 of the Norwegian Public Limited Liability Companies Act, the board is mandated to acquire the company's own shares subject to specific conditions. See note 22 for details of treasury shares.

Consolidated statements of cash flows

Figures are stated in NOK 1,000	Note	2022	2021
Cash flows from operating activities			
Profit before income tax		1,337,009	1,417,551
Adjusted for:			
– Depreciation fixed assets	13,14	580,654	546,123
– Amortisation intangible assets	12	30,381	25,100
– Loss on sale of fixed assets		945	-
– Unrealised gain and loss on derivatives	10,17	(38,991)	(25,880)
– Net interest expense exclusive of change in fair value derivatives	10	162,516	124,877
– Profit from associated companies	16	(4,047)	(189)
Changes in net working capital (exclusive effect of acquistions):		(374,048)	(138,706)
– Inventory		(345,364)	(184,661)
– Accounts receivable and other current receivables		(28,356)	(17,334)
– Accounts payable and other current debt		25,862	139,302
– Decrease/(increase) in financial assets at fair value through profit or loss		(26,190)	(76,013)
Interest received		200	102
Interest paid	10	(123,725)	(99,099)
Income tax paid	11	(323,191)	(258,529)
Net cash generated from operating activities		**1,247,703**	**1,591,351**
Cash flows from investing activities			
Proceeds from sale of fixed assets	13	26,021	176
Purchases of fixed assets	13	(84,750)	(98,450)
Purchases of intangible assets	12	(57,927)	(32,490)
Acquisitions	15	(92,351)	(553,204)
Proceeds from sale of financial assets		-	62
Net cash used in investing activities		**(209,007)**	**(683,906)**
Cash flows from financing activities			
Proceeds from borrowings		-	2,636
Repayment of debt to financial institutions		(5,000)	(3,750)
Principal paid on lease liabilities	14	(482,008)	(449,162)
Dividend		(643,886)	(434,207)
Sale/buy-back of treasury shares		2,900	7,270
Dividends paid to non-controlling interests in subsidiaries		(16,500)	-
Net cash from financing activities		**(1,144,494)**	**(877,214)**
Net decrease/increase in cash		**(105,798)**	**30,231**
Cash at beginning of year (01.01)		**570,286**	**540,056**
Cash at end of year (31.12)		**464,488**	**570,286**

Notes 1 to 29 are an integral part of the consolidated financial statements

Notes to the consolidated financial statements

1 Accounting principles

1.1 Basis of preparation

The consolidated financial statements for Europris ASA ("the group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as Norwegian disclosure requirements pursuant to section 3-9 of the Norwegian Accounting Act at 31 December 2022. The accounting policies adopted are consistent with those of the previous financial year.

The board approved the consolidated financial statements on 23 March 2023.

The consolidated financial statements have been prepared on a historical cost basis with the following exceptions:

- derivative instruments are recognised at fair value through profit and loss.

The group has applied the going concern assumption in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information regarding future expectations.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or where the assumptions and estimates are significant for the consolidated financial statements are disclosed in note 3.

1.2 Consolidation

The consolidated financial statements include the parent company Europris ASA and all its subsidiaries.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in profit or loss. A contingent consideration which is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate consideration transferred and the amount of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit and loss.

Intercompany transactions, balances, revenue and expenses arising from transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The consolidated financial statements include Europris ASA and its subsidiaries.

Company	Ownership/voting share
Europris ASA	parent company
Europris Holding AS	100%
Europris AS	100%
Europris Butikkdrift AS	100%
Lunehjem.no AS	67%
Lekekassen Holding AS	67%
Strikkemekka Holding AS	67%

The Lena Lavpris AS company was acquired by Europris AS at January 2022 and merged with Europris Butikkdrift AS with effect from 1 January 2022.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which that control ceases. When the group ceases to have control, any remaining interest in the entity is re-measured to its fair value at the date when control ceases, with the change in carrying amount recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the remaining interest as an associate, joint venture or financial asset.

IFRS 10 Consolidated financial statements is based on the principle of using the control term as the decisive criterion to decide whether a company should be included in the consolidated financial statements. The application guidance to the standard provides guidance when determining whether an entity has control over a franchisee. Based on the guidance in IFRS 10, the group has determined that it does not control its franchisees and the franchises are therefore not consolidated.

1.3 Investment in associates

The group has investments in associates. Associates are entities over which the group has significant influence, but not control over financial and operating management.

The considerations made in determining whether the group has significant influence over an entity are similar to those necessary to determine control over subsidiaries.

Associates are accounted for using the equity method from the date when significant influence is achieved until such influence ceases.

Investments in an associate are initially recognised at cost. The contingent consideration is included in cost and changes in estimated contingent consideration will be recognised as an adjustment of cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of the net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the group's share of the results of operations of the associate. In addition, when there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate are eliminated to the extent of the interest in the associate.

If there are indications that the investment in the associate is impaired, the group will perform an impairment test of the carrying amount of the investment. Any impairment losses are recognised as share of profit of an associate in the statement of profit or loss.

If the group's share of the loss surpasses the carrying amount of the associate, the carrying amount is set to zero and further loss is not recognised unless the group has an obligation to make up for the loss.

Upon loss of significant influence over the associate, such that the equity method ceases to apply, the group measures and recognises any retained investment at its fair value. A new measurement of remaining ownership interests will not be performed if the equity method is still applicable.

1.4 Segment reporting

The Europris group as a whole is defined and identified as one operating segment. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the group management. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker.

1.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement. Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Non-monetary items which are measured at fair value in foreign currency are translated into the functional currency at the reporting date. Changes in exchange rates are recognised continuously in operating profit.

The consolidated financial statements are presented in NOK, which is the group's presentation and functional currency.

1.6 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount which reflects the consideration which the group expects to be entitled to in exchange for those goods or services. The group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods

The group operates a chain of stores in the discount variety retail sector and online stores which sells consumer goods, including sales to franchise stores.

The group recognises revenue from the sale of goods at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods. Revenue from the sale of goods over the internet is recognised at the point that control of the inventory have passed to the customer, which is the point of delivery. Retail sales are usually in cash or by debit or credit cards.

Certain contracts provide a customer with a right to return the goods within a specified period. The group uses the expected value method to estimate the goods which will not be returned, because this method best predicts the amount of variable consideration to which the group will be entitled.

Franchise fee

The fees received from franchises are recorded as "other income".

1.7 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Norway, where the company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised with regard to goodwill arising from business combinations. Deferred income tax is determined using tax rates (and laws) which have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for the deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

1.8 Property, plant and equipment

Property, plant and equipment are recorded at historical cost less depreciation. Historical cost includes expenditure which is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised when replaced. All other repairs and maintenance expenditures are recognised in profit and loss in the period when the expense is incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to depreciate their cost to their residual value over the estimated useful lives, as follows:

technical and electrical installations	5-15 years
fixture and fittings	7-10 years
vehicles	5 years
machinery and equipment	3 years
IT equipment	3 years
buildings	5-25 years
land	not depreciated

The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

1.9 Leases

Identifying a lease

At the inception of a contract, the group assesses whether the contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

The group as a lessee

Separating components in the lease contract

For contracts which constitute or contain a lease, the group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources which are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The group then accounts for each lease component in the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

At the lease commencement date, the group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- short-term leases (defined as 12 months or less)
- low-value assets

For these leases, the group recognises the lease payments as other operating expenses in the statement of profit or loss when they are incurred.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term which were not paid at the commencement date. The lease term represents the non-cancellable period of the lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.

The lease payments included in the measurement comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments which depend on an index or a rate, initially measured using the index or rate as at the commencement date

- the exercise price of a purchase option, if the group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The group does not include variable lease payments in the lease liability. Instead, the group recognises these variable lease expenses in profit or loss.

The group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets

The group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprises:

- the amount of the initial measurement of the lease liability recognised
- any lease payments made at or before the commencement date, less any incentives received
- any initial direct costs incurred by the group
- an estimate of the costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified. Store profitability is monitored on an ongoing basis and stores that deliver below expectations are followed up and necessary measures implemented.

1.10 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at the acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value are less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating unit (CGU) which is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are performed annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Trademarks and contractual rights

Separately acquired trademarks and contractual rights are recognised at cost. Trademarks and contractual rights acquired in a business combination are recognised at fair value at the acquisition date. Trademarks (the brand name “Europris” and “Lekekassen”) are deemed to have an indefinite lifetime and are not amortised as a consequence, but tested for impairment annually. Contractual rights and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of contractual rights over their estimated useful life.

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs which are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use
- management intends to complete the software product and use or sell it
- there is an ability to use or sell the software product
- it can be demonstrated how the software product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- the expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are amortised over their estimated useful lives of three years.

1.11 Financial instruments

A financial instrument is any contract which gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The group´s financial assets are derivatives, trade receivables, other receivables and cash.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables which do not contain a significant financing component, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through other comprehensive income, transaction costs.

The group classifies its financial assets in these categories:

- financial assets at amortised cost
- derivatives at fair value through profit and loss.

The group does not apply hedge accounting.

Financial assets at amortised cost

The group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows which are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost include trade receivables and other current deposits. Trade receivables which do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. Receivables are subsequently measured at amortised cost using the EIR method minus provision for expected credit losses.

Derivatives at fair value through profit and loss

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value in profit or loss. The category includes foreign exchange contracts and interest rate swaps.

Derecognition of financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (in other words, removed from the group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the group has transferred its rights to receive cash

flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ”pass-through” arrangement; and either

a. the group has transferred substantially all the risks and rewards of the asset, or

b. the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or derivatives through profit and loss. Derivatives are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Derivatives are financial liabilities when the fair value is negative, accounted for in the same way as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs which are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Payables are measured at their nominal amount when the effect of discounting is not material.

Borrowings are classified as current unless the group has an unconditional right to delay the payment of the debt for more than 12 months from the reporting date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.12 Inventories and cost of goods sold

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated sales price for the goods. Historical cost is calculated using a weighted average historical cost and includes expenditures directly linked to getting the goods to their final location and condition. Foreseeable obsolescence is assessed continuously. The group's inventories consist solely of goods purchased for resale.

Goods for sale are often purchased in currencies other than Norwegian kroner, and the purchase price in Norwegian kroner is locked in through the use of foreign currency derivative contracts. Both unrealised and realised gains or losses on the foreign currency derivatives which are economic hedges for inventory purchases are included as part of cost of goods sold (COGS). Similarly, unrealised foreign currency exchange gains and losses on inventory trade payables and realised foreign currency exchange gains or losses at the time of payment are also included as part of COGS.

1.13 Cash

Cash includes cash in hand and bank deposits. Bank overdrafts are presented in the statement of cash flows less cash.

1.14 Treasury shares

When treasury shares are repurchased, the purchase price including directly attributable costs is recognised in equity. Treasury shares are presented as a reduction in equity. Losses or gains on transactions involving treasury shares are not recognised in the statement of comprehensive income.

1.15 Post-employment benefits

The group has two post-employment schemes: one defined contribution and one contractual retirement scheme. The contractual retirement scheme is effective from 1 January 2011 and is deemed to be a defined benefit multi-employer plan, but recognised as a defined contribution agreement since insufficient reliable information is available to estimate the group's proportionate share of pension expense, liability and funds in the collective scheme.

In a defined contribution arrangement, the group contributes to a public or private insurance plan. The group has no remaining liabilities after the contribution to the insurance plan has been made. The contributions are recognised as a personnel expense when they are incurred.

1.16 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the group has an existing legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are recognised when the group has an existing obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that an outflow of economic resources will be required from the group, and the amount can be estimated reliably. The timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the existing obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the existing obligation.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and an assessment of all possible outcomes and the accompanying probabilities.

1.17 Written put options over non-controlling interest

The group has written put options over non-controlling interests in Lekekassen Holding AS ("Lekekassen") and Strikkemekka Holding AS ("Strikkemekkea"). The holders of the non-controlling shares is also the CEO of Lekekassen and the CEO of Strikkemekka. If the CEOs resigns, the group has a right and an obligation to purchase the shares in Lekekassen and Strikkemekka for a cash consideration. The consideration to be paid is based on a multiple of EBITDA. At initial recognition, a financial liability is recognised for the present value of the redemption amount, with a corresponding charge directly to shareholders' equity. The present value of the redemption amount is estimated to be no less than equal to the amount payable if the put option were exercised at the end of the period. The financial liability is remeasured to reflect changes in the estimated redemption amount, with a corresponding charge to shareholders' equity.

The non-controlling interest continues to be recognised, and is attributed its share of profit and loss and total comprehensive income.

1.18 Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. In cases where the possible outflow of economic resources as a result of existing obligations is considered improbable or remote, no liability is recognised.

A contingent asset is not recognised in the financial statements, but disclosed if it is probable that the benefit will flow to the group.

1.19 Subsequent events

New information after the reporting date regarding the group's financial position at the reporting date is taken into consideration in the consolidated financial statements. Events after the reporting date which do not affect the group's financial position at the reporting date, but which will affect the financial position of the group in the future, are noted if they are considered significant.

1.20 New standards, amendments and interpretations not yet adopted by the group

The group's intention is to adopt the relevant new and amended standards and interpretations when they become effective.

There are no IFRSs or IFRIC interpretations which are not yet effective which would be expected to have a material impact on the group.

2 Financial risk management

The group's core business is discount variety retail. This exposes the group to a variety of financial risks: market (including currency, fair value interest-rate and price), credit and liquidity risk. The goal of the group's overall risk management programme is to minimise potential adverse financial performance effects of these risks, which result from unpredictable changes in capital markets. The group uses financial derivatives to hedge against certain risks. Hedge accounting is not applied.

The financial risk management programme for the group is carried out by its central treasury department under policies approved and monitored by the board. The treasury department identifies, evaluates, hedges and reports financial risks in cooperation with the various operating units in the group. The board approves the principles of overall risk management as well as policies covering specific areas, such as currency exchange risk, interest-rate risk, credit risk, the use of financial derivatives and liquidity management.

2.1 Market risk

2.1.a Currency exchange risk

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. The hedging strategy is based on an assessment of the possibilities and estimated time period required to adjust the business to the changes in foreign exchange rates.

The following table illustrates the sensitivity of the group to potential currency changes.

Figures are stated in NOK 1,000

Foreign currency sensitivity	Changes in currency	Effect on post-tax profit	
		2022	2021
USD/NOK	+10%	-46,143	-53,844
	-10%	+46,143	+53,844
EUR/NOK	+10%	-14,184	-14,364
	-10%	+14,184	+14,364

Hedge accounting is not applied.

2.1.b Price risk

The group has limited exposure to price risk

2.1.c Interest-rate risk

The group's exposure to interest-rate risk arises from its bank borrowings. The interest-bearing debt has floating rates, which means it is affected by changes in interest-rates. The group's financial policy includes a detailed descripton of hedging, and 60 per cent of the principal of the group's bank loans is presently hedged. The current interest-rate swaps expire in July 2027 and 2030. Management monitors development in the market, and regularly assesses the exposure to interest-rate risk. The interest-rate risk which arises from loans with a floating interest rate is managed by using interest-rate swaps.

The following table illustrates the sensitivity of the group to potential interest-rate changes.

Figures are stated in NOK 1,000

Interest-rate sensitivity	Changes in interest rate	Effect on post-tax profit
2022	+1%	-3,865
	-1%	+3,865
2021	+1%	-3,890
	-1%	+3,890

Hedge accounting is not applied.

2.2 Credit risk

The group has limited exposure to credit risk, since most of its revenue transactions are settled by cash or debit cards. However, a small share of its revenue comes from franchise agreements, where each franchisee is granted credit. As a franchisor, the group monitors its franchisees closely to mitigate the credit risk. Losses on trade receivables have historically been limited.

2.3 Liquidity risk

The treasury department prepares and monitors cash flow forecasts of the groups's liquidity requirements to ensure that the group has sufficient cash to meet operational commitments, and to maintain sufficient flexibility to meet unused credit facilitiy requirements (see note 23) without breaching financial covenants.

The following table sets out the contractual maturities (representing undiscounted cash flows) of financial liabilities.

Figures are stated in NOK 1,000

At 31.12.2022	Up to 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
Accounts payable	876,419	-	-	-	876,419
Other current liabilities	406,090	-	-	-	406,090
Borrowings including interest	14,834	14,841	1,029,313	19,575	1,078,563
Put option liability	281,221	-	-	-	281,221
Derivatives	8,973	-	-	-	8,973
Total	**1,587,538**	**14,841**	**1,029,313**	**19,575**	**2,651,267**

At 31.12.2021	Up to 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
Accounts payable	843,854	-	-	-	843,854
Other current liabilities	404,379	-	-	-	404,379
Borrowings including interest	15,745	14,480	114,672	1,022,000	1,166,897
Put option liability	246,528	-	-	-	246,528
Derivatives	2,940	-	-	-	2,940
Total	**1,513,446**	**14,480**	**114,672**	**1,022,000**	**2,664,598**

2.4 Capital management risk

The group's objectives when managing capital are to ensure the ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital, including compliance with covenants in the loan agreements (see note 23 for further details). The long-term financial ambition is a dividend policy of paying out 50-60 per cent of net profit while maintaining an efficient balance sheet.

At 31 December 2022, the group's equity totalled NOK 3,283 million, which corresponded to an equity ratio of 35.6 per cent. The board considers Europris' capital structure to be adequate in relation to the group's objectives, strategy and risk profile.

3 Critical accounting estimates and judgements

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable.

3.1 Critical accounting estimates and assumptions

The group prepares estimates and assumptions regarding future expectations. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and assumptions which represent a significant risk of causing material adjustments to the book value of assets and liabilities within the next financial year are discussed below.

3.1.a Provision for obsolescence

The group makes provision for obsolescence. These provisions are based on a detailed assessment of the age distribution of inventory items and whether the goods are part of an active or expired product range. The assessment is made on each individual inventory item and the obsolescence provision increases the longer the item remains in stock. Goods older than three years have the highest write-down rate. Write-down for obsolescence is made when the cost of the goods is higher than the expected net sales value. These provisions are estimate-based and require in-depth knowledge about goods and market.

3.1.b IFRS 16 Leases

In determining the lease term for each contract, the group must continuously assess whether there are extension options and termination rights which should be taken into account when determining the rental period. The group has established guidelines for these assessments. Typically, lease contracts are renegotiated at the end of the non-cancellable period, and a new contract is entered into on better terms in the form of both shorter duration and lower rent. This means that extension options in the lease contracts are not normally included in the IFRS 16 calculation.

Determination of the discount rate as a basis for calculating the present value of future lease liabilities also involves the use of discretion. A fixed methodology has also been established for this process. The approach is based on interval division of the leases according to the remaining term of the contracts. The basis for the discount rate calculation is a risk free interest rate plus a margin reflecting the maturity of the contracts.

3.1.c Written put options over non-controlling interest

The group has a written put option over the non-controlling interests in Lekekassen Holding AS ("Lekekassen") and Strikkemekka Holding AS ("Strikkemekka"). The holders of the non-controlling shares is also the CEO of Lekekassen and CEO of Strikkemekka. If the CEOs resigns, the group has a right and an obligation to purchase the shares in Lekekassen and Strikkemekka for a cash consideration. The consideration to be paid is based on a multiple of EBITDA. According to IAS 32 Financial Instruments: Presentation, a financial liability should initially be recognised at the present value of the redemption amount with a corresponding charge to equity. The IFRS does not provide guidance on which component of equity should be charged, and on whether the non-controlling interest should continue to be recognised. The group has thus exercised judgement in developing its accounting policy.

The group has considered that the present ownership interest of the non-controlling shares remains with the non-controlling shareholders. The group has thus considered it appropriate to continue to recognise the non-controlling interest in the statement of financial position, and to attribute its share of profit and loss and other comprehensive income to the non-controlling interests. The financial liabilities for the put option over the non-controlling interests are therefore recognised with a corresponding charge to shareholders' equity.

IAS 32 provides limited guidance on how the financial liability for the written put option over the non-controlling interest should be measured when the purchase date and/or the redemption amount are/is not known, but subject to a formula. When developing an accounting principle, the group has considered guidance in other IFRS standards, more specifically the guidance in IFRS 13 Fair Value Measurement, which states that the fair value of a financial liability with a demand feature is no less than the amount payable on demand, discounted from the first date that the amount could be required to be paid. The group has established an accounting principle where the financial liability is estimated to be no less than equal to the amount payable if the put option were exercised at the end of the period.

The financial liability for the put option over the non-controlling interests is remeasured to reflect changes in the estimated redemption amount. The adjustment to the financial liability is recorded with a corresponding charge to shareholders' equity. When establishing the policy of recording the adjustment against equity, the group has considered the guidance in IFRS 10, which states that changes in a parent's ownership interest in a subsidiary which do not result in the parent losing control of the subsidiary are equity transactions.

3.2. Judgements in applying the group's accounting principles

IFRS 10 (Consolidated financial statements) requires entities to consolidate entities they control. The standard provides extended guidance to determine whether control is present. Franchising is explicitly mentioned in the standard. The franchises are not included in the consolidated financial statements of Europris ASA. This is based on a judgement of the criteria in IFRS 10 of whether Europris controls the franchises. Through the franchise agreements, Europris essentially has control and rights related to protection of the brand name and the concept. Such rights are not sufficient to gain control under the provisions of IFRS 10. The decision-making rights which affect variable returns are primarily held by the franchisee and the financial risk of the business lies with the franchisee. Based on an assessment of these criteria in IFRS 10, Europris does not control the franchises, and they are thus not consolidated.

The group confirms that there have not been any other judgements which are deemed to have a significant impact on the consolidated financial statements.

4 Segment information

The group manangement is the group's chief operating decision-maker. Reporting to the group management, which is responsible for evaluating profitability and achivements, is on a consolidated basis which forms the basis for the group management's assessment of profitability at a strategic level. The group as a whole is therefore defined and identified as one segment.

5 Total operating income

The group operates a chain of stores in the discount variety retail sector and online stores which sells consumer goods, including sales to franchise stores.

Figures are stated in NOK 1,000	2022	2021
Revenue	**8,928,898**	**8,568,379**
Income from franchise fees	74,089	78,404
Other income	12,778	1,395
Total other income	**86,868**	**79,798**
Total operating income	**9,015,766**	**8,648,177**

6 Employee benefit expenses and remuneration to auditor

Figures are stated in NOK 1,000	2022	2021
Pay expenses	1,100,448	1,051,020
Social security costs	148,173	140,392
Pension expenses	31,218	24,560
Other benefits	15,293	14,332
Total	**1,295,131**	**1,230,303**
Number of employees	3,444	3,298
Full-time employees	2,132	2,116

The group is required by Norwegian law to have a mandatory occupational pension plan. The group has a pension plan which fulfills the legal requirements, which covers all employees and is a defined contribution plan.

Figures are stated in NOK 1,000	2022	2021
Auditor fees		
Audit services	2,244	1,684
Technical services related to financial reporting	78	110
Total	**2,322**	**1,794**

Auditor fees are presented exclusive of VAT. No auditor fees have been recorded in equity in connection with equity transactions.

7 Management remuneration

Figures are stated in NOK 1,000	Title	Salary	Bonus	Pension	Other	Total
Espen Eldal	CEO	3,985	2,238	136	40	6,400
Stina Charlene Byre	CFO	1,878	416	136	162	2,593
Other (three individuals)		5,566	2,491	478	486	9,021
Total		**11,429**	**5,145**	**750**	**689**	**18,013**

More details on salary for senior executives are provided in the remuneration report for 2022.

Remuneration statement

The board will provide a statement on salary and other remuneration for senior executives to the annual general meeting on 20 April 2023.

Remuneration guidelines

The board has established guidelines for the remuneration of the members of the executive management. The company's policy is to offer the executive management competitive remuneration based on current market standards as well as on group and individual performance. The remuneration consists of a basic salary element combined with a performance-based bonus programme as set out below. The executive management participates in the company's insurance policies and can be entitled to certain fringe benefits. The remuneration committee is a sub-committee of the board which acts as a preparatory and advisory body in relation to the group's remuneration of the executive management and ensures thorough and independent preparation of matters relating to the compensation of executive personnel.

Bonus programme

Europris has established a bonus scheme for the executive management, which is based on financial and operational performance. The maximum bonus grant for a financial year under this scheme is 13.5 months of gross base salary for the CEO and up to nine months of gross base salary for the other executive management. Maximum bonus payment during any single financial year is 12 months gross pay.

Restricted share programme

In accordance with the remuneration guidelines, directors and senior executives may participate in a restricted share programme for an investment amount limited to NOK 500,000. This programme is subject to annual approval by the board. Shares acquired through this programme are subject to a three-year lock-up period. Each restricted share will be issued at a purchase price corresponding to the volume-weighted average price of the company's shares on the Oslo Stock Exchange during the 10 trading days before the award, adjusted for the reduction in value from the three-year transfer restriction. The reduced value applicable to the programme run in 2022 was 15 per cent. Share purchases are borne by the participants, and the company does not provide credit or financing.

The share programme was run for the second time in 2022 and completed on 14 September 2022. Europris ASA sold in total 59,113 shares in this programme. The market price for the shares, ie, the volume weighted average for the 10 trading days before the allocation date (31 August-13 September 2022), was NOK 57.72. The purchase price, adjusted for the reduced value from the restrictions, was NOK 49.06.

No loans or issued guarantees have been provided to the executive management group, the members of the board or other related parties.

Remuneration of the board of directors

Annual fees for 2022 for the board of directors:

Board of directors			
Chair	NOK	570,000	per year
Director	NOK	297,000	per year
Audit committee			
Chair	NOK	85,000	per year
Member	NOK	55,000	per year
Remuneration committee			
Chair	NOK	36,000	per year
Member	NOK	25,000	per year

8 Pension liabilities

Figures are stated in NOK 1,000

The group has a contractual retirement pension scheme (AFP). This is a multi-employer plan, and accounted for as a defined contribution plan. The annual premium is expensed. The entity pays a premium currently set at an average of 2.5 per cent of total employee salary. Pension cost (premium) in 2022 was NOK 8,179 (2021: NOK 7,810).

In addition, the group has a pension agreement with DNB Forsikring which fullfills the legal requirement under Norwegian law and covers all employees. The scheme is a defined contribution plan. Pension costs in 2022 were NOK 23,038 (2021: NOK 16,749). This scheme had 3,444 members in 2022 (2021: 2,116).

9 Other operating expenses

Figures are stated in NOK 1,000	2022	2021
Leasing and other cost of premises	92,493	83,703
Transport/distribution	284,006	246,047
Marketing and other expenses	459,962	412,999
Total	**836,461**	**742,750**

Leasing and other cost of premises relates to variable lease payments, in addition to payments for short-term leases and low-value assets.

10 Financial income and expenses

Figures are stated in NOK 1,000	2022	2021
Financial income:		
Other interest income	200	102
Other financial income	231	2,373
Gain in fair value of financial instruments		
– Unrealised interest-rate swap income	38,991	25,880
Total	**39,422**	**28,354**
Financial expenses:		
Interest to financial institutions	42,967	26,304
Leasing interest cost	80,558	72,702
Other interest expense	463	92
Amortised interest on bank loan	(1,192)	2,450
Other financial expenses	24,020	21,201
Total	**146,816**	**122,749**
Net financial income (expense)	**(107,394)**	**(94,395)**

11 Income tax expense

Figures are stated in NOK 1,000	2022	2021
Tax payable		
Current tax on profit for the year	289,147	321,941
Tax from partly owned subsidiaries	2,157	2,117
Total tax payable in the balance sheet	**291,305**	**324,057**
Deferred tax		
Change in temporary differences	5,290	47,631
Change in temporary differences related to mergers and acquisitions	(1,442)	(58,100)
Total deferred tax	**3,849**	**(10,469)**
Total income tax expense	**295,153**	**313,588**

Tax on the group's pre-tax profit differs from the theoretical amount which would arise from using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

Figures are stated in NOK 1,000	2022	2021
Profit before tax	**1,337,009**	**1,417,551**
Tax calculated at domestic tax rates applicable to profits (22%)	294,142	311,861
Tax effects from:		
- Non-taxable income	(10,228)	(15,898)
- Non-deductible expenses	5,276	1,019
- Other directly recognised differences	5,964	16,605
Tax expense recognised in the income statement	**295,153**	**313,588**
Effective tax rate	22.1%	22.1%

The analysis of deferred tax assets and deferred tax liabilities is as follows	2022	2021
Deferred tax assets		
- Deferred tax assets to be recovered later than 12 months	(13,513)	(15,276)
- Deferred tax assets to be recovered within 12 months	(78,040)	(79,980)
Deferred tax assets	**(91,554)**	**(95,257)**
Deferred tax liabilities		
- Deferred tax liabilities to be recovered later than 12 months	133,346	137,430
- Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities	**133,346**	**137,430**
Loss carried forward	(102)	(12)
Deferred tax related to directly recognised differences	15,932	10,170
Deferred tax liabilities (net)	**57,622**	**52,332**
Deferred tax asset/liability rates	22%	22%
Change in deferred tax liabilities recognised in the balance sheet		
Balance at 01.01	52,332	4,726
Change during the year recognised in the income statement	5,290	47,606
Balance at 31.12	**57,622**	**52,332**

Specification of change in deferred tax liabilities/tax assets

Figures are stated in NOK 1,000	Tangible fixed assets	Non-current debt	Total
Deferred tax liabilities			
Balance at 01.01.2021	91,843	1,082	92,924
Recognised deferred tax in profit for the period	44,824	(319)	44,505
Balance at 31.12.2021	**136,667**	**763**	**137,430**
Balance at 01.01.2022	136,667	763	137,430
Recognised deferred tax in profit for the period	(4,346)	262	(4,084)
Balance at 31.12.2022	**132,321**	**1,025**	**133,346**

Figures are stated in NOK 1,000	Inventories	Receivables	Provision for other liabilities	Loss carried forward	Total
Deferred tax assets					
Balance at 01.01.2021	(64,592)	(420)	(16,648)	(12)	(81,671)
Recognised deferred tax in profit for the period	(14,968)	(1)	1,371	-	(13,598)
Balance at 31.12.2021	**(79,560)**	**(421)**	**(15,276)**	**(12)**	**(95,269)**
Balance at 01.01.2022	(79,560)	(421)	(15,276)	(12)	(95,269)
Recognised deferred tax in profit for the period	1,986	(46)	1,763	(90)	3,613
Balance at 31.12.2022	**(77,574)**	**(466)**	**(13,513)**	**(102)**	**(91,656)**

12 Intangible assets

Figures are stated in NOK 1,000	Software	Trademark	Contractual rights	Goodwill	Total
Financial year 2021					
Carrying amount at 01.01.2021	58,030	387,573	-	1,617,732	2,063,334
Additions through the acquisition of subsidiaries	2	203,694	-	455,641	659,337
Additions	32,490	-	-	-	32,490
Amortisation	(25,100)	-	-	-	(25,100)
Carrying amount at 31.12.2021	**65,421**	**591,267**	**-**	**2,073,373**	**2,730,061**
At 31.12.2021					
Acquisition cost	237,887	622,140	250 700	2,073,373	3,184,099
Accumulated amortisation	(172,466)	(30,873)	(172,356)	-	(375,695)
Accumulated impairment	-	-	(78,344)	-	(78,344)
Net carrying amount 31.12.2021	**65,421**	**591,267**	**-**	**2,073,373**	**2,730,061**
Financial year 2022					
Carrying amount at 01.01.2022	65,421	591,267	-	2,073,373	2,730,061
Additions through the acquisition of subsidiaries	-	-	-	117,681	117,681
Additions	57,927	-	-	-	57,927
Amortisation	(30,381)	-	-	-	(30,381)
Carrying amount at 31.12.2022	**92,967**	**591,267**	**-**	**2,191,054**	**2,875,288**
At 31.12.2022					
Acquisition cost	295,814	622,140	250,700	2,191,053	3,359,707
Accumulated amortisation	(202,847)	(30,873)	(172,356)	-	(406,076)
Accumulated impairment	-	-	(78,344)	-	(78,344)
Net carrying amount 31.12.2022	**92,967**	**591,267**	**-**	**2,191,053**	**2,875,288**

The group's trademarks are linked to the brand names ”Europris” and ”Lekekassen”. The ”Europris” name has existed for a long time and has shown a healthy development since its origination. The ”Lekekassen” name is a strong brand which is linked to the online store Lekekassen - Norway's largest online toy store. There are clear intentions to retain and further develop both brand names for the forseeable future. As a consequence, the brand names are not depreciated, but tested for impairment annually.

The contractual rights are related to franchise agreements.

Goodwill comprises a number of elements which individually cannot be quantified. Most significant is the well positioned business and the established reputation in the market. The skilled workforce, as well as supplier and customer relations (non-contractual), are also important elements.

Impairment testing of goodwill and trademarks

Goodwill and the trademarks are annually tested for impairment by comparing their carrying amount and recoverable amount (greater of fair value less costs to sell and value in use). Goodwill is allocated to the groups of cash-generating units which are expected to benefit from the synergies of the combination. The group has one operating segment and goodwill is tested for impairment at this level, which represents the lowest level in the entity at which goodwill is monitored for internal management purposes.

Goodwill and trademarks

The recoverable amount of a cash-generating unit is calculated on the basis of the value which the asset will provide to the business (value in use). In this calculation, the forecasts of future cash flows are based on budgets and long-term plans approved by the management covering a five-year period (2023-2027). The gross margin is stable in the period, and in range with the historical performance. EBITDA percentages of sales are also stable in the 2023-2027 period. Cash flows beyond the five-year period are calculated using the expected inflation rate as a long-term growth rate. A market-based rate of return of 10.3 per cent (7.6 per cent in 2021) before tax is derived using the weighted average cost of capital (WACC) model.

Trademark Lekekassen

Lekekassen was acquired in 2021 and defined as a separate cash-generating unit and the brand name Lekekassen is tested for impairment at this level. The recoverable amount of a cash-generating unit is calculated on the basis of the value which the asset will provide to the business (value in use). In this calculation, the forecasts of future cash flows are based on budgets and long-term plans approved by the management covering a five-year period (2023-2027). The gross margin is stable in the period, and in range with the historical performance. EBITDA percentages of sales are also stable in the 2023-2027 period. Cash flows beyond the five-year period are calculated using the expected inflation rate as a long-term growth rate. A market-based rate of return of 14.6 per cent before tax is derived using the weighted average cost of capital (WACC) model.

The recoverable amount is significantly above the carrying amount of the group's goodwill and trademarks.

13 Property, plant and equipment

Figures are stated in NOK 1,000	Land	Buildings	Fixtures and fittings	Total
Financial year 2021				
Carrying amount at 01.01.2021	24,966	-	301,400	326,366
Additions through the acquisition of subsidiaries	21,224	118,776	3,787	143,787
Additions	-	2,823	95,627	98,450
Disposals	-	-	(176)	(176)
Depreciation charge for the year	-	(2,237)	(72,118)	(74,355)
Carrying amount at 31.12.2021	**46,190**	**119,362**	**328,520**	**494,072**
At 31.12.2021				
Accumulated cost	46,190	121,599	752,714	920,502
Disposals at cost	-	-	(176)	(176)
Accumulated depreciation	-	(2,237)	(424,018)	(426,254)
Net carrying amount 31.12.2021	**46,190**	**119,362**	**328,520**	**494,072**
Financial year 2022				
Carrying amount at 01.01.2022	46,190	119,362	328,520	494,072
Additions through the acquisition of subsidiaries	-	-	2,214	2,214
Additions	2,000	-	82,750	84,750
Disposals	(26,966)	-	-	(26,966)
Depreciation charge for the year	-	(6,132)	(75,414)	(81,546)
Carrying amount at 31.12.2022	**21,225**	**113,230**	**338,070**	**472,525**
At 31.12.2022				
Accumulated cost	48,190	121,599	837,502	1,007,291
Disposals at cost	(26,966)	-	-	(26,966)
Accumulated depreciation	-	(8,369)	(499,432)	(507,801)
Net carrying amount 31.12.2022	**21,225**	**113,230**	**338,070**	**472,525**

14 Leases

Figures are stated in NOK 1,000	Buildings	Vehicles	Fixtures and fittings	Total
Right-of-use assets				
Carrying amount at 01.01.2022	2,210,848	15,433	93,741	2,320,022
Additions	429,487	8,944	7,748	446,180
Additions through the acquisition of subsidiaries	12,792	-	12,795	25,587
Adjustments (CPI)	141,783	-	-	141,783
Depreciation	(477,069)	(9,470)	(12,569)	(499,108)
Terminations	-	-	-	-
Net carrying amount 31.12.2022	**2,317,841**	**14,908**	**101,715**	**2,434,465**

Lease liabilities	2022	2021
Carrying amount at 01.01.	2,403,718	2 324,300
Additions	444,832	425,129
Additions through the acquisition of subsidiaries	28,666	18,242
Adjustments (CPI)	141,783	85,210
Interest expense	80,558	72,702
Lease payments	(562,566)	(521,864)
Net carrying amount 31.12.	**2,536,991**	**2,403,718**
Undiscounted lease liabilities and maturity of cash outflows		
Less than one year	563,969	518,195
One-five years	1,562,386	1,470,243
More than five years	713,592	697,832
Total undiscounted lease liabilities at 31.12.	**2,839,946**	**2,686,269**
Current lease liabilities	521,958	490,164
Non-current lease liabilities	2,015,033	1,913,555
Total lease liabilities at 31.12.	**2,536,991**	**2,403,718**
Lease expenses recognised in consolidated income statement		
Interest expense on lease liabilities	80,558	72,702
Variable lease payments	2,316	3,258
Operating expenses related to short-term leases	17,318	12,120
Operating expenses related to low-value assets	1,324	1,415
Payments in lease agreements	580,445	538,657

Practical expedients applied

The group also leases smaller machinery and equipment with contract terms of 1 to 3 years. The group has elected to apply the practical expedient of low value assets for some of these leases and does not recognise lease liabilities or right-of-use assets. The leases are instead expensed when they incur. The group has also applied the practical expedient to not recognise lease liabilities and right-of-use assets for short-term leases, presented in the table above.

Variable lease payments

In addition to the lease liabilities above, the group is committed to pay variable lease payments for some of their leases. The variable lease payments are expensed as incurred.

Extension options

The lease term represents the non-cancellable period of the lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to excercise that option.

Generally it is not considered reasonable certain that extension options will be exercised. Typically, lease contracts are renegotiated at the end of the non-cancellable period, and a new contract is entered into on better terms, in the form of both shorter duration and lower rent. This means that extension options in the lease contracts are not normally included in the IFRS 16 calculation.

There are no indications of a need for impairment of right-of-use assets in 2022.

15 Acquisitions of companies

Europris acquired 67 per cent of Strikkemekka for NOK 88.4 million in cash, a transaction which was closed on 1 July 2022. The main revenue contributor is Strikkemekka.no. The knitting category is a good match with Europris' existing business, and a potential exists for synergies through joint purchasing of both goods and services and the development of e-commerce solutions. The acquisition also includes Designhandel, an online store in Norway and Sweden for kitchenware and smaller home interior products. The aquired company had revenues of NOK 193 million and EBITDA of NOK 7 million for the for the full year 2022 (unaudited).

The purchase price was NOK 88.4 million, based on equity value for 67 per cent, and Europris has a pre-emptive right to acquire the remaining shares in Strikkemekka. The excess value of the acquisition relates to goodwill in the purchase price allocation. Strikkemekka was consolidated into the Europris group's financial statements as of 1 July 2022.

The remaining 33 per cent of Strikkemekka Holding AS is owned by the founder Eirik Fuglestad. Fuglestad is employed as CEO of Strikkemekka. Europris has a right and obligation to buy Fuglestad's share if Fuglestad's employment is terminated by either of the parties. The price to be paid is based on a multiple of EBITDA, and is consistent with the price formula used in the original purchase of the 67 per cent. A financial liability has been recognised for Europris obligation to purchase Fuglestad's share should the employment be terminated, with a corresponding charge directly to shareholders equity. The liability shall be estimated at the present value of the redemption amount, which is estimated to the consideration to be paid if the employment is terminated at period end. In the statement of financial position, the liability is recognised separately as put option liability.

Acquired companies	Acquisitions			Allocation of excess values	After acquisition date	
Figures in NOK million	Date of control	Ownership and voting rights	Acquisition cost	Goodwill	Operating income	Net profit
Strikkemekka Holding AS	July 2022	67%	88	111	101	1

The acquired company was paid in cash.

Acquired companies statement of financial position	Total fair value
Total intangible assets	1
Total fixed assets	28
Inventories	33
Receivables	5
Cash	5
Total assets	**72**
Non-current liabilities	(26)
Current liabilities	(23)
Non-controlling interests	(44)
Net assets	**(21)**
Goodwill	111
Net asset acquired 31.12.2022	**90**

Goodwill comprises a number of elements which individually cannot be quantified. Most significant is the well positioned business and the established reputation in the market. The skilled workforce, as well as supplier and customer relations (non-contractual), are also important elements.

16 Investments in associated companies

In June 2018, the group acquired 20 per cent of Runsvengruppen AB (ÖoB), a Swedish discount variety retailer. ÖoB has its head office in Skänninge and runs 91 stores across Sweden.

The Europris group owns 20 per cent of the shares and voting rights in Runsvengruppen AS.

Based on equity value, using a fixed multiple of 7.7 on adjusted EBITDA for ÖoB in 2018, the purchase price was determined as NOK 115.2 million. NOK 4.3 million in transaction expenses has also been recognised as part of the acquisition cost, bringing the total investment to NOK 119.5 million. The vendor note issued when closing the deal is converted to 4,349,695 Europris shares, corresponding to 2.61 per cent of the share capital.

A summary of the financial information from Runsvengruppen AB group, based on 100 per cent figures:

Figures in SEK million	2022	2021
	Unaudited	Audited
Total operating income	4,074.8	3,899.0
Profit for the year	NA	13.5
Current assets	NA	980.2
Non-current assets	NA	993.3
Current liabilities	NA	846.6
Non-current liabilities	NA	702.1
Equity	NA	424.8
Book value 01.01	128.7	128.5
Estimated profit for the period	4.0	0.2
Book value 31.12	**132.7**	**128.7**
The group's share of equity	89.0	77.1
Goodwill	49.8	49.8
Goodwill adjustment	(6.1)	1.8
Book value 31.12	**132.7**	**128.7**

Europris holds an option to acquire the remaining 80 per cent of the shares in Runsvengruppen AB. Whether the option is to be exercised has been further delayed. The fair value of the option is considered immaterial and is not recognised in the balance sheet.

17 Non-controlling interests

Figures are stated in NOK 1,000	2022	2021
Changes in non-controlling interests		
Non-controlling interests 01.01	268,680	-
Increase due to acquisitions in companies with non-controlling interests	47,977	246,528
Non-controlling interests' share of profit/loss	21,887	22,152
Dividend to non-controlling interests	(16,500)	-
Translation differences	38	-
Non-controlling interests 31.12	**322,082**	**268,680**
Breakdown of non-controlling interests' share of profit/loss		
Lunehjem.no AS	52	1,086
Lekekassen Holding AS	20,928	21,067
Strikkemekka Holding AS	906	-
Total non-controlling interests' share of profit/loss	**21,887**	**22,152**
Breakdown of non-controlling interests		
Lunehjem.no AS	6,302	1,812
Lekekassen Holding AS	271,627	266,868
Strikkemekka Holding AS	44,153	-
Total non-controlling interests	**322,082**	**268,680**

18 Earnings per share

Earnings per share are calculated by dividing profit attributable to ordinary shareholders by a weighted average of ordinary shares outstanding during the period. The average number of shares outstanding adjusted to take account of the holding of treasury shares.

Figures are stated in NOK 1,000, except per share amounts	2022	2021
Profit for the period	1,041,856	1,103,963
Profit available to holders of ordinary shares	1,019,969	1,081,811
Number of ordinary shares	166,969	166,969
Weighted average of ordinary shares outstanding	160,989	160,870
Earnings per ordinary share (basic)	**6.34**	**6.72**
Earnings per ordinary share (diluted)	**6.34**	**6.72**

19 Trade receivables and other receivables

Figures are stated in NOK 1,000	2022	2021
Trade receivables		
Trade receivables	215,775	216,080
Provision for impairment	(600)	(600)
Net trade receivables	**215,175**	**215,480**
Other receivables		
Unbilled receivables	52,064	38,242
Prepaid expenses	53	215
Other receivables	13,140	5,784
Other receivables	**65,256**	**44,241**
Provisions	62,882	60,816
Total	**343,312**	**320,538**
Non-current receivables		
Deposits and loans to franchisees	36,651	28,391
Other receivables	**36,651**	**28,391**
Total current and non-current receivables	**379,963**	**348,929**

The carrying amount of trade receivables, prepayments and other receivables is assessed as not differing materially from fair value.

Figures are stated in NOK 1,000	2022	2021
Provision for impairment of trade receivables		
At 01.01	600	600
Change in provision	-	-
At 31.12	**600**	**600**
Ageing of trade receivables		
Not due	207,014	206,870
Due	8,161	8,610
Total	**215,175**	**215,480**

Accounts receivable older than 90 days constituted an insignificant portion of overdue items at 31.12. This applies to both years.

20 Inventories and cost of goods sold

Figures are stated in NOK 1,000	2022	2021
Inventories	2,411,847	2,025,769
- Provision for obsolescence	(28,010)	(28,457)
Booked value	**2,383,837**	**1,997,312**
Provision for obsolescence		
At 01.01	(28,457)	(35,283)
Change in accruals	447	6,826
Provision for impairment at 31.12	**(28,010)**	**(28,457)**
Carrying amount of inventory which has been impaired	**407,626**	**323,854**

The group makes provisions for impairment of inventory. These provisions are estimated and require in-depth knowledge of the goods and market conditions. See more details in note 3.1.a.

Figures are stated in NOK 1,000	2022	2021
Cost of goods sold	4,894,966	4,638,884
Foreign exchange currency effects	(62,183)	(46,741)
Net cost of goods sold	**4,832,783**	**4,592,143**

Unrealised gains and losses are classified as part of the cost of goods sold (COGS) in the profit or loss statement. Similarly, unrealised foreign currency exchange gains and losses on inventory trade payables are also included as part of COGS. All gains and losses, both realised and unrealised, related to the acquisition of inventory are included as part of COGS.

21 Cash

Figures are stated in NOK 1,000	2022	2021
Cash	464,488	570,286
Total	**464,488**	**570,286**

Net cash in the consolidated statement of cash flows includes the following

Figures are stated in NOK 1,000	2022	2021
Cash	461,422	567,347
Bank deposits restricted for employee tax witholdings	3,066	2,939
Net cash	**464,488**	**570,286**

The group has established a guarantee for employee tax withholdings of a total of NOK 65 million.

The group has overdraft facilities of NOK 1,435 million. See note 23 for further information.

22 Share capital and shareholder information

The share capital of Europris ASA is NOK 166,968,888, consisting of 166,968,888 shares with par value of NOK 1. The company's share capital consists of one class of shares, whereby all shares have the same voting rights.

Major shareholders at 31 December 2022		Number of shares	Share of capital
Folketrygdfondet		19,988,067	12.0%
Verdipapirfondet Alfred Berg Gamba		6,554,850	3.9%
The Bank of New York Mellon (FMR)	Nominee	5,964,233	3.6%
Europris ASA		5,938,263	3.6%
Runor AS		4,349,695	2.6%
State Street Bank and Trust Company	Nominee	4,123,794	2.5%
Verdipapirfondet Storebrand Norge		3,661,622	2.2%
The Northern Trust Company	Nominee	3,112,200	1.9%
Brown Brothers Harriman & Co.	Nominee	2,947,200	1.8%
State Street Bank and Trust Company	Nominee	2,899,159	1.7%
The Bank of New York Mellon	Nominee	2,703,351	1.6%
Vevlen Gård AS		2,400,000	1.4%
Skandinaviska Enskilda Banken AB (Sissener AS)	Nominee	2,400,000	1.4%
Verdipapirfondet Holberg Norge		2,200,000	1.3%
Verdipapirfondet DNB Asset Management		2,166,728	1.3%
Verdipapirfondet Holberg Norden		2,150,000	1.3%
State Street Bank and Trust Company	Nominee	2,064,427	1.2%
State Street Bank and Trust Company	Nominee	2,020,012	1.2%
Verdipapirfondet Alfred Berg Norge		1,700,716	1.0%
Verdipapirfondet KLP Aksje Norge		1,669,058	1.0%
Others		85,955,513	51.5%
Total shares		**166,968,888**	**100.0%**

Shares held by directors, CEO and CFO	Title	Number of shares
Tom Vidar Rygh (directly and indirectly through Retiro AS)	Chair	620,227
Pål Wibe (Nordkronen II AS)	Director	408,572
Karl Svensson (directly and indirectly through RuNor AS)	Director	281,891
Tone Fintland	Director	21,000
Claus Juel-Jensen	Director	17,304
Hege Bømark	Director	8,129
Bente Sollid Storehaug (Digital Hverdag AS)	Director	2,038
Espen Eldal (directly and indirectly through Knipen AS)	CEO	620,720
Stina C Byre	CFO	16,643

Treasury shares at 31 December 2022	Nominal value	Number of shares	Fair value (NOK)
Shares owned by Europris ASA	5,938,263	5,938,263	404,692,623

Treasury shares have been deducted from equity at cost. The nominal value of the shares has been deducted from paid-in capital.

Change in number of treasury shares	
Treasury shares 01.01.2022	5,997,376
Sale of treasury share to senior executives and directors	(59,113)
Treasury shares 31.12.2022	**5,938,263**

Average cost price for treasury shares is NOK 44.47.

23 Bank borrowings

The group signed a new loan agreement in December 2019 and the financing was in place in January 2020. This loan agreement is a three-year term loan and revolving credit facility agreement with options for one plus one year. One option period was not exercised, while the second option to extend for one year was exercised, and the loan agreement runs until January 2024. The loan is syndicated through three credit institutions: DNB Bank, Danske Bank and Nordea.

	2022		2021	
Figures are stated in NOK 1,000	Amortised cost	Nominal value	Amortised cost	Nominal value
Non-current liabilities				
Debt to financial institutions	1,085,349	1,090,009	1,091,521	1,094,989
Sub-total	**1,085,349**	**1,090,009**	**1,091,521**	**1,094,989**

The amortised cost of the bank debt is assessed as not differing materially from fair value. The term loan has been refinanced in 2020, and the risk premium and the interest-rate margin would not be materially changed. Fair value is therefore assumed to be approximately equal to the carrying amount at the balance sheet date. The group's business risk and credit risk have not changed significantly in the period.

Figures are stated in NOK 1,000	2022	2021
Current liabilities		
First-year instalment non-current debt	5,000	5,000
Overdraft facilities - off-balance sheet		
The loan facility includes an overdraft facility, which consists of		
Overdraft and multi-currency group account	235,500	225,000
Revolving facility loan	1,174,000	1,174,000
Guarantees	26,000	26,000
Total	**1,435,500**	**1,425,000**
Drawn guarantees	2,999	14,544
Undrawn overdraft facilities	1,432,501	1,410,456

Convenants related to bank agreement	At 31.12.2022
Leverage ratio – net debt/adjusted EBITDA (according to the bank agreement)	3.25
Europris leverage ratio – net debt/adjusted EBITDA (according to the bank agreement)	0.43

Covenants are measured and reported quarterly. In the bank agreement, the covenant (leverage ratio) will be at 3.25 for any test date in the remainder of the agreement period.

The group was in compliance with financial convenants in 2022.

Maturity structure including interest	2022	2021
Within one year	29,675	30,225
One to two years	1,029,313	114,672
Two to five years	19,575	1,022,000
After five years	68,750	73,750

See note 2.3 for the maturity structure of all financial liabilities.

Effective interest rate at 31.12	2022	2021
Term loan	2.98%	2.04%

No assets are currently pledged under the loan agreement.

24 Derivatives

Figures are stated in NOK 1,000	2022	2021
Interest-rate swaps – expiring within one year	4,725	11,494
Interest-rate swaps – expiring after five years	76,667	37,676
Total derivatives - asset	**81,392**	**49,170**
Forward exchange contracts – expiring within one year	8,973	2,940
Total derivatives - liability	**8,973**	**2,940**
Net derivative asset (liability)	**72,419**	**46,230**

Forward exchange contracts

The group faces currency risk arising from purchases in foreign currencies. The group hedges currency fluctuations by entering into forward exchange contracts. The group does not use hedge accounting. Forward exchange contracts are measured at fair value through profit and loss.

	Amount in NOK 1,000	**Average exchange rate**	**Termination**
Nominal principal forward contracts to purchase (USD)	390,291	9.96	Jan-Jun 2023
Nominal principal forward contracts to purchase (EUR)	113,913	10.32	Jan-Jun 2023
Nominal principal forward contracts to purchase (DKK)	30,951	1.41	Jan-Dec 2023

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.

The group does not use hedge accounting. The interest-rate swaps are measured at fair value through profit and loss.

	2022	**2021**
Lowest fixed interest rate in interest-rate swap agreement	0.780%	0.780%
Highest fixed interest rate in interest-rate swap agreement	0.917%	0.917%
Nominal principal in interest-rate swaps	600,000	600,000

25 Financial instruments by category

Figures are stated in NOK 1,000	2022	2021
Financial assets measured at amortised cost		
Non-current receivables	36,651	28,391
Trade receivables	215,175	215,480
Other receivables	65,256	44,241
Cash	464,488	570,286
Financial liabilities measured at amortised cost		
Non-current debt	(1,085,349)	(1,091,521)
First year instalment non-current debt	(5,000)	(5,000)
Accounts payable	(876,419)	(843,854)
Put option liability	(281,221)	(246,528)
Other current payables	(799,773)	(780,402)
Assets/liabilities measured at fair value through profit and loss		
Derivatives - asset	81,392	49,169
Derivatives - liability	(8,973)	(2,940)
Net financial instruments	**(2,193,774)**	**(2,062, 676)**

All the group's financial instruments measured at fair value are classified as level 2. Level 2 consists of financial instruments with no quoted prices in active markets for identical assets or liabilities which are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 2 assets and liabilities are measured by using valuation methods. These valuation methods utilise observed data and the group's own estimates. If all significant data required to measure the fair value of an instrument is observable data, then the instrument is classified as level 2.

Special valuation methods which are being used to value financial instruments include:

- fair value of interest-rate swaps is measured as the net present value of estimated future cash flows based on the observable yield curve

- fair value of forward exchange contracts is measured as the net present value of the difference between the contractual forward rate and the forward rate of the currency at the balance-sheet date, multiplied by the contractual volume in foreign currency.

26 Reconciliation of liabilities arising from financing activities

Figures are stated in NOK 1,000	Financial liabilities 01.01.	Acquisition of subsidiaries	Cash flows	Non-cash changes: Leases	Non-cash changes: Other changes	Total 31.12
2022						
Borrowings	1,096,521	1,259	(5,000)	-	(2,431)	1,090,349
Lease liabilities	2,403,718	28,666	(482,008)	586,615	-	2,536,991
Financial liabilities	**3,500,239**	**29,925**	**(487,008)**	**586,615**	**(2,431)**	**3,627,340**
2021						
Borrowings	995,082	102,553	(3,750)	-	2,636	1,096,521
Lease liabilities	2,324,300	18,242	(449,162)	510,339	-	2,403,718
Financial liabilities	**3,319,382**	**120,795**	**(452,912)**	**510,339**	**2,636**	**3,500,239**

27 Related parties

”The group’s related parties include its associates, key management personnel, directors and major shareholders.

All subsidaries included in note 1.3 are related parties of Europris ASA.

For management remuneration, refer to note 7 – Management remuneration.”

No significant transactions were conducted with related parties in 2022.

28 Contingent liabilities

There are no significant contingent liabilities at 31.12.2022.

29 Events after the balance-sheet date

There were no subsequent events after the balance sheet date and before the date of the approval of the financial statements which provide new information about conditions which existed at the balance sheet date which are not currently reflected in the financial statements, or significant events after the balance sheet date which require further disclosures.

EUROPRIS ASA
PARENT COMPANY 2022

Income statement

Figures are stated in NOK 1,000	Note	2022	2021
Total operating income		-	-
Employee benefits expense	2	2,749	2,869
Other operating expenses	2	13,408	9,754
Total operating expenses		**16,157**	**12,623**
Operating income		**(16,157)**	**(12,623)**
Group contribution from subsidiary	5	638,795	659,264
Other interest income		2,808	1
Total financial income		**641,603**	**659,265**
Other interest expense		8,299	1,813
Other financial expenses		4,978	5,583
Total financial expenses		**13,277**	**7,397**
Net financial income (expenses)		**628,326**	**651,868**
Profit/(loss) from associated company	4	4,047	189
Profit before income tax		**616,217**	**639,434**
Income tax expense	6	-	-
Profit for the year		**616,217**	**639,434**
Statement of comprehensive income			
Profit for the year		616,217	639,434
Other comprehensive income		-	-
Total comprehensive income for the year		**616,217**	**639,434**

Notes 1 to 10 are an integral part of the financial statements.

Balance sheet

Figures are stated in NOK 1,000	Note	31-12-2022	31-12-2021
ASSETS			
Non-current assets			
Investments in subsidiaries	3	925,500	925,500
Investment in associated companies	4	132,723	128,676
Total non-current assets		**1,058,223**	**1,054,176**
Current assets			
Receivable from group companies	5, 9	640,239	668,275
Other receivables	9	1,851	606
Cash	9	-	-
Total current assets		**642,090**	**668,880**
Total assets		**1,700,313**	**1,723,056**

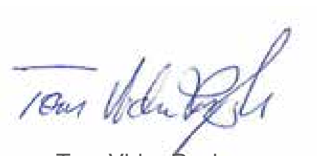
Notes 1 to 10 are an integral part of the financial statements.

Balance sheet

Figures are stated in NOK 1,000	Note	31-12-2022	31-12-2021
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	7	212,683	212,623
Other paid-in capital		22,054	20,718
Other equity		1,459,915	1,486,081
Total shareholders' equity		**1,694,653**	**1,719,422**
Liabilities			
Current liabilities			
Accounts payable	9	456	1,061
Tax payable	6	-	-
Other current liabilities	9	5,205	2,573
Total liabilities		**5,661**	**3,634**
Total equity and liabilities		**1,700,313**	**1,723,056**

Fredrikstad, 23 March 2023

THE BOARD OF DIRECTORS OF EUROPRIS ASA


Tom Vidar Rygh
Chair


Claus Juel-Jensen

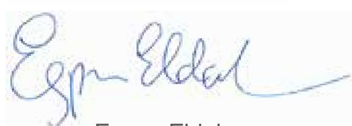

Hege Bømark


Bente Sollid Storehaug


Karl Svensson


Tone Fintland


Pål Wibe


Espen Eldal
CEO

Notes 1 to 10 are an integral part of the financial statements.

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
Equity 01.01.2022	166,969	(5,997)	51,652	20,718	1,486,080	1,719,422
Profit for the period	-	-	-	-	616,217	616,217
Dividend	-	-	-	-	(643,886)	(643,886)
Sale of treasury shares	-	59	-	1,336	1,505	2,900
Other comprehensive income	-	-	-	-	-	-
Equity 31.12.2022	**(166,969)**	**(5,938)**	**51,652**	**22,054**	**1,459,915**	**1,694,653**
Equity 01.01.2021	**(166,969)**	**(6,150)**	**51,652**	**17,475**	**1,276,977**	**1,506,923**
Profit for the period	-	-	-	-	639,434	639,434
Dividend	-	-	-	-	(434,207)	(434,207)
Net purchase/sale of treasury shares	-	153	-	3,243	3,874	7,270
Other comprehensive income	-	-	-	-	-	-
Equity 31.12.2021	**166,969**	**(5,997)**	**51,652**	**20,718**	**1,486,080**	**1,719,422**

In accordance with sections 9-4 and 9-5 of the Norwegian Public Limited Liability Companies Act, the board is mandated to acquire the company's own shares on specific conditions. See note 7 for details of treasury shares.

Notes 1 to 10 are an integral part of the financial statements.

Statement of cash flows

Figures are stated in NOK 1,000	Note	2022	2021
Cash flows from operating activities			
Profit before income tax		616,217	639,434
Share of the (profit)/loss of associates	4	(4,047)	(189)
Change in account payable	9	(605)	208
Change in other working capital		(637,409)	(658,981)
Net cash from operating activities		**(25,845)**	**(19,529)**
Cash flows from financing activities			
Change in group cash pool deposits	5	7,567	(255,292)
Payments from group companies		-	(417)
Group contribution received	5	659,264	702,172
Dividend		(643,886)	(434,207)
Sale of treasury shares	7	2,900	7,270
Net cash from financing activities		**25,845**	**19,526**
Net increase in cash		**-**	**(2)**
Cash at beginning of year (01.01)		**-**	**2**
Cash at end of year (31.12)		**-**	**-**

Notes 1 to 10 are an integral part of the financial statements.

Notes

1 Accounting principles

Europris ASA is the parent company of the Europris group, consisting of Europris Holding AS and subsidiaries.

The financial statements of Europris ASA have been prepared in accordance with the simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act and the directive on simplified IFRS issued by the Norwegian Ministry of Finance on 1 January 2022.

The board approved the financial statements on 23 March 2023.

1.1 Simplified IFRS

The company has applied the following simplifications to the IFRS recognition and measurement principles:

- dividends and group contributions are recognised as income in the same year as the dividend or group contribution is recognised in the financial statements of the group company which pays the dividend or group contribution, in accordance with Norwegian generally accepted accounting principles.

1.2 Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention. The company has applied the going concern assumption when preparing its financial statements

1.3 Investment in associates

The company has investments in associates. Associates are entities over which the company has significant influence, but not control over financial and operating management.

The considerations made in determining whether the company has significant influence over an entity are similar to those necessary to determine control over subsidiaries.

Associates are accounted for using the equity method from the date when significant influence is achieved until such influence ceases.

Investments in an associate are initially recognised at cost. The contingent consideration is included in cost and changes in estimated contingent consideration will be recognised as an adjustment of cost. The carrying amount of the investment is adjusted to recognise changes in the company's share of the net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the company's share of the results of operations of the associate. In addition, when there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the company and the associate are eliminated to the extent of the interest in the associate.

If there are indications that the investment in the associate is impaired, the company will perform an impairment test of the carrying amount of the investment. Any impairment losses are recognised as share of profit of an associate in the statement of profit or loss.

If the company's share of the loss surpasses the carrying amount of the associate, the carrying amount is set to zero and further loss is not recognised unless the company has an obligation to make up for the loss.

Upon loss of significant influence over the associate, such that the equity method ceases to apply, the company measures and recognises any retained investment at its fair value. A new measurement of remaining ownership interests will not be performed if the equity method is still applicable.

1.4 Revenue recognition

Group contributions and dividends received from subsidiaries are recognised as income if the amount is within the net income of the subsidiary after the acquisition date. Group contributions and dividends which exceed the net income of the subsidiary after the acquisition date are recognised as a reduction of the carrying value of the subsidiary. When recognising income, the gross group contribution (before tax) is presented on a separate line in the income statement.

Group contributions to subsidiaries from the company increase the carrying value of the investment. Group contributions to subsidiaries are recognised net, after tax.

1.5 Current and deferred income tax

Tax expense for the period comprises current and deferred tax. Deferred tax/deferred tax asset is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The company recognises previously deferred tax assets to the extent that it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce deferred tax assets to the extent that the company no longer considers it probable that it can utilise the deferred tax asset.

Deferred tax liabilities and deferred tax assets are measured on the basis of the anticipated future tax rate relating to items where the temporary difference has arisen.

Deferred tax liabilities and deferred tax assets are recognised at nominal value and are classified as fixed assets (non-current liabilities) in the balance sheet.

Current tax and deferred tax are recognised directly in equity to the extent that the tax items relate to equity transactions or changes in accounting principles.

1.6 Cash

Cash includes cash in hand and bank deposits.

1.7 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable (more likely than not) that an outflow of economic resources will be required from the company, and amounts can be estimated reliably. If the effect is material, provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate which reflects current market assessments of the time value of money and, if relevant, the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and an assessment of all possible outcomes and the accompanying probabilities.

1.8 Contingent liabilities and assets

A contingent liability is recorded in the books of accounts only if the contingency is probable and the amount of the liability can be estimated. In cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is disclosed.

A contingent asset is not recognised in the financial statements, but disclosed if it is probable that the benefit will flow to the company.

1.9 Subsequent events

New information after the reporting date regarding the company's financial position at the reporting date is taken into consideration in the financial statements. Events after the reporting date which do not affect the company's financial position at the reporting date, but which will affect the financial position of the company in the future, are disclosed if they are considered to be significant.

2 Employees, pensions and remuneration to auditor

The company has no employees. As a result, it has no obligation to have a pension scheme according to the Norwegian Act on mandatory occupational pensions.

No salaries or other remunerations have been paid to the CEO.

Compensation for directors is stipulated at NOK 2,749 in 2022.

There are no obligations to pay the directors a settlement in the event of a termination of service.

No loans or guarantees have been provided for any related parties.

Figures are stated in NOK 1,000	2022	2021
Audit fees, divided by type of service (exclusive VAT)		
Statutory audit	495	373
Technical services related to financial reporting	-	38
Total audit fees	**495**	**410**

3 Investments in subsidiaries

Investments in subsidiaries are stated at acquisition cost and accounted for using the cost method.

Figures are stated in NOK 1,000	Registered office	Ownership share	Equity 31.12.2022	Net profit 2022	Carrying value
Subsidiary					
Europris Holding AS	Fredrikstad	100%	1,534,994	32,817	925,500

4 Investments in associated companies

In June 2018, the group acquired 20 per cent of Runsvengruppen AB (ÖoB), a Swedish discount variety retailer. ÖoB has its head office in Skänninge and runs 91 stores across Sweden.

The Europris group owns 20 per cent of the shares and voting rights in Runsvengruppen AS.

Based on equity value, using a fixed multiple of 7.7 on adjusted EBITDA for ÖoB in 2018, the purchase price was determined as NOK 115.2 million. NOK 4.3 million in transaction expenses has also been recognised as part of the acquisition cost, bringing the total investment to NOK 119.5 million. The vendor note issued when closing the deal is converted to 4,349,695 Europris shares, corresponding to 2.61 per cent of the share capital.

A summary of the financial information from Runsvengruppen AB group, based on 100 per cent figures:

Figures in SEK million	2022	2021
	Unaudited	Audited
Total operating income	4,074.8	3,899.0
Profit for the year	NA	13.5
Current assets	NA	980.2
Non-current assets	NA	993.3
Current liabilities	NA	846.6
Non-current liabilities	NA	702.1
Equity	NA	424.8
Book value 01.01	128.7	128.5
Estimated profit for the period	4.0	0.2
Book value 31.12	**132.7**	**128.7**
The group's share of equity	89.0	77.1
Goodwill	49.8	49.8
Goodwill adjustment	(6.1)	1.8
Book value 31.12	**132.7**	**128.7**

Europris holds an option to acquire the remaining 80 per cent of the shares in Runsvengruppen AB. Whether the option is to be exercised has been further delayed. The fair value of the option is considered immaterial and is not recognised in the balance sheet.

5 Receivables to group companies

Receivables to group companies is included with the following amounts:

Figures are stated in NOK 1,000	2022	2021
Receivables		
Group contribution	638,795	659,264
Deposits in the group's cash pool agreement	1,444	9,011
Total receivables	**640,239**	**668,275**

6 Income tax expense

Liabilities and receivables to group companies is included with the following amounts:

Figures are stated in NOK 1,000	2022	2021
Basis for income tax expense and tax payable		
Profit before tax	616,217	639,434
Non-deductible expenses	(616,217)	(639,434)
Basis for the tax expense	**-**	**-**
Reconciliation of the income tax expense		
Tax payable (22% of the basis for tax payable in the income statement)	135,568	140,675
Income tax expense	-	-
Difference	**(135,568)**	**(140,675)**
Difference consists of:		
22% of non-deductible expenses	(135,568)	(140,675)
Total explained difference	**(135,568)**	**(140,675)**
Tax payable in the balance sheet		
Tax payable in income tax expense	-	-
Tax payable in balance sheet	**-**	**-**

7 Share capital and shareholder information

The share capital of Europris ASA is NOK 166,968,888, consisting of 166,968,888 shares with par value of NOK 1. The company's share capital consists of one class of shares, whereby all shares have the same voting rights.

Major shareholders at 31 December 2022		Number of shares	Share of capital
Folketrygdfondet		19,988,067	12.0%
Verdipapirfondet Alfred Berg Gamba		6,554,850	3.9%
The Bank of New York Mellon (FMR)	Nominee	5,964,233	3.6%
Europris ASA		5,938,263	3.6%
Runor AS		4,349,695	2.6%
State Street Bank and Trust Company	Nominee	4,123,794	2.5%
Verdipapirfondet Storebrand Norge		3,661,622	2.2%
The Northern Trust Company	Nominee	3,112,200	1.9%
Brown Brothers Harriman & Co.	Nominee	2,947,200	1.8%
State Street Bank and Trust Company	Nominee	2,899,159	1.7%
The Bank of New York Mellon	Nominee	2,703,351	1.6%
Vevlen Gård AS		2,400,000	1.4%
Skandinaviska Enskilda Banken AB (Sissener AS)	Nominee	2,400,000	1.4%
Verdipapirfondet Holberg Norge		2,200,000	1.3%
Verdipapirfondet DNB Asset Management		2,166,728	1.3%
Verdipapirfondet Holberg Norden		2,150,000	1.3%
State Street Bank and Trust Company	Nominee	2,064,427	1.2%
State Street Bank and Trust Company	Nominee	2,020,012	1.2%
Verdipapirfondet Alfred Berg Norge		1,700,716	1.0%
Verdipapirfondet KLP Aksje Norge		1,669,058	1.0%
Others		85,955,513	51.5%
Total shares		**166,968,888**	**100.0%**

Shares held by directors, CEO and CFO	Title	Number of shares
Tom Vidar Rygh (directly and indirectly through Retiro AS)	Chair	620,227
Pål Wibe (Nordkronen II AS)	Director	408,572
Karl Svensson (directly and indirectly through RuNor AS)	Director	281,891
Tone Fintland	Director	21,000
Claus Juel-Jensen	Director	17,304
Hege Bømark	Director	8,129
Bente Sollid Storehaug (Digital Hverdag AS)	Director	2,038
Espen Eldal (directly and indirectly through Knipen AS)	CEO	620,720
Stina C Byre	CFO	16,643

Treasury shares at 31 December 2022	Nominal value	Number of shares	Fair value (NOK)
Shares owned by Europris ASA	5,938,263	5,938,263	404,692,623

Treasury shares have been deducted from equity at cost. The nominal value of the shares has been deducted from paid-in capital.

Change in number of treasury shares	
Treasury shares 01.01.2022	5,997,376
Sale of treasury share to senior executives and directors	(59,113)
Treasury shares 31.12.2022	**5,938,263**

Average cost price for treasury shares is NOK 44.47.

8 Transactions with related parties

Information regarding salaries of senior executives is disclosed in note 2. Information on intercompany receivables and liabilities is disclosed in note 5. No material transactions were conducted with related parties in 2022 other than the information included in the notes.

9 Financial instruments by category

Figures are stated in NOK 1,000	2022	2021
Financial assets measured at amortised cost		
Other current receivables	642,090	668,880
Financial liabilities measured at amortised cost		
Accounts payable	(456)	(1,061)
Net financial instruments	**641,634**	**667,819**

10 Subsequent events

There were no subsequent events after the balance sheet date and before the date of the approval of the financial statements which provide new information about conditions which existed at the balance sheet date which are not currently reflected in the financial statements), or significant events after the balance sheet date which require further disclosures.

Europris head office in Fredrikstad.

Declaration to the annual report 2022

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 january to 31 December 2022 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit and loss of the entity and the group taken as a whole. We also confirm that the directors' report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Fredrikstad, 23 March 2023

THE BOARD OF DIRECTORS OF EUROPRIS ASA

Tom Vidar Rygh
Chair

Claus Juel-Jensen

Hege Bømark

Bente Sollid Storehaug

Karl Svensson

Tone Fintland

Pål Wibe

Espen Eldal
CEO

Definitions of Alternative Performance Measures (APM)

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.

(Amounts in NOK million)	FY 2022	FY 2021
Total operating income	9,016	8,648
- Cost of goods sold	4,833	4,592
= Gross profit	**4,183**	**4,056**
Gross margin	46.4%	46.9%

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)	FY 2022	FY 2021
Employee benefits expense	1,295	1,230
+ Other operating expenses	836	743
= OPEX	**2,132**	**1,973**
Opex-to-sales ratio	23.6%	22.8%

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)	FY 2022	FY 2021
Operating profit	1,440	1,512
+ Depreciation	611	571
= EBITDA	**2,051**	**2,083**
EBITDA margin	22.8%	24.1%

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)	FY 2022	FY 2021
Change in Inventory	(345)	(185)
Change in accounts receivable and other current receivables	(28)	(17)
Change in accounts payable and other current debt	26	139
Decrease/(increase) in financial assets at fair value through profit og loss	(26)	(76)
Net change in working capital	**(374)**	**(139)**

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)	FY 2022	FY 2021
Purchases of fixed asets	85	97
Purchases of intangible assets	58	32
= Capital expenditure	**143**	**131**

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)	FY 2022	FY 2021
Borrowings	1,085	1,092
Current borrowings	5	5
Lease liabilities	2,015	1,914
= Financial debt	**3,105**	**3,010**

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)	FY 2022	FY 2021
Cash	464	570
+ Total facilities	1,435	1,425
- Total drawn	(3)	(15)
= Cash and liquidity reserves	**1,896**	**1,981**

Equity ratio

Equity ratio is a financial ratio indicating the relative proportion of equity used to finance a company's assets; calculated as equity divided by total assets. Equity ratio is a well-known and widely used term among the users of the financial statements and is useful when evaluating financial robustness.

(Amounts in NOK million)	FY 2022	FY 2021
Total shareholder´s equity	3,283	2,889
Total assets	9,225	8,639
= Equity ratio	**35.6%**	**33.4%**

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)	FY 2022	FY 2021
Sales directly operated stores	7,519	7,438
Sales franchise stores	1,066	1,131
= Total chain sales	**8,586**	**8,569**

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.

BDO AS
Munkedamsveien 45
PO Box 1704 Vika
0121 Oslo
Norway

Independent Auditor's Report

To the Annual Shareholders meeting of Europris ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Europris ASA.

The financial statements comprise:	In our opinion:
• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2022, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the group, which comprise the balance sheet as at 31 December 2022, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The financial statements comply with applicable statutory requirements, • The accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act. • The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU. Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Europris ASA for 7 years from the election by the general meeting of the shareholders on May 13, 2016 for the accounting year 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How the key audit matter was addressed in the audit
Valuation of inventory Inventory amounts to NOK 2 384 million in the Financial Statements for 2022. We refer to note 20 for more information on provisions for impairment on inventory. Inventory is measured at the lower of cost and net realisable value. When determining the provisions for impairment on inventory, judgements are applied to assess the items which may be ultimately sold below cost due to reduced customer demand, and in estimating the net realisable value of these items. Different categories are assessed individually and are subject to specific provisions for impairment based on information of historical and statistical sales data. These assessments are also based on management's expectations for future sales. The complexity and the judgements involved has led us to define this as a high risk area for the audit.	We have reviewed management's policy for assessing the impairment of inventory and that management applies the impairment policies consistently year on year. We have also reviewed the documentation of obsolescence for both inventory in stores and in central warehouse, and evaluated the assumptions used, for reasonableness. We have also tested the arithmetical accuracy of the Group's calculation of the profit margin on older goods. Our audit procedures included observing the stocktaking in a selection of stores and reviewing internal controls and procedures as well as performing re-counts. We have also tested internal controls and procedures related to stocktaking at the central warehouse. In addition, we tested the calculation of cost of goods sold.
Valuation of intangible assets Intangible assets include goodwill and trademarks, amounting to NOK 2 191 million and NOK 591 million respectively. We refer to note 12 for more information.	Our audit procedures included, among others, reviewing management's documentation of the group's impairment assessment for intangible assets.

Under IFRS, the Group is required to test the amount of intangible assets for impairment annually. The impairment test was significant to our audit due to the complexity of the assessment process and the significant judgements and assumptions involved. The impairment test is based on a value in use calculation for defined cash generating units. Value in use is calculated based on a pre-tax free cash flow and discounted with a pre-tax WACC.	We have reviewed the methodology used and assessed the WACC against the criteria in IAS 36. We have also compared the cash-flows used in the impairment test with the Group's budget and business plan and considered if there are factors indicating that these estimates are not realistic. We also tested the arithmetical accuracy of the calculations in the impairment test. We have involved our internal valuation experts to assist us in evaluating the assumptions and methodologies applied by the Group.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance and Corporate Social.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view, for in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name *Europrisasa-2022-12-31-en.zip* have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 23 March 2023

BDO AS

Eivin A. Redbo Kjær

Eivin A. Redbo Kjær
State Authorised Public Accountant

Shareholder information

Europris ASA was listed on the Oslo Stock Exchange in 2015

Share information	
Number of shares	166,968,888
Nominal value per share	NOK 1.00
Ticker at Oslo Børs	EPR

The share price closed year-end 2022 at NOK 68.15, which implies a market value of NOK 11.4 billion. The highest share price was NOK 70.90 and the lowest was NOK 44.24 in 2022. An ordinary dividend of NOK 2.50 per share and an additional dividend of NOK 1.50 per share to reflect the strong financial performance, was paid out in May 2022.

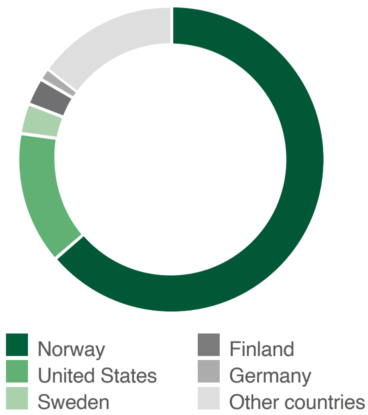
Financial calendar

Europris publishes its quarterly result 07:00 am CET. The report and presentation will be available at the company's web page and at Oslo Stock Exchange Newsweb.

Annual General Meeting	First quarter 2023	Second quarter 2023	Third quarter 2023
20 April 2023	27 April 2023	13 July 2023	2 November 2023

EPR share price development 2022

Distribution of ownership by country 2022



Europris ASA had 14,715 registered shareholders at 31 December 2022. The majority of the company's shareholders comprise of Norwegian or foreign institutions, controlling 65.5 per cent of the capital and voting rights. The top three largest investors in 2022 were Folketrygdfondet, Alfred Berg Kapitalforvaltning and Fidelity Investments (FMR) with a total share of 25.6 per cent, see more information in the Europris ASA consolidated financial statements note 22.

The company's shareholders are mainly located in Norway and the United States, with a total share of 64 per cent and 14 per cent respectively.

Analyst coverage

10 equity analysts have covered Europris ASA in 2022:

ABG Sundal Collier	Petter Nystrøm	petter.nystrom@abgsc.no
Arctic Securities	Carl Frederick Bjercke	cfb@arctic.com
Carnegie	Eirik Rafdal	eirik.rafdal@carnegie.no
DNB Markets	Ole Martin Westgaard	ole.martin.westgaard@dnb.no
Handelsbanken Capital Markets	Nicklas Skogman	nisk03@handelsbanken.se
Kepler Cheuvreux*	Markus Borge Heiberg	mheiberg@keplercheuvreux.com
Nordea	Kristoffer Pedersen	kristoffer.b.pedersen@nordea.com
Pareto Securities	Joachim Huse Gard Aarvik	joachim.huse@paretosec.com gard.aarvik@paretosec.no
SEB	Håkon Fuglu	hakon.fuglu@seb.no
Sparebank 1 Markets	Øyvind Mossige	oyvind.mossige@sb1markets.no

** Kepler Cheuvreux temporarily ceased to provide coverage in 2023 because the analyst left the company.*

Europris ASA
Dikeveien 57, P O Box 1421
NO-1661 Rolvsøy

Switchboard: +47 971 39 000
email: ir@europris.no

www.europris.no

Europris MER TIL OVERS