Highlights for the third quarter

- Total sales of NOK 2,050 million (NOK 1,994 million), a 2.8 per cent increase
  - Sales decline of 0.8 per cent, excluding structural growth through acquisitions
  - Positive sales trend during the quarter
- Gross margin of 47.6 per cent (45.7 per cent)
  - Timing and results of inventory counting had a positive effect of 2.8 percentage points on the margin change
  - Underlying margin decline of 0.9 per cent from higher costs for inbound freight
- Opex-to-sales ratio of 26.8 per cent (24.2 per cent)
- EBITDA almost on par with the strong third quarter of last year
  - EBITDA of NOK 425 million (NOK 430 million) and EBITDA margin of 20.7 per cent (21.5 per cent)
- Solid profitability in the quarter
  - Net profit of NOK 187 million (NOK 203 million) attributable to the parent company
- Strong financial position
  - Cash and liquidity reserves of NOK 963 million (NOK 1,254 million)

CEO Espen Eldal comments:
"We're satisfied with these third-quarter results in the current challenging retail market. After a tough start in July, we saw sales improve during the quarter, and the Europris chain exceeded last year's performance in both August and September."

Group sales for the third quarter came to NOK 2,050 million, up by 2.8 per cent from the same period of 2021. Excluding structural growth, sales were 0.8 per cent below last year's figure. Like-for-like sales for the Europris chain were down by 3.7 per cent.

"Our campaign sales performed well. We shifted the attention in the direct marketing leaflet to everyday consumables earlier than planned, which affected traffic to the stores positively and generated sales," Eldal adds.

As in the previous quarter, higher-value items saw a significant sales decline. Products with a price point above NOK 1,000 declined by 23 per cent, but it should be noted that these items represented only three per cent of total sales.

Group sales for the first nine months amounted to NOK 5,982 million, an increase of three per cent year-on-year. Excluding structural growth from acquisitions, sales were down by 1.2 per cent from last year, while like-for-like sales for the Europris chain declined by three per cent.

Gross profit for the third quarter amounted to NOK 975 million (NOK 911 million), with the gross margin at 47.6 per cent (45.7 per cent). Over the year, the group reports a calculated gross margin for the stores, and any calculation differences are adjusted during the annual stocktaking in the third and fourth quarters. Timing and results of inventory counting had a positive effect of 2.8 percentage points on the margin change. This leaves an underlying margin decline of 0.9 percentage points, explained by higher costs for inbound freight.

Operating expenditure (Opex) was NOK 550 million in the third quarter (NOK 482 million), and EBITDA NOK 425 million (NOK 430 million). Net profit for the third quarter of 2022 was NOK 188 million (NOK 205 million), of which net profit attributable to owners of the parent amounted to NOK 187 million (NOK 203 million).

Outlook
The current economic environment is tough for many consumers, and the combination of "all round" higher prices and rising interest rates is affecting consumer behaviour. The majority of products sold at Europris are consumables and low-priced products needed on a daily basis. The group has spent recent months reinforcing its low-price position, further strengthening the positioning of the Europris concept in the current retail market environment.

The group is ready for the important seasons in the fourth quarter, and the board is confident that Europris is well positioned in the retail market. All stakeholders are welcome to hear more about the group's strategic development in a capital markets update on 8 December 2022.

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

CEO Espen Eldal and CFO Stina C Byre will present the company's results today at 08:30 CET at Arctic Securities headquarter, Haakon VII's gate 5 in Oslo. The presentation will be held in English and transferred via live webcast and will be made available through the company's website https://investor.europris.no. It will be possible to ask questions via the web.

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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 275 stores throughout Norway, 248 of which are directly owned by the company and 27 of which operate as franchise stores. In addition, Europris has a 67 per cent stake in the e-commerce stores Lekekassen, Lunehjem, Strikkemekka and Designhandel. The company's headquarter is 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 3 November 2022 at 07:00 CET.

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