

Europris is satisfied with the sales development in the first quarter and delivered growth which was above the market. Footfall to stores increased and sales in the weeks leading up to the Easter holiday have never been higher.

Norwegian consumers have remained cautious in an inflationary economy with high interest rates and negative real wage development. Europris has proven to be a relevant concept in this climate, with low prices combined with strong campaigns and its seasonal profile. The group has received all seasonal goods and is ready for the important upcoming spring and summer season.

The group delivered earnings below last year for the first quarter, as the high opex growth offset the sales increase. During the past years, the opex growth has been below market inflation due to realisation of savings from the new warehouse in Moss and hedging of electricity cost at very attractive levels.

Highlights for the first quarter of 2024:

- Group sales of NOK 2,026 million, up 4.8 per cent
- Total chain sales up by 6.3 per cent and like-for-like sales up 5.0 per cent
- Playing the season - solid Easter sales
- Relevant concept - strong campaign sales with focus on consumables
- Gross margin of 43.3 per cent (43.5 per cent)
- Higher positive unrealised gain from currency hedging had a positive year-on-year effect of 0.7 percentage points
- Negative margin impact from changes to product mix, increased campaign sales and higher input costs
- Opex-to-sales ratio of 29.5 per cent (27.4 per cent)
- Overall inflation effects and higher electricity costs
- Lower earnings reflecting higher opex
- EBITDA of NOK 281 million (NOK 311 million) and EBITDA margin of 13.9 per cent (16.1 per cent)
- EBIT of NOK 107 million (NOK 145 million) and EBIT margin of 5.3 per cent (7.5 per cent)
- Net profit of NOK 47 million (NOK 71 million) attributable to parent
- Strengthened financial position with a reduction in net debt to NOK 841 million (NOK 1,430 million)
- Exercised option to acquire remaining 80 per cent of ÖoB for a final purchase price of NOK 200.5 million

"We're pleased with another solid sales quarter including best-ever Easter sales. Campaign sales continue to drive growth - especially products from the front page of the marketing leaflet, and people continue to appreciate Europris' private labels", comments CEO Espen Eldal.

"This development continues to mirror cautious and price-conscious consumers - and Europris is once again demonstrating the relevance of its concept with strong campaigns and low prices on products people need in their everyday lives".

Group sales amounted to NOK 2,026 million in the first quarter, an increase of 4.8 per cent. The Europris chain had total sales growth of 6.3 per cent and like-for-like growth of 5.0 per cent. The quarter had two fewer sales days than the year before, while the timing of Easter had a positive effect on the sales development.

Gross profit came to NOK 878 million (NOK 840 million), with a gross margin of 43.3 per cent (43.5 per cent). The group recognised a net unrealised gain of NOK 19 million on hedging contracts and accounts payable, compared with a gain of NOK 5 million in the same quarter of last year, generating a positive effect of 0.7 percentage points on the margin change. This was offset by a negative margin impact from changes to the product mix with a higher share of consumables, increased share of campaign sales especially from the front page of the marketing leaflet, and higher input costs mainly reflecting the weaker NOK.

Operating expenditure (Opex) was NOK 597 million in the first quarter (NOK 529 million), up by 13 per cent. This reflected an increase from 253 to 258 directly operated stores, the overall negative impact of inflation and wage growth, and

the timing of some costs which will have a higher growth rate in the first half of this year compared to the second half. The group hedges electricity costs, and although this has over time yielded large savings compared to market prices, this led to a cost increase year-over-year. The opex ratio increased to 29.5 per cent (27.4 per cent).

Strengthened financial position with a reduction in net debt to NOK 841 million (NOK 1,430 million) and cash and liquidity reserves of NOK 1,719 million (NOK 1,092 million).

Outlook

Consumer spending is expected to remain cautious, particularly in the first half of the year, with interest rates, inflation, and real wages remaining key for consumers' ability and willingness to spend.

The tough market conditions represent an opportunity for Europris, with a well-recognised low-price concept, strong campaigns, and a broad and relevant product offering. The group will continue to concentrate its attention on everyday consumables and affordable seasonal products while remaining optimistic that customers will find their way to Europris in search of relevant, good-quality, and attractively priced seasonal products for spring and summer.

Shipping transport from Asia is still being routed around the Cape of Good Hope due to the situation in the Red Sea. Europris has not experienced difficulties in obtaining capacity and receiving goods and is ready for the important upcoming spring and summer seasons.

Opex will be closely monitored, however growth is expected to be around 10 per cent for the financial year of 2024. Last year, the group was able to postpone some inflationary effects, which will impact this year.

The group is looking forward to the final closing of the ÖoB transaction and to getting started on the integration. The board and management of Europris are confident that a growth journey with a Nordic expansion will create significant shareholder value in the years to come.

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 CEST at Arctic Securities office, Haakon VII's gt. 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 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.

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