Highlights for the third quarter of 2021

- Solid sales performance on top of record sales in the third quarter last year
  - Total sales up 5.1 per cent compared with Q3 2020 to NOK 1,994 million
  - Sales growth of 1.9 per cent, excluding sales from partly owned subsidiaries
  - Good performance for upgraded categories and seasonal items

- Gross margin of 45.7 per cent, an increase of 1.8 percentage points
  - Positive contribution from the fixed agreement for inbound freight
  - Higher share of seasonal items

- Operating expenditure up by 13.1 per cent
  - Consolidation of partly owned subsidiaries and higher distribution costs from product mix
  - Opex-to-sales ratio of 24.2 per cent, up by 1.7 percentage points

- Record profitability in third quarter
  - EBITDA up by 5.6 per cent to NOK 430 million
  - Net profit of NOK 205 million (NOK 190 million)

- Strong financial position, with cash and liquidity reserves of NOK 1,254 million
- Lekekassen transaction successfully completed

Europris delivered growth in both sales and profits during the third quarter, on top of a strong performance last year. The margin was positively affected by a fixed agreement for inbound freight rates, in addition to a positive product mix. Higher sales and continued margin improvement led to growth in EBITDA and net profit.

CEO Espen Eldal in Europris comments:

"On top of the strongest third quarter in Europris' history last year, we have managed to improve our performance further. Solid campaign execution, strong sales of seasonal summer items and category upgrades have been the main drivers to our success.

We have grown our customer club "Mer" to close to one million members since the launch in 2019. I believe this is a good illustration of Europris' strong market position.

We have also successfully completed the strategic acquisition of Lekekassen.no during the third quarter and we already experienced positive effects from the collaboration between Lekekassen and Europris.

The global distribution crisis has so far not affected Europris. We are fully stocked and well prepared for the important fourth quarter. Through our flexible business model and strong market position, I believe Europris is well positioned to maintain good performance in the coming quarters."

Total operating income in the third quarter amounted to NOK 1,994 million (NOK 1,897 million), up by 5.1 per cent. Excluding sales from partly owned subsidiaries the sales growth was 1.9 per cent. Revenue growth was driven by the 1.5 per cent rise in the chain's like-for-like sales, new store openings, solid merchandising, and the inclusion of partly owned subsidiaries this year.

Gross profit came to NOK 911 million (NOK 833 million). The gross margin was 45.7 per cent (43.9 per cent), an improvement of 1.8 percentage points. The increase in gross profit was positively affected by the fixed agreement for inbound freight, in addition to changes to the sales mix.

Operating expenditure (Opex) was NOK 482 million in the third quarter (NOK 426 million), a rise of 13.1 per cent. Opex amounted to 24.2 per cent of group revenue (22.5 per cent). It was affected by the inclusion of partly owned subsidiaries, higher distribution costs from a product mix with more voluminous seasonal items and the increase from 236 to 241 directly operated stores.

EBITDA was NOK 430 million (NOK 407 million), up by NOK 23 million or 5.6 per cent.

Europris has done well during the pandemic and outperformed the market during this period. The group has taken advantage of this momentum by upgrading several important product categories, making e-commerce improvements, and significantly expanding the number of members in its customer club.

Through continued category upgrades and a flexible business model, Europris is well positioned to maintain a good performance in a competitive market. The Norwegian society has been gradually reopening since mid-June, and the authorities ended all infection control measures in late September and fully opened the borders to Sweden early October. It is still too early for Europris to see the effects of a fully reopened society.

The quarterly report, presentation materials and spreadsheet with key figures are available on the company's website https://investor.europris.no.

CEO Espen Eldal and CFO Stina C Byre will present the company's results at 08:30 at the Felix Conference Centre, Bryggetorget 3 in Oslo and will also be transferred live via webcast. The presentation will be made available through the company's website https://investor.europris.no. It will also be possible to ask questions via the web.

For further information please contact:

Espen Eldal, CEO, +47 48 29 24 24, espen.eldal@europris.no
Stina C Byre, CFO, +47 41 10 58 08, stina.byre@europris.no

About Europris:

Europris is Norway's largest discount variety retailer by sales. The company offers its customers a broad assortment of quality owned brands and brand name merchandise. The company's merchandise is sold through the Europris chain, which consists of a network of 269 stores throughout Norway, 241 of which are directly owned by the company and 28 of which operate as franchise stores. The company's headquarters are located in Fredrikstad, Norway.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

This stock exchange announcement was published by Trine Engløkken, Investor Relations Manager at Europris ASA, on 4 November 2021 at 07:00 CET.

Click here for more information