Europris delivered a mixed performance in the fourth quarter of an otherwise solid year. Campaign execution was strong, with particularly good sales progress for the front page of the marketing leaflet. Europris has a relevant base range of products that customers need in their everyday lives regardless of seasons, and these products continued to sell well in the fourth quarter.

The Christmas season is important for performance in the fourth quarter. With hindsight, it is clear that the group had applied too conservative estimates for certain seasonal best-sellers and thereby saw these sell out early in the season. That had a negative effect on both sales and margins.

Highlights for the fourth quarter 2023:

· Total sales of NOK 3,072 million, up 1.2 per cent

· Good progress for campaign sales and consumables
· In retrospect, too conservative volume estimates applied ahead of the Christmas season - some best-sellers sold out early

· Gross margin of 43.9 per cent (45.5 per cent)

· Changes to product mix and increased campaign sales
· Lower unrealised loss from currency hedging had a positive effect of 0.9 percentage points on the margin change
· Timing of inventory counting last year (booking of calculation differences) had a negative effect of 0.7 percentage points on the margin change

· Opex-to-sales ratio of 20.3 per cent (20.4 per cent)

· Continued strong cost control with only 0.9 per cent Opex increase
· Booked NOK 11 million reversal of legal costs to be reimbursed following the ÖoB arbitration

· Lower earnings reflecting the lower gross margin

· EBITDA of NOK 723 million (NOK 760 million) and EBITDA margin of 23.5 per cent (25 per cent)
· EBIT of NOK 554 million (NOK 604 million) and EBIT margin of 18 per cent (19.9 per cent)
· Net profit of NOK 434 million (NOK 422 million) attributable to parent

· A writedown of NOK 43 million has been booked on the 20 per cent stake in ÖoB following weaker results, more than offset by a booked value of NOK 102 million for the valid option to acquire the remaining 80 per cent
· Negative effect of NOK 24 million from interest rate swaps (negative of NOK 9 million)

· Strong financial position, with cash and liquidity reserves of NOK 2,205 million (NOK 1,897 million)

· Improved net working capital, yielding a positive development in cash flow from operating activities

· Board of directors proposes a total dividend per share of NOK 3.25 (NOK 3.75)
· The group has decided to exercise its option to acquire the remaining 80 per cent of the Swedish retailer ÖoB

"The retail market is currently very price-focused, and we actively promote products which are relevant to consumers," comments CEO Espen Eldal. "We find that our customers appreciate this, and we see that they find the front page of our marketing leaflet increasingly important. The year 2023 turned out largely as expected, and I'm pleased with our operational performance and the fact that we exited the year showing strong cash progress."

Group sales for the fourth quarter came to NOK 3,072 million, up by 1.2 per cent from the corresponding period of 2022. The Europris chain had total sales growth of 1.8 per cent and like-for-like growth of 0.4 per cent. The quarter had two fewer sales days than the year before (Christmas Eve and New Year's Eve). The combination of low-price-point products and sharp campaigns on relevant products has proven valuable for drawing customer traffic, and sales of consumables and private labels developed positively. Some seasonal best-sellers performed above

expectations and sold out early in the run up to Christmas.

Gross profit came to NOK 1,348 million (NOK 1,379 million). The gross margin was 43.9 per cent (45.5 per cent), a reduction of 1.6 percentage points. This reflected a larger campaign share and changes to the product mix, in addition to price competition. The group recognised a net unrealised loss of NOK 14 million (loss of NOK 39 million) on hedging contracts and accounts payable, which had a positive effect of 0.9 percentage points on the margin change. The timing of inventory counting last year (booking of calculation differences) had a negative effect of 0.7 percentage points on the margin change.

Operating expenditure (Opex) was NOK 625 million in the fourth quarter (NOK 619 million), an increase of 0.9 per cent. Opex amounted to 20.3 per cent of group revenue (20.4 per cent). The group has booked a reversal of legal costs of NOK 11 million following the arbitration between Europris and RuNor (Runsvengruppen/ÖoB).

Cash and liquidity reserves for the group at 31 December 2023 amounted to NOK 2,205 million (NOK 1,897 million).

The board of Europris ASA will propose an ordinary dividend of NOK 3.25 per share for 2023 to the general meeting. This represents an 18 per cent increase from the ordinary dividend of NOK 2.75 for 2022, but is 13 per cent below the total dividend of NOK 3.75 in that year. The dividend amounts to NOK 523 million excluding treasury shares (NOK 604 million) and represents a pay-out ratio of 57.6 per cent of the majority's share of the profit (59.1 per cent).

Outlook

Europris has not experienced any delays due to attacks on vessels in the Red Sea and. However, with longer shipping routes, increased transit time and a potential shortage of containers, Europris is currently exposed to the rise in shipping costs.

Household finances in Norway continue to be strained, with yet another interest -rate hike in December 2023 adding to the challenge. Although this will take some time to filter through to mortgage payments, consumer spending is expected to remain cautious in 2024 as well - particularly in the first half, as inflation and interest rates will remain key issues for consumers.

These kinds of market conditions represent opportunities for a concept like Europris, and the group is ready to continue fighting hard for its share of the wallet. It is well positioned, with a well-recognised low-price concept, strong campaigns, and a broad and relevant product offering. Over time, the chain has outperformed the retail market and the board is confident that Europris will continue to play an important role and remain a leader in the variety discount retail market.

Europris has decided to exercise its option to acquire the remaining 80 per cent of the Swedish retailer ÖoB. The board is intrigued by the opportunities this gives for Nordic expansion. The board is confident that this will serve as a platform for further growth and the creation of significant shareholder values.

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 group's results at 08:30 CET at SEBs office, Filipstad Brygge 1 in Oslo. The presentation will be held in English and transferred via live webcast, and will be made available through the company's website at 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 group offers its customers a broad range of quality owned brands and brand name merchandise. Its merchandise is sold through the Europris chain, which consists of a network of 282 stores throughout Norway. Of these, 258 are directly owned by the group and 24 operate as franchise stores. In addition, Europris is full or partial owner of the e-commerce companies Lekekassen, Lunehjem, Strikkemekka and Designhandel. The group's head office 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, head of investor relations at Europris ASA, on 1 February 2024 at 07:00 CET.

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