

Annual report 2023

Europris ASA



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This is Europris

Norway's **#1** discount variety retailer



Strong brand and loyal customer base



Low prices and powerful marketing and campaign engine



Proven category management model



Expanding store network and e-commerce operation

Total operating income

9,467
million

Total employees

3,826

Women
59%

Men
41%

EBIT
1,295
million



Customer transactions

36
million

Mer
Kundeklubb

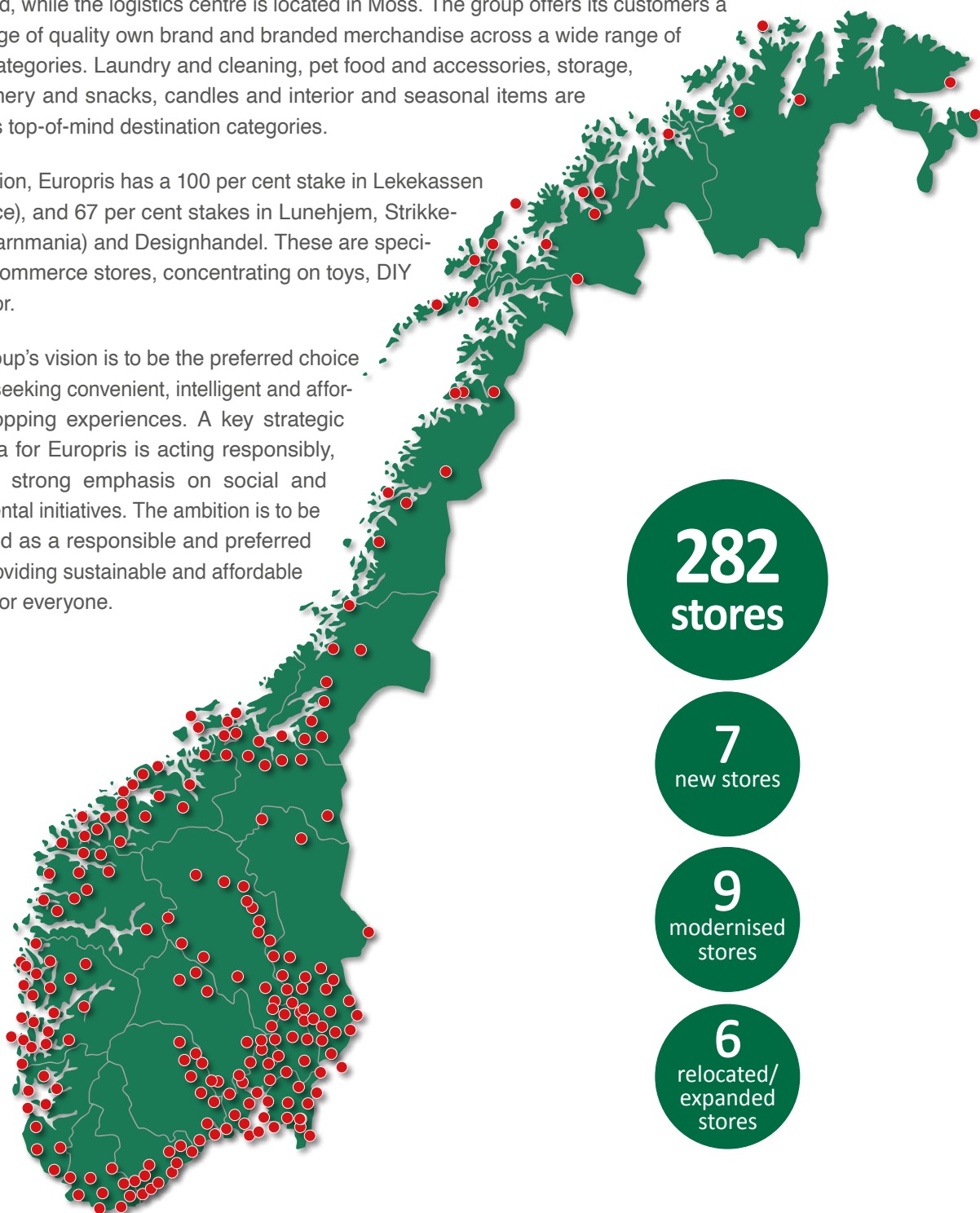
Customer club members

1.5
million

Europris is Norway's largest discount variety retailer by sales, featuring 282 stores throughout the country where 257 are directly owned by the group and 25 operate as franchise stores. Its head office lies in Fredrikstad, while the logistics centre is located in Moss. The group offers its customers a broad range of quality own brand and branded merchandise across a wide range of product categories. Laundry and cleaning, pet food and accessories, storage, confectionery and snacks, candles and interior and seasonal items are defined as top-of-mind destination categories.

In addition, Europris has a 100 per cent stake in Lekekassen (Toy Space), and 67 per cent stakes in Lunehjem, Strikkekukka (Yarnmania) and Designhandel. These are specialised e-commerce stores, concentrating on toys, DIY and interior.

The group's vision is to be the preferred choice for those seeking convenient, intelligent and affordable shopping experiences. A key strategic focus area for Europris is acting responsibly, placing a strong emphasis on social and environmental initiatives. The ambition is to be recognised as a responsible and preferred retailer providing sustainable and affordable products for everyone.



Europris – Norway's #1 discount variety retailer

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

2021

1 million customer
club members

2022

Acquired 67%
of Strikkemekka

2023

Acquired remaining
33% of Lekekassen

Investment highlights

1

Clear market leader in a growing market segment

2

Strong track record with over 30 years of consecutive growth

3

Well managed with proven ability to adapt to changing market conditions

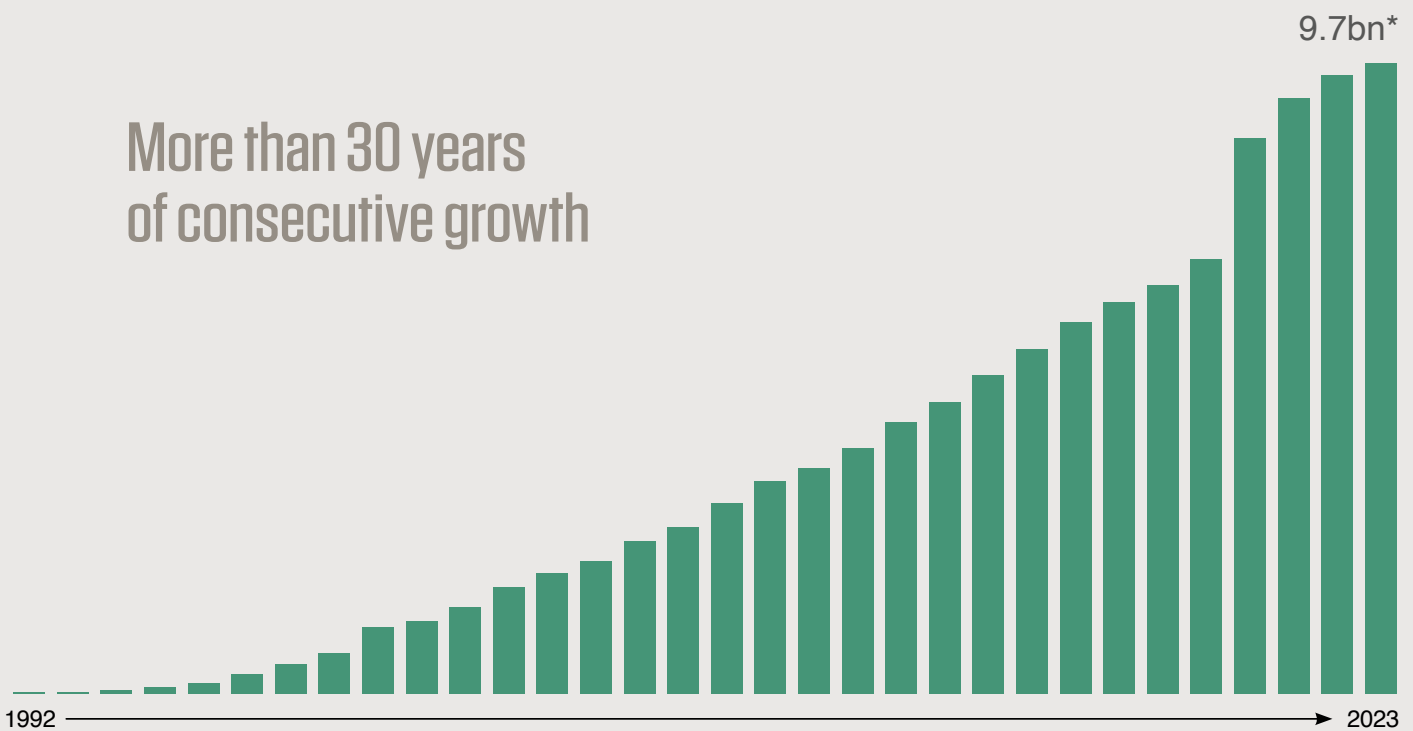
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Clear operational and financial strategy

5

Committed to profitable growth and cash distribution

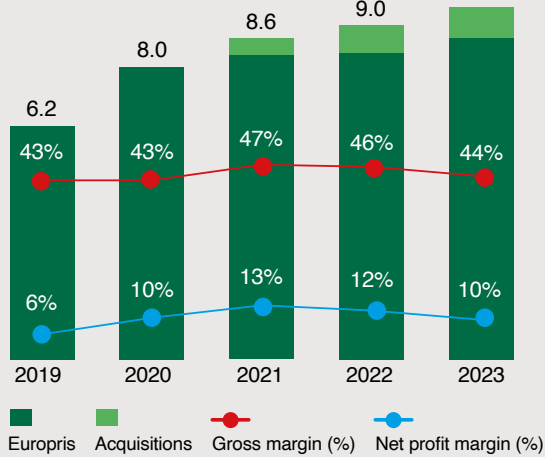
More than 30 years of consecutive growth



* Sales include the Europris chain (directly operated and franchise stores), Lunehjem (consolidated as of March 2021), the Lekekassen group (consolidated as of August 2021) and the Strikkemekka group (consolidated as of July 2022)

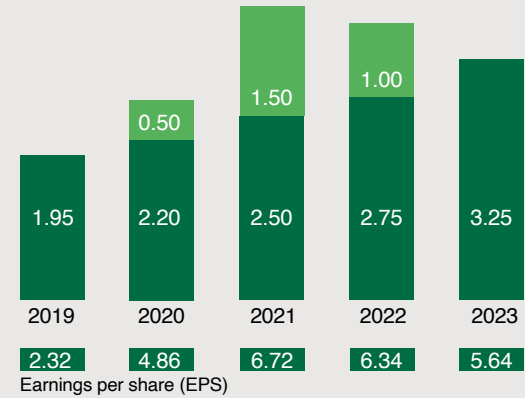
Revenue, gross margin and net profit margin

NOK billion, %



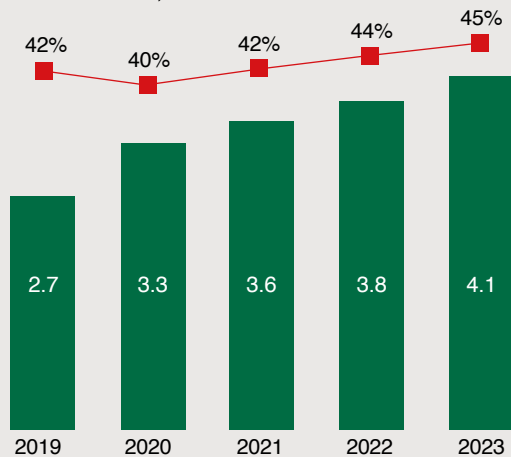
DPS and EPS

■ Ordinary dividend
 ■ Additional dividend following strong financial performance affected by Covid-19



Private label revenue and share of total sales

■ Share of total sales
 ■ Private label sales, NOK bn



Note: Europris chain (directly operated and franchise stores)

Our private labels



Key figures

(Amounts in NOK million)

	FY 2023	FY 2022
GROUP KEY INCOME STATEMENT FIGURES		
Retail sales	8,745	8,263
Wholesale sales	634	666
Other	88	87
Total operating income	9,467	9,016
% growth in total operating income	5.0%	4.3%
Cost of goods sold	5,276	4,833
Gross profit	4,191	4,183
Gross margin	44.3%	46.4%
Opex	2,222	2,132
Opex-to-sales ratio	23.5%	23.6%
EBITDA		
EBITDA margin	20.8%	22.8%
EBIT (Operating profit)		
EBIT margin (Operating profit margin)	13.7%	16.0%
Net profit		
Profit attributable to owners of the parent	909	1,020
Earnings per share (in NOK)	5.64	6.34
Dividend per share (in NOK)	3.25	3.75
GROUP KEY CASH FLOW AND BALANCE SHEET FIGURES		
Net change in working capital	281	(374)
Capital expenditure	142	143
Financial debt	3,715	3,627
Cash	676	464
Net debt	3,039	3,163
- Lease liabilities*	2,669	2,537
Net debt ex lease liabilities	371	626
Cash and liquidity reserves		
	2,205	1,897
EUROPRIS CHAIN KEY FIGURES		
Total chain sales	8,945	8,586
% growth in total chain sales	4.2%	0.2%
% growth in like-for-like chain sales	2.6%	(1.1%)
Total number of chain stores at end of period	282	276
- Directly operated stores	257	249
- Franchise stores	25	27

For definitions and reconciliations of APMs, please see page 166.

* From 1 January 2023 lease liabilities include both non-current and current lease liabilities, and last year figures are restated to also include current lease liabilities.

Message from the CEO

Stronger than ever

We can look back on a strong year in a demanding market. A growing customer base on the back of a changed shopping pattern and increased price awareness will carry us to new heights.

Our group plays an important role in the daily lives of many people. With a total of 282 stores spread across Norway, Europris delivers low prices for consumer goods which everyone needs and help customers to pay less and have more to spend every single day.

The low price and broad range category is a growing part of the retail sector, and is taking an ever larger market share. Our sales growth in the popular broad-range category is greater than that of Statistics Norway's category index. In other words, we're taking market share in an expanding market.

Shopping cheaply has become synonymous with shopping sensibly. The intelligent consumer is the one who makes frequent use of a concept like ours. That's reflected in a five-per-cent increase in turnover to some NOK 9.5 billion in 2023. A rising number of shoppers have visited our stores and our customer club has 1.5 million members.

We are a campaign-driven concept with a substantial proportion of own brands. This harmonises very well with the rapid changes to consumer shopping patterns. In a more challenging economic reality, our adaptability plays out through an increasing share of campaign sales from the

marketing leaflet's front page, a growing proportion of sales from our own brands and, not least, reduced sales of products with higher price points. The sensible consumer is more selective and price-conscious, and increasingly opts for a low-price concept like ours – and we're very grateful for that.



But our customers are not concerned with price alone. An ever larger segment of our expanded customer base wants sustainable products. We have displayed a willingness and ability to innovate in this area, and continue to expand our offering of sustainable products at attractive prices. We've managed this in parallel with ever more stringent government requirements for documenting the environmental impact of our products. Our purposeful work on sustainability has earned us an A- rating from the CDP and an A mark from Position Green. We also devoted substantial efforts during 2023 to preparing science-based targets for our climate goals, and look forward to submitting these for approval in 2024.

Our brand has never been stronger. According to the annual customer survey conducted by Essence-MediaCom, we are regarded as the place for smart shopping, attractive offers and welcoming sales personnel. I'm proud of this culture, and would like to express great thanks to each and every member of our workforce for the job they've done in 2023. Your commitment has laid the basis of another successful year for our group.

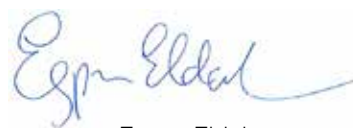
The past couple of years have probably had a long-lasting effect on consumer behaviour, with increased attention on seeking value for money. This trend is likely to continue. Although many people believe that interest rates have peaked and that consumers will experience a rise in their real incomes during 2024-25, we are convinced that the shift towards low prices will persist. In our view, experience from the pandemic and afterwards has strengthened this trend. Players who offer a broad range of products at lower prices will also be winners in the years to come.

It will thereby be important to position ourselves for continued expansion. We still see a substantial growth potential in the Norwegian market. In addition, we have decided to exercise our option to acquire the remaining 80 per cent of the shares in Runsvengruppen, which owns Sweden's ÖoB. The process for completing the acquisition has been initiated.

The ÖoB concept is similar to that of Europris, and exercising the option provides a unique opportunity

to enter the Swedish market. ÖoB is ranked as one of the leading discount retailers in Sweden. It has about 90 stores and an annual turnover of roughly SEK 4 billion. We see a substantial potential for improving ÖoB's profitability through synergies, strong store management, concept overlap, product mix and a larger share of private labels.

We look forward to entering the Swedish market. While preparing for this we, as always, will continue to work tirelessly on securing a good product range and offering to our Norwegian customer base and to deliver on our motto that they should "pay less – save more".



Espen Eldal
CEO of Europris ASA

Directors' report

Highlights of 2023

The Europris concept proved relevant in a challenging retail market during 2023, as demonstrated by a higher footfall and a continued increase in members for the Mer customer club. That reflects a consistent execution of the strategy, with continuous product-category upgrades and the strengthening of Europris as a shopping destination. The group's highly competent and capable employees demonstrated a strong operational performance, and the EssenceMediacom Brand Tracker for 2023 found that customers have never had a more positive impression of Europris.

At the end of 2022, the outlook was that 2023 would be difficult for household finances and the group was prepared to fight for its share of the consumer's wallet. Attention was accordingly shifted more towards everyday consumables and private labels, and to campaign sales. Predicting volumes has become something of an art in the prevailing market conditions – as expected, customers held back on investment purchases through the summer season, while certain seasonal items sold better than the group had expected in the run-up to Christmas. Sales of products with a price point above NOK 1,000 declined by 6.7 per cent in 2023, but constituted only three per cent of the chain's total sales. The group's strategic choices for volumes and product mix supported sales growth during 2023, and it also exited the year with healthy inventories and a strong cash flow performance.

Group sales grew by five per cent in 2023 (four per cent adjusted for the acquisition of Strikkemekka in 2022). While the chain saw sales growth, top-line development was tougher for the pure play online companies. The Europris chain had a total sales growth of 4.2 per cent and a like-for-like increase of 2.6 per cent for the full year. Growth was driven especially by campaign sales from the front page of the marketing leaflet, consumables and private labels. Like-for-like traffic was higher than the year before. The basket was also larger, with an increased average price per item offsetting a reduced number of articles.

Margins were under pressure for a variety of reasons throughout 2023, reflecting both external factors and the group's strategic decision to concentrate more on consumables and campaign sales. Price competition was intense during the first half of the year, and the effect of this was enhanced by the skewing of the

product mix towards consumables. Margins on summer sales were negatively affected by seasonal product overliers from 2022 which carried higher freight costs. Throughout the year, margins have also been under pressure from higher input costs owing to a weak NOK. Overall, the group is satisfied to have kept margins above pre-pandemic levels despite the contrary headwinds and a dilutive effect from acquisitions of pure play companies in recent years.

The year 2023 was the first full 12 months since 2019 with no restrictions in society related to Covid-19. Chain sales were up 36 per cent compared with 2019, thereby outperforming the variety retail discount market (measured as a stacked growth of 23 per cent for 2019-23, according to Statistics Norway).

Growth for the Europris chain in 2023 developed favourably compared with both the overall variety retail segment and total retail. Chain performance was almost on a par with total growth for shopping centres, while groceries showed higher growth.

Sales growth to December	2023	2022
Virke: total retail*	+2.2%	+2.6%
Virke: groceries*	+7.7%	-3.0%
Virke: variety retail*	+2.9%	+1.8%
Kvarud shopping centre index**	+4.3%	+4.4%
Europris chain	+4.2%	+0.2%

* Virke retail index (using figures reported by Statistics Norway)

** Kvarud Analyse shopping centre index

Expansion of both low- and high-bay areas at the central warehouse in Moss was completed in 2023. Automation of the expanded high-bay area is expected to be completed in the first quarter of 2024. After a journey of several years from five warehouses to one, all operations were finally concentrated at the facility in Moss during the second half of 2023 (the lease for the old central warehouse runs until 30 June 2024).

Europris is a responsible employer, and the satisfaction of its employees is of great importance. It was pleasing to see that employees remained very satisfied in their responses to the annual survey for 2023.

Sustainability is an important part of the group's strategy, and it works systematically to mitigate emissions. Europris is committed to cut CO₂ emissions in line with the Paris agreement, with the ambition of reaching net zero by 2050. En route to achieving

reduction targets approved by the science-based targets initiative (SBTi), the group conducted a substantial mapping of its scope 3 emissions in 2023. This is an important step in the process of developing and delivering the application for near- and long-term targets. Measures to reduce the group's environmental footprint continue to give results, and GHG emissions were cut by 12 per cent in 2023 (13 per cent in 2022). More about these results can be found on pages 59-68.

The group recognises the urgency of adapting its business model and improving climate resilience. Europris therefore conducted an analysis of climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This marks a significant milestone in the group's sustainability work, further strengthening its commitment to sustainable operations.

Although emissions are highest for products sourced by the group, it still recognises the importance of reducing emissions in the entire value chain. Europris is proud to be one of the first retailers in the world to replace fossil fuel with green biofuel for deep-sea shipping between Asia and Europe, thereby reducing emissions from these voyages by 90 per cent.

It is important for the group to also be transparent with customers about its efforts to be a socially and environmentally responsible organisation. Efforts have been made to improve in-store communication for

reaching customers, with work here launched in the second half of 2023. Information on the group's websites about what Europris does with regard to these topics has also been improved.

Compliance with international sustainability standards is of great importance to the group, and it is proud to have achieved an A- score for its carbon disclosure project (CDP) reporting in 2022. An A score was also received for its 2022 sustainability report in Position Green's annual analysis of ESG reporting by the 100 largest companies on the Oslo Stock Exchange.

The group is on a journey to modernise its IT platform. In 2023, the ERP system was successfully upgraded. The project to modernise point-of-sale technology in the stores, involving changes to both software and hardware, progressed as planned and continues in 2024. Planning for the upgrade of the accounting and reporting system was pursued in 2023, and this project is expected to be finalised in the first half of 2025.

In addition to taking over one franchise store, Europris acquired the remaining 33 per cent of Lekekassen on 28 March 2023 and from then on had full ownership. In January 2024, the group called on its option to acquire the remaining 80 per cent of Swedish retailer ÖoB, and the transaction will be finalised in 2024 (see note 16 for more information).



Europris completed its refinancing on 30 June 2023. The group holds interest rate swaps from the previous refinancing, with NOK 300 million expiring in July 2027 and NOK 300 million in July 2030. The group has a solid financial foundation and is well positioned, with a large headroom to its covenant (see note 23 for more information).

The conflicts in Ukraine and Gaza have had no direct impact on the group. It no longer sources any products from Russia. Shipping from Asia to Europe has been routed around the Cape of Good Hope, with an increase of up to two weeks in transit time, and Europris is exposed to the rise in shipping costs as a result of these conditions.

Business operations and strategy

Europris is Norway's largest discount variety retailer by sales. It offers its customers a broad range of quality owned brands and brand-name merchandise, sold through the Europris chain which consists of a network of 282 stores throughout Norway. Of these, 257 are directly owned by the group and 25 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. The group had around 3,800 employees in 2023.

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. Category upgrades in the stores are important for staying relevant and delivering a good customer experience. Europris is a campaign-driven low-price retailer, and strives to ensure that advertised products are readily available to customers across all its stores throughout the weekly campaign period.

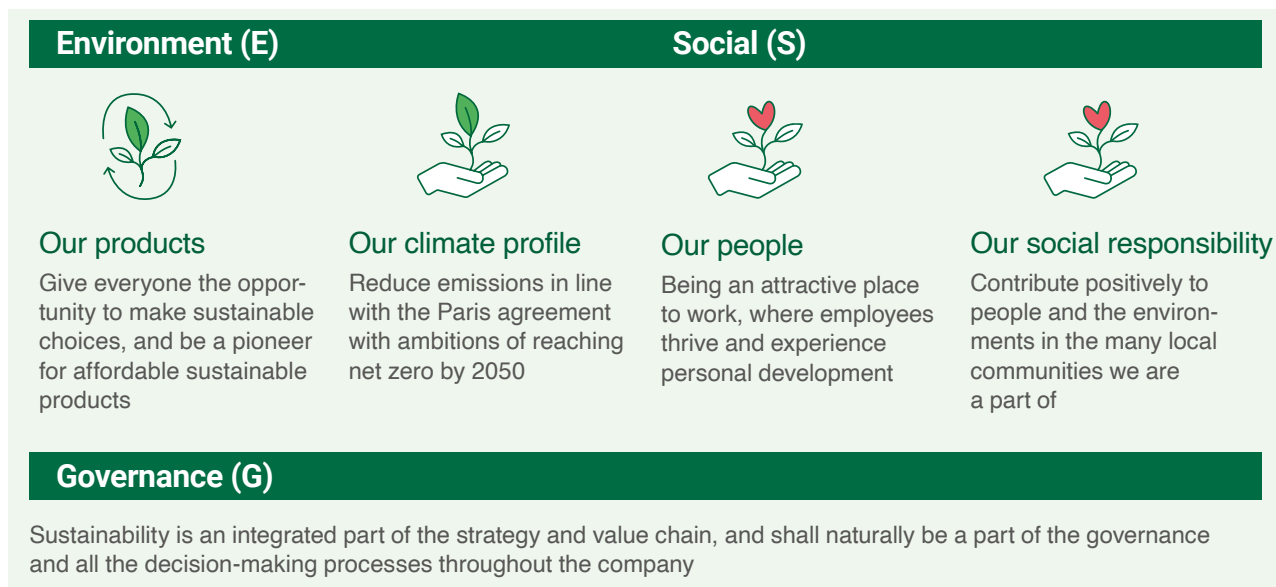
The group employs a low-cost operating model, with attention concentrated on efficiency across the entire value chain from factory to customer. It aims to maintain a low cost base through optimised and efficient sourcing, logistics and distribution processes. Goods are mainly sourced directly from suppliers 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 long-term joint sourcing partnership with Tokmanni of Finland and more recently Sweden's ÖoB. Acquiring pure play online companies 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 are:



Acting responsibly is a key part of the group's strategy, and includes the following main areas:



The group's sustainability report is structured in accordance with these four areas.

Operational review

Concept and category development

Campaigns and seasons are important for driving footfall to stores. Owing to the economic environment during 2023, campaigns were somewhat skewed towards relevant consumables needed on a daily basis in order to strengthen relevance even further.

Concept and category development is important for maintaining Europris as a desired shopping destination. In 2023, the laundry and cleaning category was upgraded during the first quarter and had the highest sales growth for the year. The personal care category was upgraded towards the end of the third quarter and showed above-average sales growth in the fourth quarter. The three categories upgraded in 2022 – pet food and accessories, handyman and DIY, and toys – all showed above average sales growth in 2023.

e-CRM

The Mer customer club had almost 1.5 million members at 31 December 2023, up by 19 per cent from the year before. Member-only offers have proven to be an accelerator for recruitment. Mer members continue to be more loyal to Europris overall, with a higher shopping frequency and a larger average basket value than non-members. Close to 50 per cent of chain sales in 2023 were to members.

More than 800,000 people subscribe to weekly digital newsletters. The group has continued to work on improving the personal experience for those exposed to electronic newsletters. Enrichment of customer data is an important part of being able to deliver segmented – and thereby more relevant – customer communication. Tests have shown that more relevant communication has a positive impact on opening and click rates, in addition to the number of store visits and basket value. Personal product recommendations have also been tested, but remained in an early phase during 2023 with own employees used as a test group.

Use of social media by stores locally has increased the number of viewings on these platforms. Social media are important for a broader reach.

E-commerce

Europris believes that online shopping is more of a "specialist's game". During 2023, it continued to adjust its product offering for online shopping at Europris.no and only selected categories are available for purchase online. The primary focus for its website is to provide customers with the information they need, start them on their customer journey and attract them to the stores.

E-commerce sales in the group amounted to NOK 907 million in 2023, a rise of 6.4 per cent. Excluding structural growth from the acquisition of Strikkemekka, sales declined by 3.4 per cent.

The Lekekassen group had sales of NOK 609 million (NOK 622 million) for 2023 as a whole, a decline of 2.1 per cent. Sales fell in Norway and Sweden while Denmark witnessed a slight increase. The gross margin declined, but lower volumes and strict cost control reduced Opex. EBITDA was NOK 93 million (NOK 99 million).

Strikkemekka's sales for 2023 as a whole amounted to NOK 188 million (NOK 193 million), down by 2.6 per cent. Sales from the knitting business fell in Norway but rose in the Swedish and Danish markets, which were entered in the fourth quarter of 2022. EBITDA was NOK 9 million for 2023 (NOK 7 million).

NOK million	2023	2022	Change
E-com sales*	907	853	+6.4%
Percentage of total group sales	9.6%	9.5%	+0.1%-p

* Europris online sales and sales from pure play companies (the Lekekassen group, the Strikkemekka group and Lunehjem).
Note: Strikkemekka was consolidated from July 2022.

Store estate

Europris opened a total of seven new stores in 2023. At 31 December 2023, the chain had a total of 282 stores, of which 257 were directly operated and 25 were franchises. Europris has a healthy pipeline of new stores, and the board has approved an additional six for 2024 and beyond. Two of the planned new stores are subject to a planning permission process.

New store openings in 2023

Month	Store	County
January	Froland	Agder
March	Grensen – city store	Oslo
June	Dombås	Innlandet
June	Hamar	Innlandet
September	Triaden (Lørenskog)	Viken
October	CC Drammen	Viken
November	Rognan	Nordland

Europris constantly pays close attention to the health of the store portfolio and its attractiveness to customers, and a total of five stores were relocated, one expanded and nine modernised in 2023. One store was closed, following an accident which led to the shopping centre being demolished.

Financial review

Income statement

Total operating income for 2023 amounted to NOK 9,467 million (NOK 9,016 million), up by five per cent. Excluding the acquisition of the Strikkemekka group, which was consolidated from July 2022, sales rose by four per cent. The Europris chain saw a like-for-like sales increase of 2.6 per cent.

Gross profit for the group amounted to NOK 4,191 million (NOK 4,183 million). The gross margin was 44.3 per cent (46.4 per cent), a reduction of 2.1 percentage points. That reflected a higher campaign share and changes to the product mix, in addition to higher input costs and price competition. The group recognised a net unrealised loss of NOK 14 million (loss of NOK 14 million) on currency hedging contracts and accounts payable.

Opex came to NOK 2,222 million (NOK 2,132 million). This represented an increase of 4.2 per cent from the same period of the year before, but was up by 2.5 per cent excluding the acquisition of the Strikkemekka group. The number of directly operated stores rose from 249 to 257. Operating expenses came to 23.5 per cent (23.6 per cent) of group revenue.

EBITDA was NOK 1,970 million (NOK 2,051 million), down by NOK 81 million or four per cent. The EBITDA margin was 20.8 per cent (22.8 per cent), a reduction of two percentage points.

EBIT was NOK 1,295 million (NOK 1,440 million), down by NOK 145 million or 10 per cent. Depreciation increased by NOK 64 million, mainly from lease liabilities. The EBIT margin was 13.7 per cent (16 per cent).

Net financial expenses came to NOK 191 million, up by NOK 83 million. Net unrealised loss on interest swaps was NOK 5 million in 2023 (unrealised profit of NOK 39 million). The group has interest-rate swap agreements totalling NOK 600 million, covering 60 per cent of the Europris term loan.

The group recorded an estimated loss of NOK 11 million (profit of NOK 4 million) on its 20 per cent stake in Runsvengruppen AB (ÖoB), based on preliminary and non-audited figures from this associated company. In addition, a write-down of NOK 43 million has been

booked on the 20 per cent stake in ÖoB because of weaker results. This is more than offset by a booked value of NOK 102 million from the valid option to acquire the remaining 80 per cent. See note 16 for more information.

Net profit for the full year was NOK 909 million (NOK 1,042 million). Net profit attributable to owners of the parent company was NOK 909 million (NOK 1,020 million). The share of profits to the minority was smaller in 2023 than the year before owing to the acquisition of the remaining 33 per cent of Lekekassen in 2023.

Earnings per share in 2023 were NOK 5.64, compared with NOK 6.34 in 2022.

Cash flow

Cash flow from operating activities for 2023 was NOK 1,769 million (NOK 1,248 million). The improvement from the same period of the year before reflected the net change in working capital.

Net change in working capital was positive at NOK 281 million (negative at NOK 374 million). Net working capital in 2023 was positively affected by reduced inventory levels, while 2022 was negatively affected by seasonal summer overliers. The inventory level is healthy, with value and volume lower than the year before.

Net cash flow used in investing activities was negative at NOK 358 million (negative at NOK 209 million). The group acquired the remaining 33 per cent of Lekekassen for NOK 212 million in 2023, and 67 per cent of the Strikkemekka group for NOK 88 million the year before.

Capital expenditure amounted to NOK 142 million (NOK 143 million).

Net cash from financing activities was negative at NOK 1,199 million (negative at NOK 1,144 million). A dividend of NOK 604 million was paid in 2023 (NOK 644 million). A dividend of NOK 20 million (NOK 16.5) was paid to non-controlling interests in subsidiaries, while NOK 530 million (NOK 482 million) in principal was paid on lease liabilities.

The net change in cash for 2023 was an inflow of NOK 212 million (outflow of NOK 106 million).

Financial position and liquidity

Financial debt at 31 December 2023 came to NOK 3,715 million (NOK 3,627 million). The group completed its refinancing at 30 June 2023 (3+1+1 year facility arrangement).

Net debt at 31 December 2023 amounted to NOK 3,039 million (NOK 3,163 million). Adjusted for lease liabilities, net debt was NOK 371 million (NOK 626 million).

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

Equity

Equity at 31 December 2023 was NOK 3,612 million (NOK 3,283 million), representing an equity ratio for the group of 38.8 per cent (35.6 per cent). The increase in equity derived mainly from the net profit of NOK 909 less NOK 624 million in total dividend paid (including dividend to non-controlling interests in subsidiaries).

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, and that it is appropriate to make that assumption.

Parent company and allocation of profit

The parent company, Europris ASA, is a holding company with financial activities and corporate functions. The company received dividend and group contribution of NOK 558 million (NOK 639 million). Europris ASA posted a profit of NOK 584 million for 2023 (NOK 616 million).

The board proposes the following allocation (NOK million):

Ordinary dividend	543
Retained earnings	41
Total	584

The Europris group achieved a profit of NOK 909 million in 2023. Profit attributable to the owners of the parent company amounted to NOK 909 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).

Organisation and corporate social responsibility

Employees and training

The group had 3,826 employees, of whom 59 per cent were women. Employee engagement surveys for 2023 yielded strong results, in line with the strong scores 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 they are very satisfied with their managers.

Europris pays great attention to developing its employees. The combined strategy and training programme for around 60 managers continued in 2023. This aims to ensure a leadership culture which contributes to relevant innovation. Attention in 2023 was devoted to implementing the group's recently launched leadership principles, combined with how to develop the business model in order to stay relevant in the future. Special attention was given to strengthening Europris as an important contributor to the local communities it forms part of, in line with the group's strategy.

Store managers were gathered twice for two days to receive relevant training in 2023. Among topics were preparations ahead of important seasons and improving skills under the "lean" heading to enable better adoption of this framework in store operations. Ninety-seven per cent of the store managers passed the lean yellow belt examination in 2023. Mentors assist regional managers in training and coaching of store managers, and they received extra training during the year. All store employees are given relevant training ahead of the important summer and Christmas seasons in order to be better equipped to assist and provide service to customers.

It is important that employees are well aware of ethical and other guidelines and policies, and Europris launched a gamification of relevant policies in order to ensure a higher level of understanding. This exercise will be repeated annually to ensure that it stays top-of-mind for all personnel.

Health and safety

The group pays great attention to avoiding and reducing sickness absence. It was rewarding to see positive results from this work, with a decline of 1.3 percentage points to 7.8 per cent in 2023. Structured efforts to prevent and reduce absences will continue in 2024.

Sickness absence	2023	2022
Group	7.8%	9.1%

A total of nine lost-time injuries were recorded in 2023. Europris has a zero vision for injuries, and each case is evaluated immediately so that any possible corrective actions can be implemented as soon as possible in order to avoid injuries from similar situations in the future.

Equal opportunities and discrimination

The group's policy is to promote equal human rights and opportunities, and to prevent discrimination on the grounds of gender, pregnancy, maternity or adoption leave, caring duties, ethnic, national or political affiliation, gender identity and expression, disability, sexual orientation, age or combinations of these. 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 Europris ASA, the parent company, is concerned, women accounted for 43 per cent of directors in 2023. 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 page 77).

Environment, business ethics and corporate social responsibility

Europris continues to strengthen the attention it devotes to sustainability and has increased the organisation with new posts. Replacing fossil fuel with green biofuel for deep-sea shipping between Asia and Europe, installation of solar panels at the warehouse in Moss and further strengthening recycling at the stores, the warehouse and the headquarter were some of the environmental achievements in 2023. Europris repeated its annual sustainability week for all employees in 2023. The goal is to increase awareness of and knowledge about all environmental, social and governance (ESG) issues throughout the organisation. More information about the group's sustainability work and results can be found in its sustainability report from page 35.

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 such international guidelines and standards 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 due diligence assessments made by the group in accordance with the Transparency Act are publicly available at Europris ASA - About us - Corporate Governance - Policies. More information in this area can also be found on page 86.

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 and labour rights, the working environment, equality, discrimination, anti-corruption and the natural environment, are described in more detail in a separate section of this annual report (see page 84), and can also be found on the company's website at Europris ASA - About us - Corporate Governance - Policies.

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 26-33 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 2023.

Risk and risk management

The board pays great attention to risk in the value chain, risk management and internal control procedures, and reviews the group'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 concentrates on the following key risk categories: financial, market, operational and strategic.

Some of the most central topics on the agenda for the Europris group in 2023 were cyber and climate-related risks. The former is considered one of the most important risk factors, and the group is continuously

working on risk-mitigating actions and preventive measures.

The risks associated with climate change go beyond physical threats, where a broad category of climate-change hazards called transition risk is receiving increased attention. This is the potential cost to society of evolving to a low-carbon economy in order to mitigate climate change. Such costs can arise from changes to public sector policies, innovation, changes in the affordability of existing technologies (in other words, technologies which make renewable energies cheaper or allow for the removal of greenhouse gas emissions), or investor or consumer sentiment related to a greener

environment (for example, a desire or requirement to divest assets, such as the equity of companies with activities which hasten climate change). Where transition risk is concerned, uncertainty prevails about the future pathways for a transition to net zero which will potentially lead to adverse economic and societal impacts in a much shorter time frame than the physical risks posed by climate change. Europris is in process of evaluating the most important climate risks and is well positioned with regard to responding to these. More information in this area can be found on pages 67-68.

Financial risk

Risk type	Description of risk	Risk governance
Interest rate risk.	Interest-rate volatility affecting the group's interest costs.	The financial policy includes hedging interest rates. Sixty per cent of the group's long-term loans are 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. Facilities were refinanced in 2023 and Europris has a solid financial position.
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 (only 25 out of 282 stores), where losses on trade receivables have historically been limited. Sales to B2B customers are a very small part of total revenues and historically involve limited losses.

More details about financial risk management and related risks can be found in note 2 to the consolidated financial statements.

Market risk

Risk type	Description of risk	Risk governance
Natural disaster, extreme weather, conflict, pandemic, etc.	Natural disasters, extreme weather and conflicts may affect the production and supply of goods. It could also impact customer footfall.	Europris has many suppliers, who are located in different geographic regions. The probability that the entire value chain will be affected by the same issue/at the same time is therefore relatively 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. Extreme weather is likely to be more frequent, with for instance customers being advised to stay at home. It is however, not considered likely that this will last for a longer period of time and for the entire country at once, thus the risk is considered manageable.
	A pandemic, depending on restrictions imposed and customer behaviour, could have either a positive or a negative effect.	The group's 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 simultaneously. The majority of the range consists 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. A 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 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 almost 1.5 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 considerations.	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 the sustainability position as 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 (primarily the Business Social Compliance Initiative (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	Risk governance
IT infrastructure, including cyber risk.	Damage to IT infrastructure.	<p>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.</p> <p>The group is well on its way when it comes to IT system upgrades, and completed the upgrade of the ERP system in 2023. Training of employees is done on a continuous basis, as a preventive measure and to remind them of cyber risks.</p>
Central infrastructure, 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.
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 (primarily 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 planned random testing of food products. Suppliers with high-risk products are followed up tightly. 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 in the company. These are revised annually by the board, and employee training is conducted at least on an annual basis. Actions to ensure compliance with the Transparency Act were implemented in 2022. Increased attention is being paid to sustainability (ESG) in the market and new requirements for reporting. Europris is working on adaptations for reporting in accordance with legal requirements.
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	Risk governance
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. Two out of 15 categories were updated in 2023.
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 they have historically performed well.
Omnichannel and e-commerce	Incomplete development of solutions and lack of relevance for the customer.	In 2022, the group updated its strategic plan for digitalisation, including omnichannel and e-commerce. The group has previously made acquisitions of online pure players, and thereby strengthened its expertise in this field.
Alliances and cooperation.	Improving sourcing prices and co-developing PL range.	Europris has a collaboration with the retailers Tokmanni (Finland) and ÖoB (Sweden) 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 considering setting up and collaborating with suppliers in eastern Europe. A collaboration with full or partly owned subsidiaries also aims to realise synergies for both parties.

Market developments and outlook

Owing to the attacks on vessels in the Red Sea, shipping from Asia to Europe has been routed around the Cape of Good Hope, with an increase of up to two weeks in transit time. Because of this, some market participants report capacity constraints in the market because of a shortage of containers. Europris' main priority is to continue getting goods delivered on time. However, the group is exposed to the rise in shipping costs as a result of the situation.

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 value.

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 2023, except for the decision to exercise the option to acquire the remaining 80 per cent of the Swedish retailer ÖoB, as communicated to the market at 31 January 2024.

Fredrikstad, 19 March 2024

THE BOARD OF DIRECTORS OF EUROPRIS ASA



Tom Vidar Rygh
Chair



Claus Juel-Jensen



Hege Bømark



Bente Sollid Storehaug



Jon Martin Klafstad



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, Industri Kapital 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, now senior director at TEVA Pharmaceuticals, and has previously held similar positions in the Actavis Group and Alpha 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.



Bente Sollid Storehaug

Bente Sollid is CEO of Digital Hverdag and non-executive director of Polaris Media, Lumi Gruppen and Motor Gruppen. She is also chair of PlaceWiseGroup, Sonat Group and Task Alliance. 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.



Claus Juel-Jensen

Claus Juel-Jensen is a board professional and has extensive boardroom experience from companies in food and non-food retail, food production, consumer service and wholesale in Germany, Denmark, Sweden and Norway. In his professional career, he was CEO of Netto Germany, a joint venture between Edeka Germany and Dansk Supermarked Group, from 1995-2004 and after that, Group CEO of Netto International (DK, DE, SE, PL, UK) and executive vice president in Salling Group from 2005-2017. Juel-Jensen has extensive experience of the retail industry, especially with regard to the internationalisation of retail concepts and operating models. 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 is an adviser to or director of several Nordic tech retail companies/tech consultancies as well as Posten Bring and some start-up companies. He 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. Wibe is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 288,572.



Martin Klafstad

Martin Klafstad is a partner in Norway's Emendor Advisors consultancy, specialising in the retail and consumer goods industry in the Scandinavian market. From December 2020 to February 2023, he served as managing director for Komplett and head of Komplett's B2C division through Komplett's consultancy agreement with Emendor Advisors. Klafstad has held various positions in the retail industry, including CEO of Bringwell AB in Sweden, CEO in REMA Industrier and Kavli Norway, director of Isola AS, Geia Food AS and Barna, and multiple senior roles in marketing and purchasing in REMA 1000 and Orkla ASA. He holds an MSc in engineering from the Norwegian University of Science and Technology (NTNU) and an MBA from the University of Colorado. Klafstad is regarded as independent of senior executives, material business associates and the company's major shareholders. Number of shares in Europris ASA: 6,750.



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 2023 Europris deviated from the recommendation in one section of the code during 2023 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 2023 of a network of 282 stores throughout Norway. Of these, 257 are directly owned by the group

and 25 operate as franchise stores. In addition, Europris is full or partial owner of the e-commerce companies Lekekassen, Lunehem, Strikkemekka and Designhandel. 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 12-23 of the

2023 annual report, while the group's sustainability efforts are described from page 35.

Deviations from the code: None.

3. Equity and dividends

Capital structure

At 31 December 2023, the group's equity totalled NOK 3,612 million, which corresponded to an equity ratio of 38.8 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 2023 the board will propose a dividend of NOK 3.25 per share. The proposed dividend represents 57.6 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 (AGM) on 20 April 2023 granted two separate mandates to the Europris board. Both mandates are valid until the next AGM in 2024, but in any event no longer than to 30 June 2024. A separate vote was held on each mandate. For supplementary information, reference is made to the minutes of the AGM in 2023.

- 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 2023, 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. At 31 December 2023, the company owned 5,921,935 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 5,921,935 treasury shares at 31 December 2023.

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 2023.

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

Deviations from the code: None.

5. Shares and negotiability

The Europris share is freely transferable on the 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. Only a party that is a shareholder five working days before the general meeting is entitled to attend and vote at the general meeting.

Notification

The annual general meeting will be held each year before 30 June. The next AGM is scheduled for 30 April 2024. 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 two 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 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 2023, 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 all of the members are up for election in 2024. 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 2023, of whom three were women. All shareholder-elected directors are regarded as independent of senior executives and material business associates. 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 directors.

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 2023 annual report and on the company's website at <https://investor.europris.no>.

Deviations from the code: None.

Name	Position	Served since	Up for election
Tom Vidar Rygh	Chair	2012 ¹	2025
Bente Sollid Storehaug	Director	2015	2024
Hege Bømark	Director	2015	2025
Tone Fintland	Director	2017	2024
Claus Juel-Jensen	Director	2017	2025
Pål Wibe	Director	2020	2024
Jon Martin Klafstad	Director	2023	2025

¹Served 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 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 2023.

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 2023.

Financial reporting

The board receives financial reports and comments from the CEO 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 ten meetings in 2023, where seven meetings were held physically and three were virtual meetings. The overall attendance rate at board meetings was 97 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 2023, with an overall attendance rate of 100 per cent. At 31 December 2023, 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 2023, with an attendance rate of 89 per cent. At 31 December 2023, 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, Tone Fintland, 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 2023.

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, where management presents the group's internal control routines, including identified weaknesses and areas subject to improvements from the auditor, 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 2024. 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 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 financial, 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 2023.

Europris furthermore monitors satisfaction by employees and promotes the 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 2023 were approved by the AGM in 2023.

Directors' fees at 31 December 2023 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 2023 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 2023 AGM. 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 2023 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 (IR) 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 is appointed by the general meeting and is independent of Europris ASA. Deloitte AS was elected as auditor for the fiscal year commencing on 1 January 2023. 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 2023 financial statements.

Deviations from the code: None.



Sustainability report 2023

EUROPRIS ASA





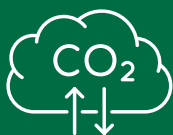
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Highlights 2023

– the year in brief

12%



reduction in
carbon emissions
including scope 3

Waste recycling
rate of

87.8%

an improvement of 10.7 pp

40%

reduction in GHG
emissions from transport

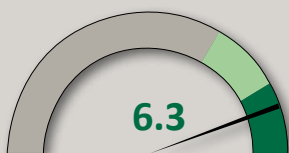
Socially audited suppliers

99%

an improvement of 4.9 pp

Attractive workplace score

Employee survey
on a scale
from 1 - 7



Solar panels
installed at
the logistics
centre

Energy
efficiency
target
reached

Improved reporting scores

CDP

A-

Position Green

A

Internal engagement
and education

- Leadership programme on our social responsibility and leadership principles
- Sustainability week for all employees

Number of people in work training

→ 123

About Europris ASA

Europris is Norway's largest discount variety retailer by sales, featuring 282 stores throughout the country where 257 are directly owned by the group and 25 operate as franchise stores. Its head office lies in Fredrikstad, while the logistics centre is located in Moss. The group offers its customers a broad range of quality own brand and branded merchandise across a wide range of product categories. Laundry and cleaning, pet food and accessories, storage, confectionery and snacks, candles and interior and seasonal items are defined as top-of-mind destination categories.

In addition, Europris has a 100 per cent stake in Lekekassen (Toy Space), and 67 per cent stakes in Lunehjem, Strikkemekka (Yarnmania) and Designhandel. These are specialised e-commerce stores, concentrating on toys, DIY and interior.

The group's vision is to be the preferred choice for those seeking convenient, intelligent and affordable shopping experiences. A key strategic focus area for Europris is acting responsibly, placing a strong emphasis on social and environmental initiatives. The ambition is to be recognised as a responsible retailer providing sustainable and affordable products for everyone.

Supply chain

Europris has an extensive value chain, extending from raw material extraction to end-of-life waste management. Its procurement model emphasises efficiency throughout the value chain from supplier to customer, aiming to minimise costs through optimised procurement, logistics and distribution. A skilled procurement team acquires substantial quantities of goods from suppliers located predominantly in Europe and Asia. The head office is at Fredrikstad, with the logistics centre in Moss. The group has a Shanghai sourcing office (SHO) in Asia (operated jointly with Tokmanni). During the reporting year, Europris maintained 739 supplier relationships in Europe and Asia split by purchase cost between 70 per cent European and 30 per cent Asian. Where the number of suppliers is concerned, 67 per cent are from Asia.



Sustainability in all we do

We are pleased to present our sustainability report for 2023. This provides a comprehensive overview of our performance in this area over the past year, reflecting our commitment to transparency and accountability in our environmental, social, and governance (ESG) practices. At Europris, we understand that sustainability is not only about mitigating risks, but also about seizing opportunities to create long-term value for our stakeholders. We are committed to integrating sustainability into every aspect of our business, from our operations and supply chain to our products and to our interaction with employees and the many local communities we form part of.

Significant progress was made in our sustainability efforts during 2023. First, notable gains were made with our climate initiatives. Second, we have advanced in the social dimension of sustainability.

Where the environmental aspect of ESG is concerned, we achieved a 12 per cent reduction in GHG emissions from 2022 to 2023. Substantial progress was made with mapping emissions in scope 3. This is an important step on the way to setting goals which are approved as science-based targets by the Science Based Targets initiative. Furthermore, we assessed the potential financial impacts and risks associated with climate-related factors when conducting our climate risk analysis in accordance with the TCFD framework. The process of fully embedding the approach in our strategy and operations is still ongoing, and a complete TCFD report will be published in 2024. Taken together, these initiatives express our commitment to building climate resilience. Another significant stride forward involves establishing a checklist for sustainable product sourcing. This heightens awareness and expedites the transition of the product dimension towards lower emissions, preserving biodiversity and fostering responsible sourcing practices.

However, sustainability is not just a matter of mitigating emissions. The “S” in ESG reflects the social considerations and impacts associated with a company’s operations, emphasising its responsibility towards people and communities. During 2023, we persistently enhanced our efforts devoted to responsible sourcing, work training, and strengthening the employee engagement which marks our positive contribution to local communities. Through a strong and dedicated commitment, we ensured that 99 per cent of purchases from high-risk areas came from socially audited suppliers. The number of employees in work training remained at a good level, with 123 people in 2023. The recent employee survey has shown improved perceptions regarding our positive contributions to local communities. These results affirm that attention is focused in the right direction.

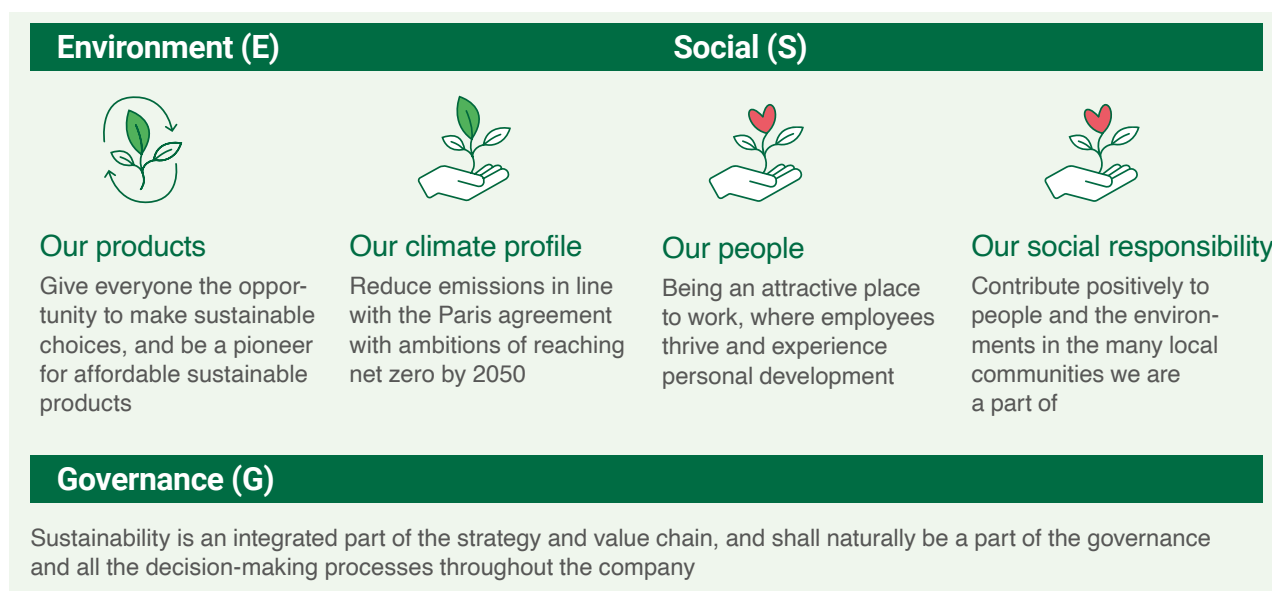
This report, prepared in accordance with the Global Reporting Initiative (GRI) framework, allows us to measure and report our sustainability performance in a way which is meaningful, transparent and comparable. It aims to provide the reader with a clear understanding of our sustainability journey and commitment to creating a more sustainable future in order to pursue our overall ambition to be a responsible retailer while giving everyone the opportunity to make sustainable choices through sustainable but affordable products. We hope the report can serve as a basis for dialogue with our stakeholders as we continue to seek ways to improve our work. As a reading aid, we have compiled a glossary of the commonest sustainability terms used. This is available on page 98.

Unless otherwise specified, the figures in this report cover Europris AS, Europris Butikkdrift AS, Europris Holding AS, Lekekassen Holding AS, Strikkemekka Holding AS and Lunehjem.no AS. Numbers are for the year 2023.

The group's ESG priority areas

Our ESG priority areas are based on the UN sustainable development goals (SDGs) and the material topics which identify our most significant impacts on the economy, the environment and

people. We are concentrating on four main priority areas which aim to inspire and activate positive change and to lead the journey towards this: i) our products, ii) our climate profile, iii) our people and iv) our social responsibility.



A concentration on the most material sustainability topics

We have conducted a materiality assessment in order to concentrate sustainability work on our most prominent impacts. This was updated in 2022, to align with the principles, requirements and guidelines in the 2021 GRI standards. This was revisited and updated slightly in 2023.

Identifying our most significant impacts began by engaging with a diverse range of stakeholders. These included employees in Norway, personnel at the Shanghai sourcing office in Asia, and top management, as well as with external parties such as suppliers, shareholders and NGOs. Examining the entire value chain and not just core activities is essential when describing local, regional and global impacts on the sectors we operate in. International guidelines and standards we are expected to comply with, such as the OECD guidelines for responsible business conduct, the UN guiding principles on human rights and the Paris agreement, were also included in developing and understanding our sustainability context.

Based on the latter, 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. They were then scored in terms of severity, using dimensions for scale and scope, and likelihood. Scoring for each impact was based on its severity and likelihood in relation to the other identified impacts. In addition, each impact 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.

In addition to reworking the impact list, new impacts were added to improve the strength of the analysis. The methodology for scoring the impacts has been improved. This initiative was conducted by a group of key personnel from the sustainability and finance department in collaboration with an external consultancy to ensure alignment and quality. As a result of this update, the material topics have remained but their order has been slightly changed. Climate resilience and sustainable products and circular solutions have moved up, while safe and good-quality products have moved down slightly. No new material topics were identified in the updated assessment.

Material topics ranked from 2023 materiality assessment	Material topics ranked from 2022 materiality assessment
1. Human rights due diligence	1. Human rights due diligence
2. Climate resilience	2. Safe and good-quality products
3. Sustainable products and circular solutions	3. Climate-friendly operations and logistics
4. Climate-friendly operations and logistics	4. Climate resilience
5. Equal opportunities and an inclusive working environment	5. Sustainable products and circular solutions
6. Safe and good-quality products	6. Equal opportunities and an inclusive working environment
7. Business ethics and anti-corruption	7. Business ethics and anti-corruption
8. Health and safety in the workplace	8. Local value creation and community engagement
9. Local value creation and community engagement	9. Health and safety in the workplace

The materiality matrix is presented in line with the GRI standard of 2021.

In line with the Corporate Sustainability Reporting Directive (CSRD), we are extending our work and will undertake a double materiality assessment in 2024 followed by a gap analysis leading to the upcoming ESRS. This will include widening the involvement of stakeholders, revisiting impacts, assessing financial opportunities and risks, and adjusting the materiality

overview with strategic implications for our group in the time to come. We initiated this process in late 2023 by assessing how climate-related factors might affect our financial performance, utilising the recommendations of the task force on climate-related financial disclosures (TCFD). More information about climate resilience can be found on page 67.



How our sustainability strategy relates to the UN SDGs

Material topic	UN SDGs targets/main priority areas	How we relate to the SDG target
<p>Sustainable products and circular solutions</p> <p>Safe and good-quality products</p>	  	<p>We seek to give everyone the opportunity to make a sustainable choice, and to be a pioneer in offering sustainable but affordable products (12.8)</p> <p>We also work to reduce waste and packaging with more circular solutions (12.5)</p>
<p>Climate resilience</p> <p>Climate-friendly operations and logistics</p>	 	<p>We will implement specific measures to reduce energy consumption across our 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)</p>
<p>Equal opportunities and an inclusive working environment</p>	 	<p>We work for equal opportunities and an inclusive working environment, and are committed to ensuring full participation in and equal opportunities for all employees regardless of gender, at all levels of decision-making in our organisation (5.5)</p>
<p>Human rights due diligence</p> <p>Health and safety in the workplace</p>	 	<p>We will ensure that products are sourced responsibly, and promote a safe working environment for all workers throughout the supply chain (8.8)</p> <p>We will contribute to full and productive employment and decent work for all people as well as equal pay for work of equal value (8.5)</p>
<p>Local value creation and community engagement</p>	 	<p>We will be an inclusive, ethical and responsible business which contributes to the local communities we are part of (10.3)</p>
<p>Local value creation and community engagement</p> <p>Climate resilience</p>	  	<p>We are committed to measuring and managing risks and opportunities presented by climate change in accordance with the CDP, a global environmental disclosure system (17.14). The climate risk and opportunities are identified in accordance with the TCFD framework.</p> <p>We encourage and promote cooperation through both business and civil society partnerships, building on and sharing experience in order to promote best practice (17.17)</p>

Identifying our stakeholders

In the context of sustainable business practices, identifying and understanding the roles and interests of our various stakeholders are crucial for developing strategies which balance economic growth with environmental stewardship and social responsibility.

Information acquired from communication with stakeholders is a crucial input in updating our materiality impacts. Stakeholders are identified as a natural consequence of our value chain and the interactions we have across all functions, and by understanding who is affected by or can affect our sustainability practices.

Put briefly, our stakeholders fall into the following groups.

1. Customers: Customers are increasingly conscious of environmental and social impacts. Their preferences drive demands to adopt sustainable practices, offer eco-friendly products and embrace ethical sourcing. Consumer interaction is tracked through brand-tracker surveys, and we interact with our customers through newsletters, social media, customer leaflets and websites.

2. Suppliers: Sustainable supply chain management is crucial. We must ensure that our suppliers adhere to the environmental standards and labour practices we specify, which extends our commitment to sustainability throughout the supply chain. This interaction can be described as ongoing dialogues, annual vendor summits, and one-to-one meetings. The Shanghai sourcing office occupies a key place in our relationship and interactions with suppliers in Asia.

3. Employees: The employees function as integral stakeholders in our sustainability efforts by advocating for, implementing and introducing sustainable practices throughout our organisation. They help in embedding the culture of sustainability, provide valuable feedback, educate and raise awareness, ensure compliance and function as ambassadors for our commitment to sustainability. We engage with them through a wide range of channels, primarily meetings, newsletters, workplace interaction and the intranet, as well as kick-offs, regional meetings and the annual sustainability week.

4. Banks and funding: To secure funding on competitive terms, we need to demonstrate a genuine willingness to contribute positively with ESG. Financial institutions or other sources for funding will take our work on these topics and our progress and ambitions for the future into account when evaluating risk and considering whether to offer funding at what margins. Dialogue is mainly through regular one-to-one meetings.

5. Investors and analysts: Analysts can influence investor and public perception, highlighting our efforts with regard to sustainable practices. Given a growing trend towards responsible investment, investors are more likely to support companies which demonstrate a commitment to sustainability, ensuring that their investments contribute to positive environmental and social outcomes.

Meetings are held with analysts and investors along with quarterly roadshows and investor seminars.

6. NGOs: Collaboration with organisations such as Green Dot, Amfori, the Norwegian Retailers Environment Fund and Ethical Trade Norway highlights our commitment to sustainable practices. These partnerships provide us with expertise, resources and support for implementing sustainable best practice. Important points of contact are meetings, seminars and courses.

7. Local communities: Engaging with local charities and other partners can help us understand and address community-specific environmental and social issues, and strengthen our role as a responsible local player. We engage through one-to-one meetings or calls.

8. Government and regulators: These bodies determine the legal framework for sustainable practices through regulations. Compliance with environmental legislation and regulations is a key aspect of corporate sustainability. Enhanced legal requirements in such areas as climate adaptation and mitigation, human rights due diligence through the Norwegian Transparency Act and the upcoming CSDDD, enhanced ESG reporting through the ESRS, and the EU taxonomy and regulations on circularity are highly relevant for us.




Reporting standards and achievements

The Position Green Group, an independent research and advisory firm, awarded us an A score for our 2022 sustainability report after evaluating the 100 largest companies on the Oslo Stock Exchange (ESG 100). We are very satisfied with this recognition, which was raised from a B ranking in 2021.

The CDP is a global non-profit organisation which runs the world's leading environmental disclosure platform. With a record of more than 23,000 companies disclosing through the CDP in 2023, disclosing data on environmental impacts is now a

business norm. We have disclosed our environmental data through this channel since 2016. Now more than ever, it is crucial to be transparent about the risks climate poses to businesses, investors and the planet. Tracking progress on reducing emissions is essential if we are to achieve a 1.5°C world. Our group is proud to be recognised for our climate-related sustainability work, with an improved score from B to A- in the 2023 disclosure report.

	2019	2020	2021	2022	2023
	B	B	B	B	A-



Governance

Sustainability is an important component in our overarching goals. The board recognises its importance as an integrated part of our 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 our sustainability strategy and the material topics presented in the materiality assessment. Responsibility for managing these impacts is delegated by the board through the CEO and management team to the relevant roles in our organisation and illustrated in the figure next page.

The CEO briefs the board at least quarterly on our sustainable activities, operations, economic position and financial status. Climate-related risks, opportunities and impacts are reported and approved by the board annually as part of the total risk management process presented on page 19.

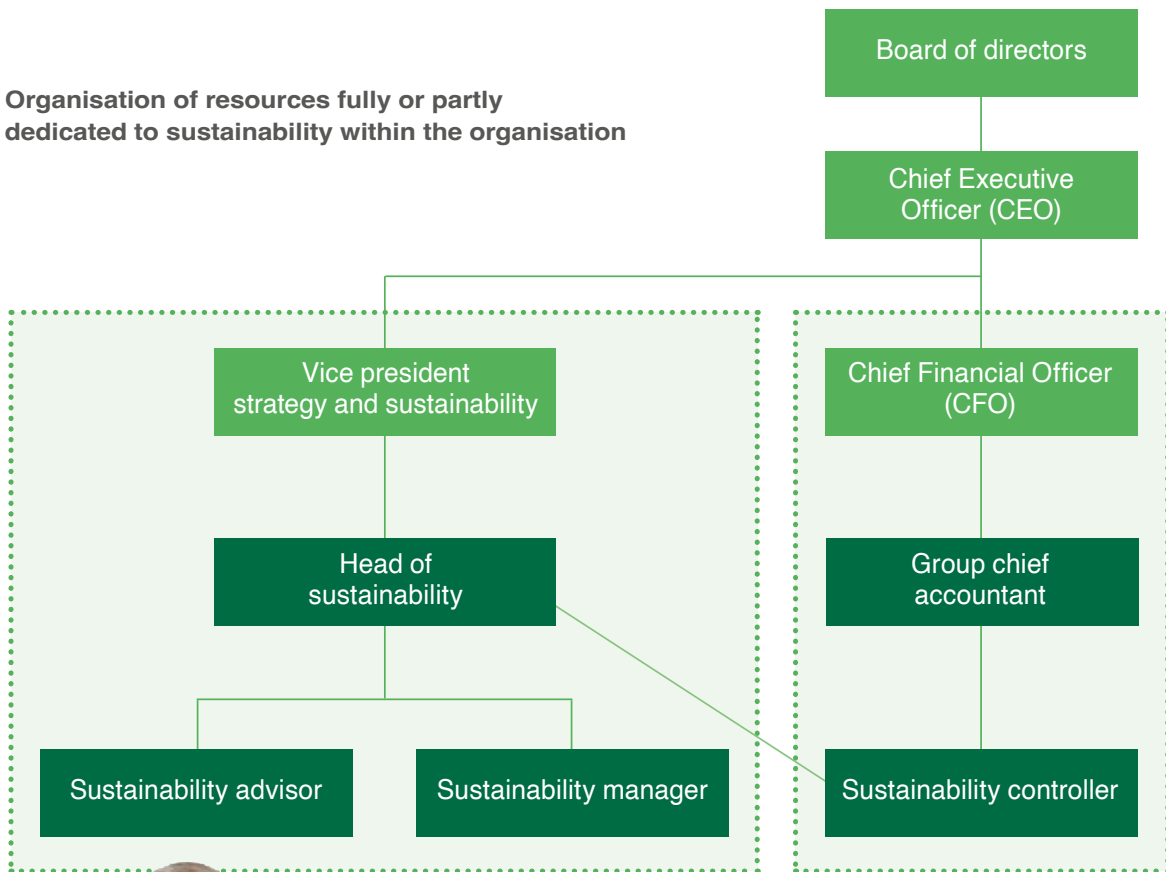
The board is given a quarterly update on sustainability-related activities and KPI performance. In 2023, the frequency of internal KPI-reporting to the board was expanded in order to ensure a wider and deeper understanding of progress being made in sustainability across our organisation. Several members of the board have experience of ESG matters through their current jobs, through the academic sustainability discipline at the Norwegian Business School or through such areas as global procurement. One director also obtain a certificate on sustainable business strategy. The board has chosen one of its members to exercise dedicated responsibility for ESG issues. This director meets the vice president for strategy and sustainability and the head of sustainability at least twice a year to discuss and work on strategic ESG issues for our group. In June 2023, the board received an in-depth review of sustainability work where special attention was devoted to increased communication internally and externally.

Day-to-day management of our operations is regulated by the CEO to ensure that we pursue and seek to reach the strategic targets set by the board. That includes the alignment and approval of the annual report and material topics. KPIs related to the sustainability strategy and targets are incorporated in the bonus agreements of the executive management group and all other employees with individual bonus agreements. This approach ensures attention to our sustainability goals at all levels of

management. The department head is responsible for ensuring that all employees within their department are familiar with the necessary policies and guidelines relevant to their area. This is facilitated by the availability of information on the intranet and through digital learning modules covering topics such as corruption, IT security, and ethical guidelines. An insight trip was conducted in the autumn of 2023 with the aim of increasing knowledge about and attention paid to sustainability in the retail sector. Several members of the management team and other relevant roles travelled to Copenhagen for meetings with and learning from relevant players who are at the forefront in this field. A summary was presented and discussed in the full leadership group to align and share information and pass this further down in our organisation.

Our sustainability department is organised in conjunction with the strategy area and led by the vice president of strategy and sustainability. Such an organisation permits an integrated approach, where sustainability is part of the decision-making processes throughout our group. The head of sustainability 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 our organisation. The sustainability team was strengthened in 2023 with two additional personnel, one of whom has been placed in the finance department. The day-to-day management of sustainability issues is distributed throughout the organisation, with each department's management holding KPIs relevant to their specific business area. The model on the next page depicts roles that are either directly or partially responsible for overseeing sustainability efforts within the group.

Organisation of resources fully or partly dedicated to sustainability within the organisation



An ever larger segment of our expanded customer base wants sustainable products. We have displayed a willingness and ability to innovate in this area, and continue to expand our offering of sustainable products at attractive prices. We've managed this in parallel with ever more stringent government requirements for documenting the environmental impact of our products. Our purposeful work on sustainability has earned us an A- rating from the CDP and an A mark from Position Green. We also devoted substantial efforts during 2023 to preparing science-based targets for our climate goals, and look forward to submitting these for approval in 2024.


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 we work with corporate governance and legal compliance. We therefore view business ethics and anti-corruption as a material topic for our group.

A selection of impacts is presented in the table below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
	Lack of training and competence can lead to corruption	Potential	Negative	No
	Deviation from IT routines which leads to leaks of sensitive employee data	Potential	Negative	Yes
	Advertising potentially leading to discrimination with misleading communication to customers	Potential	Negative	Yes
	Training for exposed roles to make them more resilient towards corruption	Actual	Positive	Yes
	Policies for ethical guidelines communicated to all employees	Actual	Positive	No

We recognise and address these impacts. The board has established clear objectives, strategies, and risk profiles for our business activities in order to create value for shareholders and to ensure that our resources are utilised in an efficient and sustainable manner to the benefit of all stakeholders. We have developed various policies to establish business practices and to provide guidance on following up important sustainability areas, such as the supplier code of conduct, ethical trade, anti-corruption, 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 conduct, and to prevent violations and negative impacts externally. The policies are revised annually and approved by the board.

We finalised and implemented a project in 2023 to revitalise these policies across our organisation. This started with mapping key roles which needed special attention or training related to various policies. An e-learning course on our ethical guidelines was launched to all employees to ensure that the policies are well understood and embedded in the day-to-day business. Many people completed this programme in 2023, and it will be repeated in 2024 with the aim of ensuring full completion by all employees. Additional training was also provided for employees in roles susceptible to potential corruption risks as part of

ongoing efforts to prevent corruption in our organisation.

In 2023, we worked on updated guidelines for whistleblowing both internally and externally. They were approved by the board in January 2024. We also started the work on creating a simplified whistleblowing poster to make information about this process more accessible. Various whistleblowing methods have been provided, including a third-party channel which enables anonymous reporting of such important matters as breaches of our ethical guidelines in areas like discrimination and any form for harassment. This channel is available to both internal and external parties who wish to report. To ensure that personnel have sufficient information, questions on this issue were incorporated in the annual employee survey for 2023 as well as being included in the e-learning programme launched in the same year. The results show that the vast majority of employees have a good understanding of the topic.

One incident in relation to The Working Environment Act and one case involving the General Data Protection Regulation (GDPR) was reported in 2023. Both were handled and resolved by the HR department. None of the cases reported in 2023 involved discrimination or corruption. There were no cases reported on communication and advertising.



Our products

We recognise that our main impact on ESG issues relates to the sourcing and production of products. The Intergovernmental Panel on Climate Change (IPCC) has concluded that the biggest threats to nature and the climate today are the ways in which humans consume resources. To reverse the loss of natural habitats and halt climate change, the world must reduce production and consumption footprints by 50 per cent by 2030. This chapter explains how we work continuously to increase our share of more sustainable products, and our approach to creating a more circular business. It also describes how we work with safe and good-quality products.

Our ambition is to give everyone the opportunity to make sustainable choices, and be a pioneer for affordable sustainable products



SDG in relation to our products



Material topics related to our products

- Sustainable products and circular solutions
- Safe and good-quality products



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Sustainable products and circular solutions	Annual increase in share of total chain sales from third-party certified products	7.8	9.1	9.8	> 9.1	> 9.8	n/a	Percentage of total chain sales from third-party certified products
Safe and good-quality products	Maintain a low complaint rate on durable goods	0.30	0.30	0.29	< 0.35	< 0.35	< 0.35	Complaints in percentage of number of items sold, within durable goods (accounting for 30 per cent of total chain sales)

Key initiatives for achieving the targets

Sustainable products and circular solutions

1. Checklist for sourcing new products to reduce emissions, preserving biodiversity and respecting human rights in the value chain
2. Policies on deforestation and plastic
3. Increase of third-party certifications
4. Improved work on offering spare parts to prolong product lifecycles
5. KPIs on packaging to reduce waste and increase recycled and renewable materials in packaging
6. Nudging consumers to more sustainable choices: reworked and enhanced communication on sustainability plus new visual identity

Safe and good-quality products

1. Optimised routines to ensure compliance on high-risk products
2. Improved work on risk analysis
3. Improved data collection


Sustainable products and circular solutions

GHG emissions accounts for the greater part of our environmental impact, with product manufacturing – including raw materials – responsible for 95 per cent of these emissions. Both manufacturing processes and the raw materials we utilise may have a negative effect on forests, water supplies, local ecosystems and the people involved in our supply chain. The actual use and after-use of products must also be accounted for.

EU circularity plans emphasise the significance of a resource-efficient, climate-neutral and circular economy. They specify that the EU will ensure the incorporation of its circular economy goals in interna-

tional alliances and trade agreements (European Commission, undated). The Commission revised the circular economy monitoring framework in 2023, adding new indicators on material footprints and resource productivity to provide further support for the circularity ambitions in the European Green Deal. Alongside the new reporting requirements for CSRD, these new rules aim to set sustainability requirements for almost all goods in the EU market and prohibit the destruction of certain unsold consumer goods. They represent a financial risk while addressing the urgency of adapting business models.

Sustainable products and circular solutions have naturally been included in this report 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
Sustainable products and circular solutions 	Insufficient speed in accelerating the transition to more sustainable products	Potential	Negative	Yes
	Shortage of technology and recycled raw materials leading to a price gap for sustainable products	Actual	Negative	No
	Use of wood, cardboard and paper, which implies a high risk of deforestation, loss of biodiversity, violations of indigenous peoples' rights, and increased GHG emissions	Actual	Negative	Yes
	Unnecessary product packaging, leading to increased use of materials	Actual	Negative	No
	Lack of spare parts and inability to repair products, leading to increased use of materials	Potential	Negative	No
	Commodity policies in place with KPIs to track progress	Actual	Positive	Yes
	Mapping of scope 3 category 1, permits a scientific approach to concentrating our efforts	Actual	Positive	No

As a major retailer in the variety discount segment, we influence consumption patterns among consumers. Our ambition is to pioneer affordable and sustainable products which are obtainable by all. For us, this means optimising the product dimension by minimising our environmental impact, encompassing

social factors, and ensuring economic viability at a low price. We implemented several measures in 2023 to expedite the transformation of the product dimension to meet our targets. Importantly, we acknowledge the need for speed in accelerating the transformation of our product dimension.

Checklist for sourcing new products and commodity policies

We seek to reduce our negative footprint by continuously improving our sourcing strategy through developing and implementing guidelines for more circular and sustainable products. In close cooperation with key roles in category and sourcing, we built a checklist of five key initiatives in 2023. This has been developed to align with a circular approach to sourcing products, taking account of environmental, social and biodiversity impacts and the forthcoming CSRD directive which offer guidance for our category strategy on product sourcing. These guidelines are intended for use in our dialogue with suppliers. The checklist is presented in the illustration below.

To escalate our shift to sustainable products, we have developed commodity policies for raw materials.

Applying the materiality principle to raw materials selection has resulted in the prioritisation of plastics and raw materials susceptible to deforestation as the initial policies for implementation. Where we are concerned, this means cardboard, paper, wood, palm oil, soya, cocoa and coffee.

Other materials of great relevance are synthetically produced textiles, such as polyester, nylon and so forth, paraffin/candles, cotton, metals, conflict minerals, and textiles involving animal welfare (wool, fur, leather, feathers, down and so forth). Aligning policies remains a work in progress, and is expected to be formalised through policies in the next one-two years. This will further reduce our stakeholders' concerns over these issues, safeguard animal welfare and enhance responsible supply chains in terms of human rights.

Guidelines for sustainable product sourcing

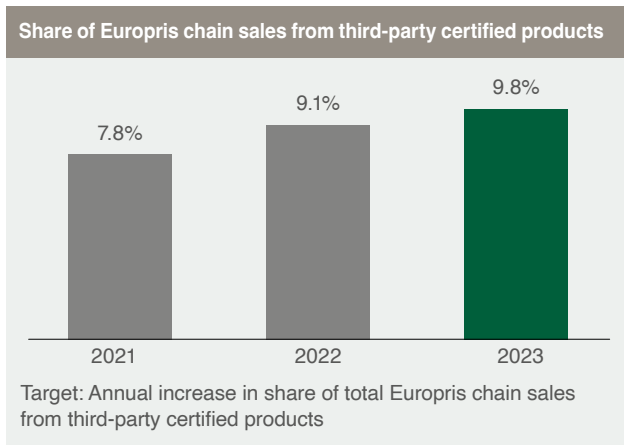
1. We will work to increase the share of third-party certified products
2. We will work to ensure recycled or recyclable packaging
3. We will work to reduce the amount of packaging used in products and packaging
4. We will work to increase the share of recycled/renewable materials in our products
5. Commodity policies will apply when the main material is plastic or commodities potentially involved in deforestation

Collecting data and ensuring its quality in order to show progress towards the targets effectively is challenging. We devoted much time in 2023 to establishing data points related to our products. This work has involved personnel from IT, sustainability, masterdata and finance to ensure that future registration of new products will provide the information needed for GHG accounting and transparency in the journey towards the green transition. This is a demanding task, which requires a great deal of information from the supplier level. It will continue to attract great attention in 2024.



Third-party certifications

Our ambition is to achieve growth in the share of third-party certified products in sales on an annual basis, and we are proud to say that results have been positive for the fifth year in a row.



Twenty external certifications have been considered relevant for the product range we offer with regard to the environment and/or ethical trade, quality and health. Our most commonly used certifications are the Nordic Ecolabel (Swan), the Forest Stewardship Council (FSC), the Rainforest Alliance and Fairtrade. An updated list of these can be found at Europris.no.

Spare parts to enhance circularity

In a circular economy, products have to last as long as possible and be repairable, upgradable and reusable. The traditional linear model of "take, make, dispose" must be replaced with a more circular approach.

Adjusting to a more circular business is vital for our group. Regulations on circularity which affect product lines and packaging (the Ecodesign for Sustainable Products Regulation, Extended Producer Responsibility and Food Waste Directive model) present a potential risk, since their implications may increase costs. However, delivering on them faster and better than competitors also provides an opportunity.

We are already applying circular thinking in several corporate projects. One initiative which accelerated in 2023 is offering spare parts for repairs and thereby extending product lifespans. Such components are distributed through two routes, either directly from the stores or via the customer service centre. The latter processed 1,787 requests for spare parts in 2023, helping to extend the life of the products concerned.

Packaging

Paper and cardboard are our main packaging waste materials, along with plastic. Minimising packaging waste is not only a given in the context of environmental sustainability but also a practical and strategic move for us as a retailer. When done right, it results in cost savings, regulatory compliance, better customer relations and improved supply-chain efficiency. That leads in turn to a reduced carbon footprint.

As a member of Green Dot Norway, we meet the national legal requirements for waste by paying an environmental tax on all imported packaging which helps to finance Norway's waste collection system. We committed in 2020 to the Green Dot plastic pledge, undertaking to contribute to a more circular plastic economy. Plastic packaging of the future will be smarter, more innovative and more sustainable. Goals are to increase the use of recycled plastic, avoid its unnecessary use, and design for recycling.

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

Defined goals such as recycled and renewable packaging materials and optimising materials for recyclability are applied when designing new packaging. In addition, we require our suppliers to adhere to our packaging policy in order to deliver on our ambition.

Progress was made in 2023 towards the targets for several product groups, with improved packaging initiatives pursued for several products, and this work will continue. These improvements include switching from virgin to recycled plastic, replacing plastic with sustainable paper and cardboard, and eliminating unnecessary packaging materials.



Changing packaging from plastic to cardboard saves seven tonnes of plastic per year based on 2023 figures.

Communication with and nudging consumers

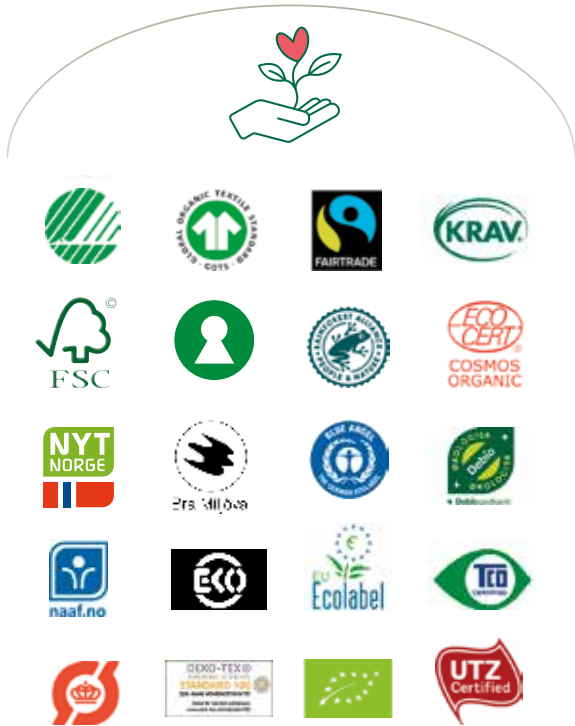
We strive to provide sustainably produced and sourced products, presented in a way which motivates customers to make sustainable choices. An essential part of helping consumers to identify sustainable choices is clear communication, which makes it easy actually to make the more sustainable choice. We created a communication plan in 2023 to enhance and intensify this work, including a communication strategy, an operational plan as well as a new visual identity. The plan was aligned with the management group and the board of directors.

Explaining sustainability can be complex, given the "alphabet soup" of abbreviations in the ESG vocabulary. We try to simplify our language as much as possible and to nudge the consumer in the right direction. This is done through messaging in our current marketing mix.

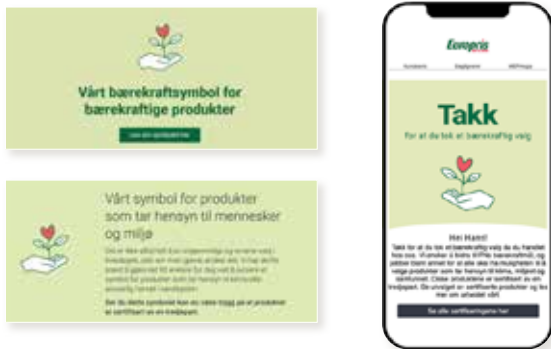
One example is providing environmental tips on in-store posters, with such messages as using less laundry detergent or washing at lower temperatures in order to reduce environmental impact. Another is explaining how packaging has changed from plastic to cardboard or to recycled materials for a specific product. Similar messages are communicated on the website, in newsletters and in-house to build and strengthen understanding both externally and internally. We have also launched new web pages on sustainability to provide a fuller and more transparent picture of the progress being made.



Examples of in-store posters about sustainability.



We relaunched our own umbrella sustainability symbol in October 2023, covering the 20 different third-party certifications we utilise. This is intended to help customers find sustainable products more easily. The products concerned carry this symbol on store shelves and in digital and print marketing.



Greenwashing

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 can be difficult to navigate and easy to make mistakes. The greenwashing poster we have signed provides 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.

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, we acknowledge the potential for negative associations related to price and quality perceptions. We are very aware of this and work continuously to provide safe and good-quality products. The aim is to strengthen our reputation as a trustworthy and dependable retailer of discount variety merchandise, while making quality an important criterion for sustainability.

An overview of some of the actual and potential impacts from the materiality analysis on safe and good-quality products is presented below.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Safe and good-quality products	Product with a short lifecycle, leading to greater consumption and climate impact	Actual	Negative	No
	Variable quality control, leading to possible sales of potentially harmful products	Potential	Negative	No
	Quality department with an excellent level of expertise which permits good control	Actual	Positive	No

Optimised routines to ensure compliance with high-risk products

Our dedicated quality and assurance department, with offices in both Norway and Shanghai, ensures that 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. We work diligently to keep products free of hazardous substances and to continue meeting high standards of quality, transparency and safety. That is particularly important since products are sourced from a multitude of suppliers across the globe, increasing the risk that some may fail to meet national requirements. Goods 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, food-contact materials and pet food – are subject to strict checks by the quality assurance department before production can take place. We want to ensure that all our products are safe and of good quality, and have zero tolerance of recalls and withdrawals. Stringent requirements are set by us for our suppliers, and we seek confirmation that they have the necessary expertise to understand and comply with current laws and regulations concerning their products. Ethical guidelines and adherence to our code of conduct are also integral to the process, ensuring that human and labour rights in the supply chain are in line with Norway’s legislation on work by businesses with fundamental human rights and decent working conditions (the Transparency Act). Read more about this under human rights due diligence on page 86.

Inspections

Our quality assurance department in Norway has concentrated on optimising routines and testing in collaboration with the quality team in Shanghai. The latter ensures that pre-shipment inspections are carried out with 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, which ensures that any corrections can be made before products leave the production site and reduces the risk of faulty or defective items being transported to the Norwegian market. Increased attention has also been paid to improving quality on the basis of feedback about product defects through follow-up at regular meetings with product managers. Two cases of non-compliance related to products or their incorrect labelling which resulted in a warning were identified in 2023.

		2021	2022	2023
Product safety	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	0	0
	Incidents of non-compliance with voluntary codes	6	11	12
Product 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	2
	Incidents of non-compliance with voluntary codes	0	1	1

Risk analysis in procurement

We implemented improved, meticulously designed procedures during 2023 for risk analysis in procurement. Targeted measures have been introduced to ensure the quality of the products we distribute while also guaranteeing safe products for customers. Our products are divided into three risk categories:

→ Red risk:

This category includes products which may pose a risk to health, safety and/or the environment (HSE). Those requiring CE marking automatically belong in this risk category. Products incurring customer complaints which indicate a hazard are also moved into the red category. These products are strictly monitored and will remain in this group until changes justify a downgrade.

→ Yellow risk:

Products in this category have potential risks, but with a small likelihood of negative consequences. That includes technical chemical products such as cleaning supplies. Extra care is taken to ensure the safe use of such items.

→ Green risk:

Products which pose no imminent risk to HSE.

Improved tracking and data to reduce defects and enhance product quality

A Lean project was implemented in 2023 covering data capture and improvements to the complaint-handling process. As a result, we now use consistent return codes throughout the value chain to secure better control and ensure that data are automatically collected in the right place. With a clearer dataset, it has become significantly easier to identify areas with a potential for improvement. We also acquire feedback and information from the entire value chain in a more structured manner, enabling their use as a tool for identifying products which either need quality improvements or require better instructions to ensure proper usage.

With the aim of improving the quality of unsatisfactory products, extra attention is devoted to suppliers of high-risk products or product categories which exceed a claim rate of three per cent in any given year. Taken together, our procedures ensure a responsible approach to risk management and product quality while maintaining a continuous concentration on improvement.

Development of KPIs in 2023

We pay great attention to the level of customer complaints. Given total chain sales, the overall claim rate of 0.06 per cent is at a satisfactorily low level. We have reworked the KPI during the reporting year to target a wider and more representative selection of products prone to complaints. As a large portion of the product range consists of consumables that are rarely subject to customer complaints, the KPI now relates to durable goods. These products are intended to have a relatively long lifespan and provide repeated use over an extended period of time. Durable goods accounts for 30 per cent of our chain sales. Our target is to maintain claims at a rate below 0.35 per cent taking into account expected normal fluctuation of 15 per cent. With a rate of customer complaints of 0.29 per cent, we managed to maintain a low claim rate in 2023.

In addition to monitoring overall developments, we devote special attention to specific product groups with unsatisfactory levels of complaints. These are small domestic appliances, seasonal lighting and outdoor furniture, which have been closely monitored over the past three years. We worked systematically in 2023 to improve materials or parts with systematic weaknesses. Where seasonal lighting is concerned, attention has been devoted to water resistance in the shrink plastic around light bulbs and connectors in order to improve the overall quality of the product. Another example, involving outdoor furniture, is the efforts made to enhance the components in our rattan furniture. The result of this work has been reductions in the complaint rate of 16 per cent on small domestic appliances, 18 per cent for seasonal lighting and 26 per cent with outdoor furniture.





Our climate profile

GHG emissions from producing and transporting the products we sell account for the largest part of the environmental impact from our business model. As the global climate challenge becomes ever more acute, we must make choices for a greener transition to more climate-friendly business activities and operations. This chapter describes our work in transitioning towards net zero emissions, our initiatives related to climate resilience, and how we work to build a more climate-friendly business model.



Our ambition is to reduce emissions in line with the Paris agreement with ambitions of reaching net zero by 2050

SDG in relation to our climate profile



Material topics related to our climate profile

- Climate-friendly operations and logistics
- Climate resilience



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Climate resilience	Net zero emissions by 2050	449,548	392,539	345,832	n/a	TBA	TBA	tCO ₂ e-emissions
		Base year	-13	-12	n/a	TBA	TBA	Percentage change in tCO ₂ e-emissions compared to year before
Climate-friendly operations and logistics	Increase energy efficiency in stores in 2030 by more than 20 per cent from 2022	110.9	101.7	98.3	99	96	80	kWh per square meter
	Reach an overall recycling rate of 90 per cent by 2030	75.9	77.1	87.8	81	85	90	Percentage of total amount of waste that is recycled

Key initiatives for achieving the targets

Climate-friendly operations and logistics

1. Establishing science-based targets – submitting our application to the SBTi for approval during 2024
2. Developing a full GHG inventory, including all applicable scopes and categories
3. Reducing GHG emissions from transport, most importantly:
 - a. eco-delivery covering all long-distance maritime transport (from March 2023)
 - b. participating in an external working group to develop a zero-emission transport chain from Moss to Tromsø by 2025
 - c. engaging in dialogue with transport service providers about transitioning to lorries run on electricity or biogas
4. Implementing remote operational monitoring of energy systems in an increasing number of stores to improve energy efficiency
5. Developing measures to reduce GHG emissions from goods purchased, such as increased use of recycled raw materials in products and packaging

Climate resilience


1. Completing the TCFD analysis in 2024 – identifying the greatest climate-related financial risks and opportunities
2. Implementing commodity policies to build resilience

Climate-friendly operations and logistics

We recognise that our business affects the climate, both directly through our operations and indirectly through the value chain. These impacts relate to emissions from our activities, transport methods and use of resources. Climate-friendly operations and logistics therefore remained a material topic in 2023, which we actively sought to address by monitoring

emissions, setting reduction targets and implementing measures to reduce emissions. Policy commitments and the management structure for this area are described in the section on governance.

A selection of impacts is presented in the table below. These are often systemic rather than specific to one of our sites or operations. An example of this is how the share of renewable energy in the energy mix is developing in Asia compared with Norway.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Climate-friendly operations and logistics 	GHG emissions from the use of fossil-fuel-based goods transport	Actual	Negative	No
	GHG emissions from using electricity generated by non-renewable sources	Actual	Negative	No
	Mapping of scope 3, permits a scientific approach to concentrating our efforts in mitigating GHG emissions	Actual	Positive	No

We committed in 2022, through the science-based targets initiative (SBTi), to develop and set emission reduction targets in line with the Paris agreement, with the ambition of reaching net zero by 2050. The GHG emission inventory forms the basis for formulating reduction targets and activities for our group. In preparing to submit an application during 2024 to SBTi for approval of near-term and long-term targets, expanding the scope of the GHG inventory was a key priority during 2023. Work on including the remaining applicable categories will continue in 2024. Based on a complete GHG emission inventory, we will formulate science-based targets for achieving the reductions needed to comply with our commitments.

Using electricity accounts for most of the emissions from our own operations. Emissions in the value chain from transport and waste have also been actively managed for many years and are therefore well understood and integrated in decision processes. Measures to reduce emissions in these three areas are thereby well established and will continue. Actions taken in 2023 and the results achieved are described in the sections below.

During 2023, emissions from category 1 under scope 3 – the production of goods and services which we source – were calculated for the first time. It became evident from this mapping that producing

goods is by far the greatest source of emissions, and thereby represents the most significant impact on the climate from our business. Continued measures to reduce these emissions will be a priority in 2024 and onwards.

GHG emission inventory

The GHG emission inventory comprises three parts. Scope 1 covers all direct emission sources, scope 2 includes indirect emissions related to purchased energy, and scope 3 includes other indirect emissions from value-chain activities, upstream and downstream, which we do not control directly. During 2023, we expanded our GHG emission inventory in terms of both the number of categories included under scope 3 and the scope of operations covered. Put briefly, emissions were added from purchased goods, transport of imported goods, commuting by employees and investments. Including emissions from the pure play companies in scope 3 broadened the scope of the operations covered.

Details on how emissions are calculated can be found in the chapter on methodology. In general, any reference to we/us (Europris/the group) in relation to the GHG emission inventory also includes franchises and pure players. A few exceptions are specified in

the chapter on methodology. The emissions are calculated in accordance with the GHG Protocol. Both location-based and market-based emissions are reported. Comments on changes

to emissions over the years draw on the location-based emissions. They represent our emissions related to power purchased from the Nordic grid without any green electricity certificates.

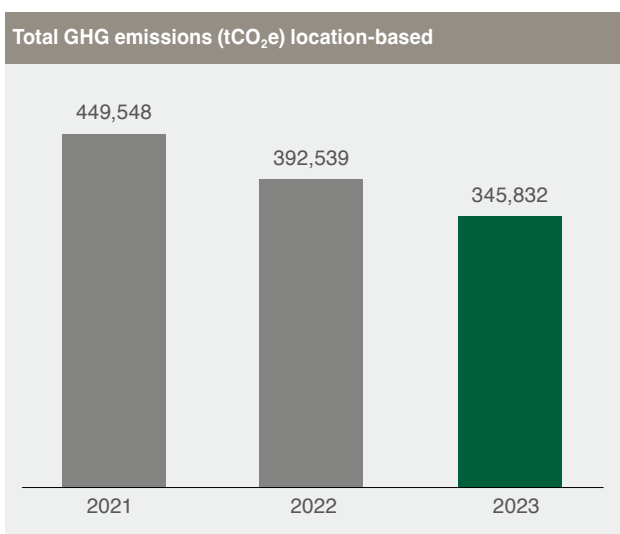
GHG emission inventory 2021-2023

tCO ₂ e	2021	2022	2023
Scope 1			
Transportation	152	132	103
Scope 1 Total	152	132	103
Scope 2			
Electricity location-based	1,444	1,121	1,253
Electricity general	-	-	-
District heating location	6	6	4
Scope 2 Total location-based	1,450	1,127	1,256
Scope 3			
Purchased goods and services	416,613	364,891	326,928
Fuel-and-energy-related activities	708	363	793
Upstream transportation and distribution	27,073	22,505	13,445
Waste	1 125	1 029	610
Business travel	180	197	420
Employee commuting	2,174	2,227	2,220
Investments	75	68	57
Scope 3 Total	447,946	391,280	344,473
Total location-based emissions	449,548	392,539	345,832
Electricity Total market-based	10,851	11,470	14,676
Scope 2 Total market-based	10,857	11,475	14,679
Total market-based emissions	458,955	402,888	359,255

Note: The GHG emission inventory, with the exception of category 1 under scope 3 (purchase of goods and services), has been subject to independent auditors limited assurance attestation (ISAE 3410 Assurance engagement on greenhouse gas statements with limited assurance).

Key developments in GHG emissions

We reduced our total location-based GHG emissions by 12 per cent in 2023 compared with 2022, and by 23 per cent compared with 2021. The primary driver is a decline in emissions from goods purchased. Smaller emissions from transport also added to the reduction. A decline in volumes purchased contributed to the fall in emissions from 2022 to 2023 for these two categories. Both a general trend in retail of lower volumes sold due to a tougher macroeconomic environment, and seasonal summer overliers from 2022, caused the reduction in volumes purchased. Emissions from goods purchased was also lower in 2023 due to a change in the emission intensity of the types of goods sourced. In other words, goods with lower emissions per unit constituted a larger share of total volumes purchased in 2023 than in the year before. Where transport is concerned, an eco-delivery agreement on maritime transport which came into effect in March 2023 contributed to the emission reduction, along with lower import volumes.



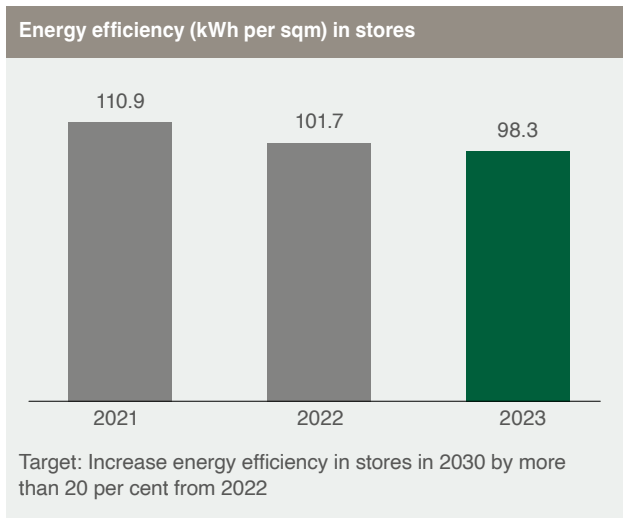
Scope 1 – own vehicles

As a broad variety retailer with no production processes or transport fleet of our own, direct emissions are limited. They related in 2023 to leased company cars and amounted to 103 tonnes of CO₂ equivalent (tCO₂e), down by 22 per cent from the year before and by 33 per cent from 2021. Our vehicle policy specifies that zero-emission will be chosen when new leasing agreements are signed. Exceptions can only be made for regional managers located in areas where mileage/range is insufficient for the travel distance to stores, and they must be approved by the VP store operations.

Scope 2 – energy

Our total energy consumption in 2023 amounted to 45,930 MWh, up five per cent from 43,817 MWh in the year before. Electricity accounts for the great bulk of this, at 97 per cent. District heating constitutes two per cent of the total, while on-site solar energy systems currently contribute 0.5 per cent of the MWh used. Our location-based emissions associated with electricity purchased from the Nordic grid were 1,253 tCO₂e, an increase of 132 tCO₂e or 12 per cent from 2022. About two-thirds of this rise is explained by a change to the electricity mix in the Nordic grid. The rest reflects growth in the amount of electricity used, some at the logistics centre but mostly in our stores (64 per cent). The weather in 2023 was colder than usual according to Energima, which monitors electricity consumption in our stores. This contributed to higher power usage. The stores account for about 80 per cent of our energy consumption, and as more stores are opened every year, this increases requirements. At the same time, a general improvement in the energy efficiency of our stores from 101.7 kWh/m² to 98.3 kWh/m² in 2023 helped limit the extra electricity required.

Given the significant contribution of the stores to our total energy consumption, particular attention is devoted to monitoring their electricity use and implementing energy-saving measures. An energy monitoring system is in place at most stores. Electricity use is reported internally on a monthly basis to management at head office as well as regional and store managers. Several managers also have this as a KPI for performance-based pay. Underperforming stores are followed up on an individual basis, and best practice is shared across stores and regions. In addition, an increasing number of stores have signed agreements on active operational energy monitoring, allowing for remote control and optimisation of technical systems such as ventilation. At present, 31 per cent of the stores are covered by such agreements. This operational monitoring system has proved efficient in saving energy and costs, and we will continue extending it to more stores during 2024.



In line with the target of increasing energy efficiency in stores during 2030 by 20 per cent from the 2022 level, we will be maintaining our concentration on energy-saving measures in stores during 2024. The ongoing pilot concerning the use of batteries in combination with an automated building operating system to reduce peak loads will carry on during 2024, and we will continue to seek profitable solutions in this area. In parallel, a pilot project is

running on optimising the indoor climate – including energy efficiency – using the automated building operating system. This has so far been tested in eight stores (see text box).

We are pleased to be enabling energy-saving solutions at our offices as well, and both head office in Fredrikstad and the logistics centre in Moss are Eco-Lighthouse certified. The logistics centre also has Breeam certification, and it has been decided to work towards this at head office as well.

Ways to increase our share of renewable electricity are being actively explored. We continue to utilise power self-generated from solar panels at our head office, amounting to 42 MWh in 2023. Additional solar panels will be installed there in 2024. Such panels were also installed on the logistics centre in July 2023. With an annual capacity of 400 MWh, they generated 175 MWh from August to December. This electricity is primarily for the centre's own consumption. Where the stores are concerned, specific proposals are under consideration to cooperate with landlords to buy electricity from solar systems should these be installed on the buildings.

Pilot project: optimising the indoor climate in stores

Two stores installed a new system in 2022 with multiple sensors for automatically monitoring and regulating the indoor climate. Another six pilot stores were included in the project during 2023.

The sensors measure such metrics as temperature, CO₂ levels, air humidity, light intensity, motion, and volatile organic compounds (VOCs). Data from the sensors are combined with external information sources such as weather forecasts and real-time data on operation of the

ventilation system. The latter is then automatically optimised to meet the preferred indoor climate during opening hours with the lowest possible energy use.

The new management system is installed on existing ventilation systems, which improves their operating life as well as the indoor climate and energy efficiency for the stores. An evaluation of the pilot will be conducted in 2024.

Scope 3 – purchase of goods and services

The predominant source of emissions in our value chain is the production of goods purchased for resale. This was estimated to release 326,928 tCO₂e in 2023, or 95 per cent of our total GHG emissions. Laundry and cleaning, groceries, and house and garden were the three product categories making the biggest contributions to total emissions – 47 per cent in total. Emissions were down by 10 per cent from 2022 and 22 per cent from 2021. Changes to the house and garden, personal care, and candles and

interior categories made the biggest contribution to the 2023 emission reduction, measured in tonnes CO₂e.

A more demanding macroeconomic environment limited sales volumes in retail overall, thereby reducing the need for purchases. In addition, seasonal summer overliers from 2022 in the house and garden category further reduced our need for imports in 2023. Naturally, lower volumes purchased affected the level of GHG emission positively and

was a significant contributor to the decrease in emissions. We also witnessed a change in purchasing mix that added positively to the reduction in emissions, as spend increased in less emission-intensive categories and decreased in more emission-intensive categories. As for volumes purchased, the purchasing mix is something that may vary from year to year.

As described in more detail in the chapter on methodology, the numbers calculated are not exact measures of emissions related to purchased goods. They represent a best-effort estimate based on available product data and emission factors. Nevertheless, the estimate gives a valuable insight into which product categories are the most emission-intensive and which represent the biggest emissions today in absolute terms. This will enable us to adopt more targeted measures for reducing emissions from this part of our value chain. As described in the chapter on our products, we have already initiated such mitigating actions as increasing the use of recycled raw material in products and packaging. Further measures will be developed in 2024.

Scope 3 – transport

After purchased goods, transport is the main source of GHG emissions in our value chain. In previous years, we only reported amounts released by distributing goods from our logistics centre to stores. However, great efforts were devoted throughout 2023 to mapping emissions from all parts of the transport chain. That includes imports by sea, road and air to the warehouses, transport directly from suppliers to stores, and distribution of goods purchased online to the end consumer. A complete picture of emissions from all types of transport gives us the opportunity to target actions which have the greatest effects on emissions and to monitor the actual results of these initiatives.

Emissions from transport amounted to 13,445 tCO₂e in 2023, constituting 4 per cent of our total GHG emissions. Emissions were down by 40 per cent from 2022 and 50 per cent from 2021. Eighty-two per cent of the 2023 cut was achieved in

maritime transport. The two main reasons were a lower volume of goods imported and an eco-delivery agreement with our supplier of long-range maritime transport on the use of biofuel (see text box). Maritime transport now accounts for 22 per cent (2,977 tCO₂e) of our total transport emissions, down from 46 per cent in 2022 (10,385 tCO₂e). That represents a reduction in emissions from maritime transport of 71 per cent. Distribution of goods was the largest source of emissions from transport in 2023, accounting for 53 per cent (7,137 tCO₂e). That represents a reduction in emissions from this part of the transport chain of 17 per cent from 2022.

We are on a continuous journey to convert from fossil-fuel to renewable transport, and strategic cooperation is the key to achieving results. We participate in an external working group, led by Asko, to develop a zero-emission transport chain from Moss to Tromsø by 2025. The idea is to use lorries run on electricity or alternative renewable fuels from Moss to Oslo, then rail between Oslo and Bodø and finally an autonomous electric ferry from Bodø to Tromsø. Planning will continue in 2024, and the ferries are under construction.

Using electric lorries for distributing goods to stores was tested in 2023. Battery range has turned out to be a limiting factor for the moment. In parallel, we are testing the use of lorries run on biogas to distribute goods from the logistics centre in Moss to the stores. Starting with two vehicles in 2023, testing will continue during 2024. Transitioning to a fossil-free transport chain takes time, with various existing and new technologies and infrastructure needing to be tested in cooperation with suppliers and other companies. Our efforts to find more sustainable transport solutions will continue in 2024.

Going the distance

– we reduced emissions from maritime transport by 71 per cent in 2023 through the relationship with our logistic partner

As one of the first retailers in the world, we substituted fossil fuels with biofuel for maritime transport in March 2023 by entering into an agreement with our logistic partner, Maersk. This led to a substantial reduction in GHG emissions from upstream transport and distribution, saving 4,193 tonnes of CO₂e in 2023. That accounted for almost 50 per cent of the decline in our transport emissions compared with the year before.

We and Maersk have a long-term partnership dating back more than 20 years. Both sides are committed to net zero, and these types of relationships are important on the journey to reaching our long-term ambitions and commitment to targets aligned with the Science-Based Targets Initiative (SBTi).

What is biofuel?

Biofuel is an innovative product which replaces fossil sources with green fuels. It is carbon-neutral and manufactured from recycled and sustainable biomass. Biofuel is certified as sustainable by the International Sustainability & Carbon Certification (ISCC) body.

When taking a full lifecycle view, including all emissions from upstream production and transport, biofuel provides an 84 per cent reduction in emissions compared with fossil fuel.

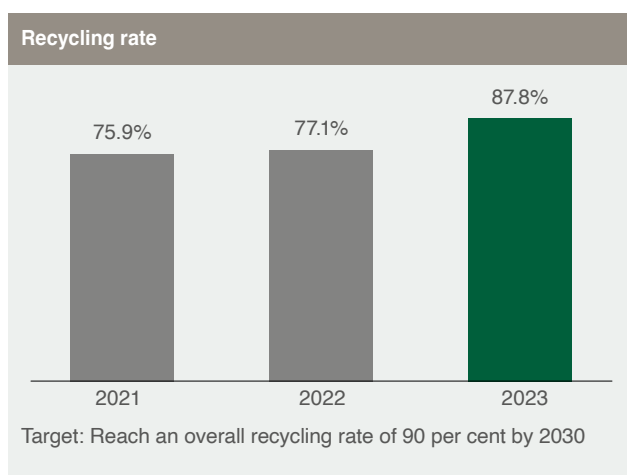


“Reducing our GHG emissions is an important strategic goal for us. Cooperation with partners who seek modern solutions and opportunities are therefore imperative for achieving our ambitions.

Pål Christian Andersen
VP supply chain
Europris ASA

Scope 3 – waste

Waste from operations affects the environment negatively through pollution, resource use and GHG emissions associated with handling. That underlines the importance of waste management and circular solutions. We are committed to reducing and sorting waste from our operations.



We are proud to see that our targeted efforts over the past two years have yielded substantial results in the form both of a nine per cent cut in total waste and a significant rise in the recycling rate from 76 to 88 per cent since 2021. The corresponding reduction in GHG emissions for the same period was 46 per cent, resulting in a significantly lower emission level of 610 tCO₂e in 2023. The stores make the biggest contribution to waste generation. Improving their sorting of cardboard and hard plastic has been a priority and was central to the results achieved.

Waste quantities and recycling rates are reported internally on a monthly basis to management at head office as well as to regional and store managers. Underperforming stores are followed up on an individual basis, and best practice is shared across stores and regions. The recycling rate is also included as a KPI for performance-based pay for several managers. Furthermore, particular attention has been paid to training all employees in stores and at the logistics centre, including temporary workers. Equipment used for waste sorting in stores has also been reviewed to ensure that the process is as easy as possible. Attention will continue to be devoted to waste reduction and sorting during 2024.

Scope 3 – business travel

After three years of reduced activity owing to the Covid pandemic, business travel increased in 2023. Emissions from this source doubled since 2022 and reached 420 tCO₂e in 2023. Air travel accounted for 94 per cent of these emissions, with more intercontinental flights leading to an increase in emissions from this category.

Scope 3 – employee commuting

Emissions from commuting by employees were calculated for the first time in 2023 on the basis of a workforce survey, with an average emission factor being calculated per employee. Total emissions were then calculated on the basis of the number of people working 50 per cent or more of a full-time equivalent. Such travel accounted for total emissions of 2,220 tCO₂e in 2023.




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”. Our business impacts the climate resilience of the economy, the environment and people in various ways, both directly through our own operations and indirectly through business relationships. At the same time, climate change poses significant financial risks and opportunities for our business. We recognise the need to address these impacts, risks and opportunities, ultimately building a climate-resilient business model suited for the transition to a green economy.

Being a climate-friendly business which develops science-based targets and measures to reduce GHG

emissions is not only relevant to our impact on the climate, but also addresses some of the impacts, risks and opportunities related to climate resilience. Choosing deforestation-free raw materials, for instance, reduces GHG emissions while enhancing the resilience of local environments to flooding induced by climate change. As another example, increasing the share of fossil-fuel-free transport reduces both emissions and our financial vulnerability to regulations in this area. Consequently, targets and measures to address emission reductions and climate resilience must be seen in context.

A selection of impacts is presented in the table below. Impacts are often systemic rather than specific to one of our sites or operations.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Climate resilience 	Lack of internal processes and policies for dealing with climate-related impacts and biodiversity	Potential	Negative	Yes
	Implementing policies to counter deforestation and biodiversity loss in the value chain related to the production of goods may improve the climate resilience of local environments	Actual	Positive	No
	Sourcing goods from suppliers without an environmental audit may contribute to lower local climate resilience	Actual	Negative	Yes
	Lack of progress in transitioning to a business model aligned with a green economy may harm our profitability, with a negative effect on employee job security and the dividend paid to shareholders	Potential	Negative	No

Commodity policies to counter deforestation and biodiversity loss

Implementing policies to counter deforestation and biodiversity loss in the value chain related to the production of goods may improve climate resilience in local environments. That is why, in 2023, we implemented and aligned with policies on commodities prone to deforestation. Where we are concerned, this affects raw materials such as cardboard, paper, wood, palm oil, soya, cocoa and coffee and to some extent red meat.

In general, the overall target of these policies is to ensure that raw materials utilised in our product range do not contribute to deforestation. We have specified guidelines tailored to each material,

concentrating on the need for documented traceability which secures sustainable forestry as well as respect for human rights and indigenous people. We will closely monitor progress on implementing the guidelines in order to meet our long-term target.

Analysis of climate-related risks and opportunities

An analysis of climate-related risks and opportunities was conducted in 2023, in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As part of the analysis, key personnel in our group took part in two workshops covering key parts of our business, such as finance, sourcing, the supply chain and operations.

The first of these workshops concentrated on discussing changes in operating conditions owing to climate change (drivers) and how they might affect our business financially in a negative or positive way. This resulted in a long-list of risks and opportunities. Both physical and transitional drivers were discussed. Physical drivers are either acute or chronic, while transitional drivers take the form of regulatory, technological, market-related or reputational changes. In the second workshop, we discussed the likelihood, time frames and financial implications of the identified risks and opportunities.

This analysis identified a short-list of climate-related risks and opportunities, with the potential for a considerable financial impact on our business. Three time frames and two climate scenarios were considered in order to improve understanding of our exposure to the effects of climate change.

Although already covered partly in our general risk review/management, the full short-list of climate-related risks and opportunities will be integrated into our existing process for overall risk management. This is handled by the executive management and approved annually by the board.

The process of fully embedding the approach in our strategy and operations is still ongoing, and a complete TCFD report will be published in 2024. This will provide a comprehensive description of our management of climate-related risks and opportunities and mark a significant milestone in our sustainability work, further strengthening our commitment to sustainable operations.

The EU taxonomy

Introduction

Europris ASA is reporting the disclosures required by the EU taxonomy for the first time in 2023. This report describes how far our activities are considered to be environmentally sustainable pursuant to the EU taxonomy.

The EU taxonomy is an internationally recognised classification system with specified requirements for defining sustainable economic activities aimed at reorienting capital flows towards sustainable investments and helping to navigate the transition to a low-carbon society, as well as at fostering a resilient and resource-efficient economy for investors and companies. It thereby aims to help reach the EU's climate and environmental targets for 2030 and the objectives of the European green deal.

As a large public-interest entity with more than 500 employees covered by the non-financial reporting directive (EU) 2014/95, we fall within the scope of the EU taxonomy regulation. Norway's Sustainable Finance Act, which came into force on 1 January 2024, implements the EU taxonomy regulation in Norwegian legislation. Norwegian companies falling within the scope of the regulation, such as Europris, are therefore presenting their first reports pursuant to the EU taxonomy for the 2023 financial year. We accordingly do not have a basis for comparison yet.

An economic activity is considered eligible if it is listed in the EU taxonomy and has the potential to contribute positively to at least one of six environmental objectives. These are climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Economic activities are taken into account irrespective of their geographic location inside or outside of the EU.

For an activity to be considered environmentally sustainable – in other words, taxonomy-aligned – it must meet all three of the following conditions.

- It makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity
- It meets the do no significant harm (DNSH) criterion defined for this economic activity
- It is carried out in compliance with the minimum safeguards, which relate primarily to human rights and social and labour standards

In the following, we describe the way our economic activities regulated under the EU taxonomy have been identified and how their alignment has been assessed.

Eligibility screening of economic activities

Eligible economic activities are those regulated by the EU taxonomy. We have followed development of the taxonomy and conducted an eligibility screening in 2023 in accordance with the taxonomy's published activities. This was provided by CEMAsys, a third-party consultancy. An assessment of whether our economic activities are governed by commission delegated regulation (EU) 2021/2139 and its amendments was conducted to determine eligibility. The eligibility screening found that, as a discount variety

retailer, we by and large do not pursue activities covered by the EU taxonomy. The retail sector, within which most of our material economic activities fall, has yet to be included in the EU taxonomy. These activities are therefore not yet eligible.

The EU taxonomy does not cover all economic activities, and has therefore only established technical screening criteria which specify the requirements for an economic activity to be considered sustainable with regard to sectors and activities which can make the most relevant contributions towards the six environmental objectives listed above. However,

some of our minor economic activities fall within other sectors which are included in the EU taxonomy, such as transport, construction and real estate activities, information and communication, and services. Note that these are not our main economic activities.

To identify eligible activities, all economic activities were screened and evaluated. Instead of using NACE codes to identify potentially eligible activities, all economic activities under the taxonomy regulation and their descriptions have been assessed, since the description of an economic activity takes precedence over the NACE codes. A list of potentially eligible activities was drafted and discussed with key internal staff and external consultants. The assessment of the technical screening criteria for each of the potentially eligible activities, as specified in commission delegated regulation (EU) 2021/2139 and its amendments, concludes that we conducted the following eligible activities in 2023.

Transport

Our main transport activities are related to sourcing and distribution of goods. This activity is conducted by third-party actors and therefore do not apply as an eligible economic activity. Our purchase and long-term leasing of company cars is an eligible economic activity covered by the taxonomy, however, this is a minor activity for us. These vehicles are used for such supporting activities as sales and other administration, and we have developed a dedicated company-car policy, as described in the chapter of our climate profile. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CCM/CCA 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

Construction and real estate activities

Apart from a warehouse belonging to our Lekekassen subsidiary, we do not own any buildings and lease our head office, stores and main warehouse. However, we engage in construction activities executed by a third party on a contract basis, where we define the requirements and specifications for the building. The main warehouse in Moss was extended by 21,000 m² and taken over by us in 2023, and some stores underwent conversion work in the reporting year. Furthermore, we installed solar photovoltaic systems on the warehouse roof in Moss and heat pumps in the head office and stores, replaced old lightbulbs with LEDs, and installed fans for hot/cold air exchange. Each office at the head office is equipped with individual thermostats to

regulate the room temperature, and energy monitoring systems are in place at most stores. Activities in this category are described in more detail under the material topic on climate-friendly operations and logistics. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CCM/CCA 7.1 CE 3.1 Construction of new buildings
- CCM/CCA 7.3 Installation, maintenance and repair of energy-efficiency equipment
- CCM/CCA 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings
- CCM/CCA 7.6 Installation, maintenance and repair of renewable energy technologies
- CCM/CCA 7.7 Acquisition and ownership of buildings

Information and communication

As a discount variety retailer with a complex value chain and a wide range of customers, we collect and store data as well as operating our own data servers. Pursuant to the taxonomy, one of our eligible activities in this sector is the operation of our own servers. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CCM/CCA 8.1 Data processing, hosting and related activities

Services

We sell spare parts related to a number of items in our product range, such as outdoor furniture and vacuum cleaners, and such sales therefore rank as an eligible economic activity. Read more about spare-part sales to enhance circularity on the chapter of our products. The eligibility screening has found that the following economic activities are eligible where we are concerned.

- CE 5.2 Sale of spare parts

The results of our assessment of how of our activities align with the conditions for environmental sustainability specified in regulation (EU) 2020/852 of the European Parliament and the Council – in other words, whether the criteria for an economic activity to be sustainable are fulfilled – are presented below.

Alignment assessment of eligible economic activities

In the alignment assessment, our eligible economic activities are assessed against the substantial contribution criteria and the do no significant harm criteria as set out in the technical screening criteria of commission delegated regulation (EU) 2021/2139 and its amendments, as well as the minimum safeguard criteria. While substantial contribution and do no significant harm are specific to economic activity, minimum safeguards are a company-level policy requirement.

The substantial contribution sets out the criteria for determining that a specific economic activity furthers the taxonomy's environmental objectives. Do no significant harm sets out the criteria for determining that a specific economic activity does not impair any other environmental objective in the Act. Moreover, economic activities must be carried out in compliance with the minimum safeguards, which relate mainly to human rights and labour standards but also cover the topics of corruption, fair competition, taxation and controversial weapons. Here, we follow the specified guidelines presented in "Final Report on Minimum Safeguards" from the Platform on Sustainable Finance.

Norway's Transparency Act, which sets out the legal requirements for the conduct of human rights due diligence by Norwegian undertakings, is built on the UN Guiding Principles (UNGP) on business and human rights and the OECD guidelines for multinational enterprises. Our human rights due diligence is conducted in line with the UNGP and the OECD guidelines. Read more about our human rights due diligence, policies on corruption, fair competition and taxation on the chapter of human rights due diligence.

In 2023, the EU further amended the Climate Delegated Act (delegated regulation (EU) 2021/2139) with commission delegated regulation (EU) 2023/2485, and introduced the Environmental Delegated Act (delegated regulation (EU) 2023/2486). New economic activities were thereby incorporated in these regulations, such as our spare-parts sales. The eligibility of these new economic activities must be assessed for the 2023 financial year but assessing their alignment is optional for the 2023 reporting year.

When assessing the alignment of the eligible economic activities, all our eligible activities share the generic do no significant harm criteria for climate-change adaptation. This states that a physical climate risk assessment should be conducted for the eligible

activities and that adaptation solutions should be identified. Even though we conducted a climate risk assessment covering our main business activities in accordance with the TCFD framework in 2023, the EU taxonomy requires a physical climate risk assessment to be conducted for each eligible economic activity subject to the EU taxonomy regulation. Owing to the lack of materiality of those activities, they have not been covered in the physical climate risk assessment. We accordingly do not fulfil the do no significant harm criteria yet. Consequently, the alignment assessment concludes that none of our eligible economic activities are aligned and are therefore not environmentally sustainable in accordance with the EU taxonomy regulation.

Accounting policy

Turnover: we define turnover as our total operating income, comprising sales of directly operated stores, sales from fully and partly owned subsidiaries, sales from wholesale to franchise stores, and franchise fees and other income, as reported in the financial statements. Our eligible turnover is that part of total operating income generated by the sale of spare parts in directly operated stores.

Capex: we define Capex as the additions to fixed assets and intangible assets (see definitions of APMs), as presented in the consolidated cash flow statement. Our eligible Capex is the amount related to the installation of energy-efficiency equipment and renewable-energy technologies, the purchase of servers, leasing of company cars, and the construction of new buildings.

Opex: We define Opex as the sum of employee-benefit expenses and other operating expenses directly related to the maintenance, repair and day-to-day servicing of property and equipment. Our eligible Opex relates to the maintenance costs of Lekekassen's warehouse, ongoing energy monitoring by a third-party provider, and operational costs of the server park.

The EU taxonomy key performance indicators

The EU taxonomy defines turnover, capital expenditure and operating expenditure as the key performance indicators which must be reported. The required tables for reporting these KPIs are presented below.

Turnover

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria									
Economic activities	Codes	Turnover	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of OpEx aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
A. Taxonomy-Eligible Activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A		
Of which Enabling	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	E	
Of which Transitional	0	0%	%							Y	Y	Y	Y	Y	Y	Y	N/A		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
				(EL;NEL)	(EL;NEL)	(EL;NEL)	(EL;NEL)	(EL;NEL)	(EL;NEL)										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	CE 5.2	1.45	0.015%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								N/A		
Of which Enabling		1.45	0.015%	0%	0%	0%	0%	0.015%	0%								N/A		
Of which Transitional		1.45	0.015%	0%	0%	0%	0%	0.015%	0%								N/A		
B. Taxonomy-Non-Eligible Activities																			
Turnover of Taxonomy-non-eligible activities (B)	9,465.00	99.985%																	
Total (A + B)	9,466.45	100%																	
	Proportion of turnover/ Total turnover	99.985%																	
	Aligned per objective	Eligible per objective																	
CCM	0%	0%																	
CCA	0%	0%																	
WTR	0%	0%																	
CE	0%	0.015%																	
PPC	0%	0%																	
BIO	0%	0%																	
Row	Nuclear energy related activities																		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.																		NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.																		NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy																		NO
	Fossil gas related activities																		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.																		NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.																		NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels																		NO

Capital expenditure

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria						Proportion of OpEx aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
Economic activities	Codes	Turnover	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity			
A. Taxonomy-Eligible Activities																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	
Of which Enabling	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	E
Of which Transitional	0	0%	%							Y	Y	Y	Y	Y	Y	Y	N/A	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)									
Installation, maintenance and repair of energy efficiency equipment	CCM/CCA 7.3	0.88	0.110%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
Installation, maintenance and repair of renewable energy technologies	CCM/CCA 7.6	5.92	0.737%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
IConstruction of new buildings	CCM/CCA 7.1 CE 3.1	180.36	22.447%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
Data processing, hosting and related activities	CCM/CCA 8.1	2.16	0.270%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM/CCA 6.5	7.17	0.893%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		196.51	24.457%	24.457%	24.457%	0%	0%	22.447%	0%								N/A	
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		196.51	24.457%	24.457%	24.457%	0%	0%	22.447%	0%								N/A	

B. Taxonomy-Non-Eligible Activities

CapEx of Taxonomy-non-eligible activities (B)	606.99	75.543%
Total (A + B)	803.50	100%

	Proportion of CapEx/Total CapEx	
	Aligned per objective	Eligible per objective
CCM	0%	24.457%
CCA	0%	24.457%
WTR	0%	0%
CE	0%	22.447%
PPC	0%	0%
BIO	0%	0%

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	NO

Operating expenditure

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria						Proportion of OpEx aligned (A.1) or eligible (A.2) OpEx, year 2022	Category enabling activity	Category transitional activity
Economic activities	Codes	Turnover	Proportion of OpEx, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity			
A. Taxonomy-Eligible Activities																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	
Of which Enabling	0	0%	%	%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	N/A	ab
Of which Transitional	0	0%	%							Y	Y	Y	Y	Y	Y	Y	N/A	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
				(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)	(EL,NEL)		
Acquisition and ownership of buildings	CCM/CCA 7.7	0.18	0.513%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	
Installation, maintenance and repair of energy efficiency equipment	CCM/CCA 7.3	3.43	9.966%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM/CCA 7.5	1.62	4.723%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	
Data processing, hosting and related activities	CCM/CCA 8.1	0.89	2.582%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	6.11	17.784%	17.784%	17.784%	17.784%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	N/A	
A. OpEx of Taxonomy eligible activities (A.1 + A.2)	6.11	17.784%	17.784%	17.784%	17.784%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	N/A	
B. Taxonomy-Non-Eligible Activities																		
Turnover of Taxonomy-non-eligible activities (B)	28.3	82.216%																
Total (A + B)	34.4	100%																
	Proportion of OpEx/Total OpEx	99.985%																
	Aligned per objective	Eligible per objective																
CCM	0%	17.784%																
CCA	0%	17.784%																
WTR	0%	0%																
CE	0%	0%																
PPC	0%	0%																
BIO	0%	0%																
Row	Nuclear energy related activities																	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.																NO	
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.																NO	
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy																NO	
Fossil gas related activities																		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.																NO	
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.																NO	
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels																NO	

We are reporting EU taxonomy disclosures for the first time in 2023, since Norway follows a different timeline than EU member states. No comparisons can therefore be drawn with previous EU taxonomy KPIs this year. Furthermore, the numerators of the Capex and Opex KPIs do not include investments associated with a Capex plan, since we have yet to establish such a plan.

The EU taxonomy aims to bring additional economic activities gradually within its scope. We will therefore continue to pay close attention to the development of the taxonomy and conduct new eligibility screenings once new activities are introduced. Furthermore, new eligibility screenings will be conducted when and if we initiate additional economic activities.





Our people

Dedicated employees are our most important asset. As a responsible employer, we work purposefully to ensure a meaningful and health-promoting working environment where all employees have the opportunity to fulfil their potential. This includes a focus on safety, equal opportunities and development for all employees. We also place great emphasis on promoting a culture characterised by openness, where employees' voices are heard and valued. This chapter explains how we work continuously to be an attractive and inclusive employer. It describes recruitment and promotion processes, training and development initiatives, as well as pay policy and working conditions. The material topics in this chapter are summarised by equal opportunities and an inclusive working environment, as well as health, safety and the environment (HSE) in the workplace.

Our ambition
is to be an attractive
place to work, where
employees thrive and
experience personal
development



SDG in relation to our people



Material topics related to our people

- Equal opportunities and an inclusive work environment
- Health and safety in the workplace



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Equal opportunities and an inclusive working environment	Ensure a balanced split between men and women in leading positions	49/51	50/50	51/49 ●	Min. 40% women and men	Min. 40% women and men	Min. 40% women and men	Share of female vs. male employees in leading positions (management, store managers and other key personnel)
	Be an attractive workplace	n/a	6.3	6.3 ●	≥ 6	≥ 6	≥ 6	Score in annual employee survey on a scale of 1 to 7
Health and safety in the workplace	Annual decrease in sickness absence	8.8	9.1	7.8 ●	< 9.1	< 7.8	n/a	Sick leave days in percentage of total number of planned work days

Key initiatives for achieving the targets

Equal opportunities and an inclusive work environment

1. Policy on and ensuring awareness of our business ethics and guidelines which apply to all employees, and zero tolerance for discrimination and harassment
2. 64 per cent of store managers promoted internally in 2023
3. Strategy and training programme for managers, with attention paid to leadership principles in 2023

Health and safety in the workplace


1. Involvement of employees with the working environment
2. Leadership support and preventive measures to reduce sickness absence
3. Risk assessment and established guidelines for registering deviations accessible to all employees
4. Employee survey with high response rate and good results places us as an attractive workplace

Equal opportunities and an inclusive working environment

We strive to ensure equal opportunities for all our employees, and this occupies a key place in efforts to secure an inclusive workplace and reduce sickness absence. Equality means equal opportunities and rights for all, regardless of gender, pregnancy, maternity or adoption leave, caring duties, ethnic, national or political affiliation, gender identity and expression, disability, sexual orientation, age or combinations of these. Any form of discrimination

against employees is considered unacceptable, and we undertake to comply with applicable legislation, collective pay agreements, and the code of conduct adopted by the board.

We have identified a number of effects, both direct and indirect, related to this important subject which can arise through collaboration with external partners or other business relationships in the value chain. Although our group may not be directly involved in all aspects of these impacts, we recognise their existence and take active steps to deal with them.

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Equal opportunities and an inclusive working environment 	Lack of routines, which leads to discrimination against or harassment of employees	Potential	Negative	Yes
	A gender balance in leading positions will enable us to grow a diverse and inclusive working environment	Potential	Positive	Yes
	We work extensively to accommodate all employees and the Equality and Anti-Discrimination Act, which aims particularly to improve the position of women and minorities in the workplace	Actual	Positive	Yes

Policy

Our overall policy, business ethics and guidelines apply to all employees regardless of their role. A dedicated policy on diversity and equality was revised and approved by the board in 2023 in order to manifest our strong commitment to promoting equality and preventing discrimination. Our core values and policies are regularly and clearly communicated to the employees for use as guidelines in their daily work. Mandatory and simple game training was introduced in 2023 for all employees to ensure that the guidelines are understood. This training covers important topics in such areas as whistleblowing, anti-corruption, data protection, equality and discrimination. We have also introduced a number of management principles to provide employees with guidance on desired behaviour. Policies and management principles are available to all employees through the intranet. Work on these principles formed a key component in management training during 2023 and will continue in 2024 so that they become part of our corporate culture.

Employee participation and a culture of speaking out are very important for us. We offer effective platforms for communication and collaboration, such as one-to-one conversations, regular personnel meetings,

an active working environment committee (AMU), accessible whistleblowing channels and annual employee surveys.

Customisation and adaptation

Equality means equal status, equal opportunities and equal rights, which also includes a requirement to customise and adapt where necessary. By offering flexible working time arrangements and opportunities for individual accommodations, we support the employee's ability to balance work and private life. Working time arrangements, including shift work, are regularly assessed. We have introduced routines for adaptation and provided training for managers in connection with follow-up of sickness absence and handling of conflicts which have related to such absence. The latter topic is also a fixed item on the agenda for AMU meetings.

Zero tolerance of discrimination and harassment

We work continuously on measures to prevent discrimination and ensure equal opportunities. These cover such areas as recruitment, promotion, training and development, as well as pay and working condi-

tions, working time arrangements, customisation and opportunities for balancing work and private life. Job advertisements include references to that part of our strategy which concerns our people, and emphasise that employees represent the diversity of our corporate community.

Particular attention is paid to identifying and dealing with circumstances related to discrimination and harassment. We have zero tolerance of any and all forms of such behaviour. Employees are encouraged to report possible unacceptable behaviour and to blow the whistle over possible irregularities in the workplace. Managers have access to support from the HR department, with its HSE expertise on matters related to personnel and the working environment, to ensure that equal treatment and procedural standards can be maintained and suitable measures adopted.

An organised working environment

We observe collective pay agreements in all our workplaces and belong to the Virke industry and employer association, participating actively in the latter's initiatives. Membership gives us valuable access to resources, networks and best practice which contribute to continuous improvement in key areas such as equality and inclusion. Virke also provides a range of support in following up employee rights to pay and working conditions as well as social and welfare entitlements.

Close collaboration is pursued with the Norwegian Labour and Welfare Service (NAV) in addition to other relevant welfare organisations and companies which have agreements with the NAV. This cooperation is very significant for our efforts to include more people in working life. According to the NAV, more than 600,000 people in Norway are excluded from the labour market. As an employer with a large workforce, our goal is to help reduce this figure and open doors for more people to participate actively in the labour force.

Recruitment and career paths

Our ambition is that at least 50 per cent of store managers are recruited internally in order to provide a career path to managerial positions and to utilise the expertise of our existing workforce. This goal was exceeded in 2023, with 64 per cent of such posts filled internally – a proportion maintained from 2022. Although we give priority to internal candidates, every position is advertised both externally and internally through an established recruitment system. This ensures that all aspects of the recruitment process

comply with professional and approved guidelines as well as good administrative practice, in addition to being GDPR compliant. When selecting employees, we follow a standardised recruitment procedure.

Candidates for recruitment and promotion are ranked on the basis of their competence, defined as education, practical experience, personal qualities and suitability. When applicants of both genders have virtually the same qualifications, the one from the under-represented gender can be preferred as specified in Norway's Equality and Anti-Discrimination Act. We aim to recruit at least 40 per cent of each gender to leading positions, and are pleased to see a satisfactory gender balance for employees in leading positions, with a split of about 50-50 women and men. Employee turnover in 2023 was 13.4 per cent.



Training and development

We offer relevant training and development opportunities to employees across our organisation. An electronic learning management system (LMS) is utilised to ensure that expertise development and training are documented, followed up, systematised and available at all times. We have established routines for conducting assessment and development conversations at least once a year with all employees.

Store staff participate in training, both virtual and physical, on a wide range of subjects through the year. The most important courses concentrate on product knowledge, concept and seasonal execution, leadership and store management, training new employees, and HSE. We have a total of 18 mentors who help provide store managers with solid backing and training. Available across the chain, their job is to inspire and support such personnel.

To ensure a good introduction, new recruits undergo a digital onboarding process. This includes aspects of our history, values, culture and sustainability. How new employees experience their reception initially and in the subsequent period is measured annually at group level. Employees recruited in 2023 reported a very good reception and sufficient introduction and training. In order to strengthen leadership and promote an innovation mentality, all middle managers have participated in a combined strategy and training programme.

A leadership and training programme has been implemented for managers since 2021. Part of applying our corporate strategy, this is intended to increase competence with key transitions facing us as well as driving change and innovation management to ensure that we are “fit for the future”. Several of the transitions where we are building increased competence are closely linked to the

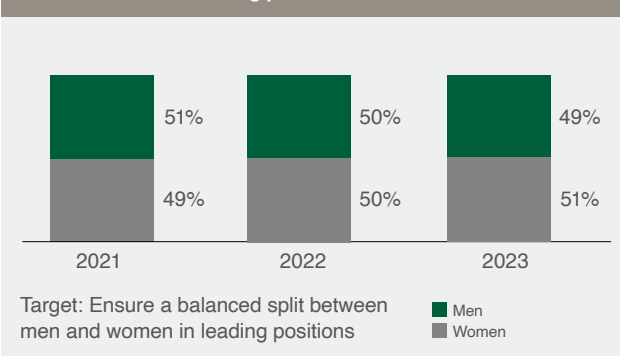


circular economy, with the move to products produced circularly, and to the shift towards a more purpose-driven group. A number of gatherings took place in 2023 where participants worked in small groups on selected case projects. This led to a series of specific proposals which could help to ensure sustainable future growth. Attention was also paid to leadership principles and to strengthening our corporate culture. In addition to physical meetings, participants had regular access to relevant videos, podcasts, coaching and group work.

Pay, working conditions and gender balance

Generally speaking, more women than men work in our stores and more men than women at the logistics centre. This reflects the typical gender division in these industries and occupations. As in society overall, women account for the majority of our part-time personnel. We implemented a new routine in 2023 for ensuring that discussion and documentation requirements are met when awarding new

Gender balance in leading positions



contracts for part-time positions. This a step towards promoting opportunities for full-time working. According to the 2023 employee survey, 35 per cent of part-time workers expressed a desire and availability for full-time jobs.


Data on pay differentials between genders show that men in our group earn on average 12.1 per cent more than women. This reflects a larger proportion of males with higher pay seniority and jobs in middle and senior management. We conduct earnings checks for all employees, including those with individual pay agreements, in order to ensure equal remuneration for work of equal value. Pay equality between women and men means that we apply gender-neutral criteria when determining remuneration. Differentials reflect pay seniority, expertise and so forth. Pay is mapped and checked within comparable groups and under collective pay agreements, taking account of education, responsibility, competence and other relevant criteria. If unreasonable pay differentials are identified, they will be dealt with individually and steps taken to reduce any unintentional gaps. Measures to combat gender pay differentials are integrated in the annual remuneration assessment process, where possible unreasonable differences in treatment are followed up. The majority of the group’s employees are covered by collective pay agreements which ensure objective criteria for pay determination and development.

Health and safety in the workplace

Most of our employees work in stores and at the logistics centre. The physical work required to keep the stores inviting and fully supplied with goods may involve the risk of occupational injury and illness. A total of nine cases of injuries resulting in absence from work were recorded in 2023, with the majority (eight) of these incidents occurring in-store, and one at a logistics centre. Our systematic approach to work on HSE covers all employees and workplaces, and is crucial for ensuring a safe working environment as

well as preventing accidents. That calls for detailed HSE mapping and implementation of measures. We have identified a number of impacts related to this area, recognise these and deal with them through active management. Managers play a key role in implementing HSE work and are responsible for it. They are supported by competent functions in HR and HSE which ensure continuous follow-up as well as ownership of processes and tools to provide the necessary training. HSE work in the group is

entrenched in the Norwegian Working Environment Act with associated regulations and in guidance from Virke and the Norwegian Labour Inspection Authority. This framework provides the basis for assessing risk and preparing action plans. A selection of the identified impacts is 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	Potential	Negative	No
	Preventive activities will limit the extent of workrelated accidents	Actual	Positive	No
	Mental health care provided for employees prevents stress, low productivity, depression, sickness and more absence	Actual	Positive	Yes

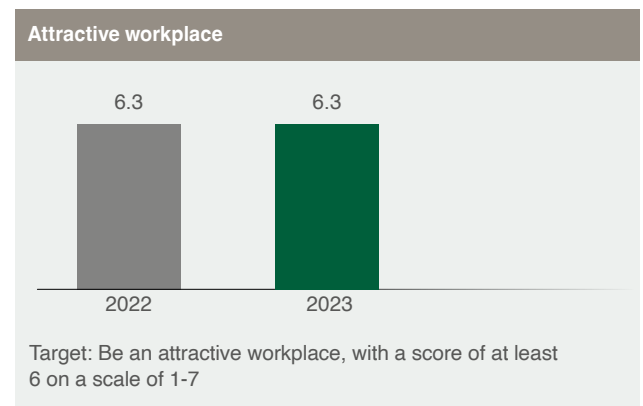
Inclusion of employees in the working environment

We have established an AMU which covers the head office, logistics and store operations. Meeting at least four times a year, this body is responsible for discharging statutory duties and dealing with significant issues related to our working environment. The AMU plays an important role in the regular meeting structure for HSE and in employee participation. Other arenas for employee participation and for identifying conditions which affect the working environment include employee and working environment surveys as well as performance and development conversations. The process, repeated at least once a year or more often if required, comprises the following steps.

1. Identifying potential risks or deviations related to HSE as well as discrimination and lack of equal opportunities
2. Analysing the causes of the identified risks
3. Developing and implementing appropriate measures for dealing with these risks
4. Evaluating the effectiveness of the measures implemented

We utilise established systems and guidelines for registering deviations, and these are accessible to all

employees. That forms part of our commitment to identifying risks, possible safety breaches or violations of guidelines. Regular activities such as surveys, investigations, risk assessments and physical inspections are conducted to maintain this.



Our annual employee survey for 2023 yielded even better results than the strong findings for 2022 in a number of key areas related to job satisfaction and the working environment. All our managers are involved in following up the survey in collaboration with their subordinates. The 2023 employee survey also included new questions related to unwished-for part-time work, harassment and sexual harassment as well as equal treatment and equality. At workplaces where deviations or complaints regarding any form of harassment were reported, we conducted further

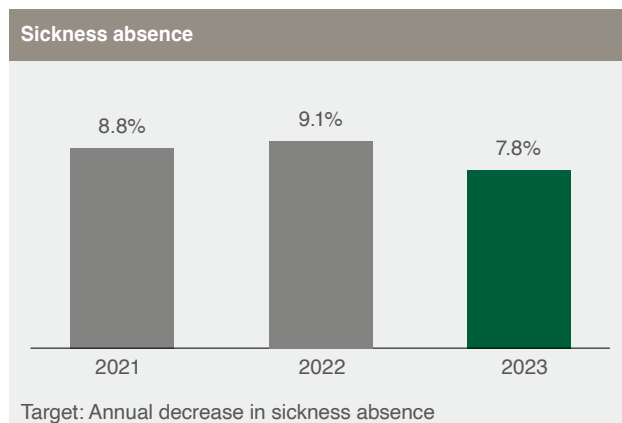


investigations and implemented measures with individual conversations and training.

We regularly audit risk assessments and action plans in accordance with the local annual HSE plan. An improved risk assessment process was introduced for the stores in 2023, and the annual HSE plan has proved an effective tool. Safety walks are regularly conducted as part of our engagement with continuous improvement. Local plans, including action, continuity and emergency response plans, are developed in this context to ensure a robust and proactive approach to the working environment.

Employees can report work-related risks or deviations to their supervisors. The manager, with possible assistance from HSE/HR advisers, along with the safety delegates and other employees, will follow up on the reported deviations and collaborate with the management to implement necessary measures. Employees can report irregularities and we follow up any reported cases actively at group level. As described in the section on governance, whistleblowing reports can also be made anonymously through an external system managed by an external third party. Information acquired through this process is used actively to develop or update guidelines and to improve work routines and practices. To ensure all employees are familiar with whistleblowing, this topic is both covered in annual training of employees and included in the annual employee survey.

In order to ensure a secure working environment, we give priority to preventive and rehabilitation measures for avoiding health and safety breaches. E-learning is facilitated and HSE training ensured for managers, selected safety delegates and AMU members. Courses are also conducted on robbery prevention, conflict management, fire protection and lifesaving first aid. The logistics centre is subject to the requirements of the industrial protection regulations, and has its own trained team for dealing with various hazards.



The trend in sickness absence has been on the rise over the past few years, largely because of Covid-19. We have devoted great attention to managing and proactively implementing preventive measures in order to reduce the rate of sickness absence. It is therefore encouraging to see a decline in absences during 2023. Our efforts in sustaining and enhancing these measures will be maintained in 2024.

Preventive measures in relation to sickness absence

In order to ensure continuous follow-up and to develop employees, all personnel have access to our HSE system, which comprises various modules designed to ensure detailed follow-up. The system also provides a solid basis for handling HR master data in accordance with the GDPR. Employees have access to their own personal data as well as to processes, routines and guidelines in our internal handbooks. The personnel and HSE handbook is updated in accordance with applicable legislation, statutory regulations and collective pay agreements.

To reduce sickness absence, we have developed “how to” e-learning courses for all employees. The majority of managers participated during 2023 in a course on rights and duties related to following up and dealing with sickness absence.

We have ensured easy access to physical exercise at the logistics centre with an in-house gym, and agreements have been entered into with various sports clubs to make discounts available to our employees across the country. All personnel are covered by occupational injury insurance, with expanded access at the moment to psychological first aid in the event of emergencies. Employees at the head office and the logistics centre as well as store managers are also covered by our health insurance, which ensures speedy advice on and treatment of sickness or injury. In the event of serious emergencies, we have routines for crisis management.

To achieve results in reducing sickness absence, we conduct regular HSE education and relevant training programmes for store managers. Physical health is also a priority area in management training. This integrated approach ensures that we constantly support a good working environment, contribute to employee wellbeing, and maintain a high level of work engagement and efficiency.



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). We see it as an opportunity to contribute locally owing to our extensive store network across Norway, totalling 282 outlets at 31 December 2023. These often play an important role in smaller communities, and we want to contribute positively in the local societies we form part of. CSR also means recognising our social responsibilities and taking specific action to ensure that we operate in a manner which respects and promotes human rights. This involves a commitment to ethical practices, transparency and accountability, and is a fundamental aspect of responsible and sustainable business conduct. This chapter explains how we engage with and give back to these communities and how products are sourced responsibly through due diligence work on human rights.



Our ambition is to contribute positively to people and the environments in the many local communities we are a part of

SDG in relation to our social responsibility



Material topics related to our social responsibility

- Human rights due diligence
- Local value creation and community engagement



KPIs, targets and results

Material topic	KPI	Actual			Target			Measurement
		2021	2022	2023	2023	2024	2030	
Human rights due diligence	All products from risk areas will come from socially audited suppliers by end of 2030	89.3	94.4	99.3 ●	> 92.4	> 99.3	100	Percentage of purchasing cost from suppliers audited before or during 2023. Only BSCI-revised suppliers included in 2021. From 2022 and onwards, all socially revised suppliers are included.
Local value creation and community engagement	Be a responsible company which contributes positively to local communities	n/a	4.2	4.5 ●	≥ 4	≥ 4	≥ 4	Score in annual employee survey on a scale of 1 to 5.
	Give people the opportunity to be included in working life	137	122	123 ●	n/a	n/a	n/a	Number of people in work training via the Norwegian Labour and Welfare Administration (NAV)

Key initiatives for achieving the targets

Human rights due diligence (HRDD)

1. Comprehensive approach to HRDD aligned with the UN guiding principles and the OECD model
2. Policies on business ethics, anti-corruption and supplier code of conduct
3. Training for key roles in our group
4. Shanghai office with local knowledge and follow-up of risk area/Asia
5. Amfori membership and compliance with 99.3 per cent of purchase cost from suppliers audited in risk area

Local value creation and community engagement


1. Inclusion and work training
2. Partnerships with contributions to environmental, sports and charitable organisations
3. Local store as local hero
4. Local engagement in plastic and waste clean-up in local communities and nudging of customers to reduce the use of plastic bags

Human rights due diligence

We have a large number of suppliers and sub-suppliers worldwide. Around 30 per cent of our total purchase cost in 2023 derived from countries identified as high risk for human rights. Our approach to identifying high-risk countries is disclosed below as well as in our annual report from Ethical Trade Norway on our business. The latter is our full due diligence assessment of human rights in the value

chain. A systematic approach to promoting good working conditions in the entire supply chain is essential for us and is pursued in close cooperation with suppliers and business partners.

As a natural consequence of business relationships and potential negative impacts, HRDD is a material topic of particular importance. The table below addresses some of the actual and potential negative and positive impacts related to human rights.

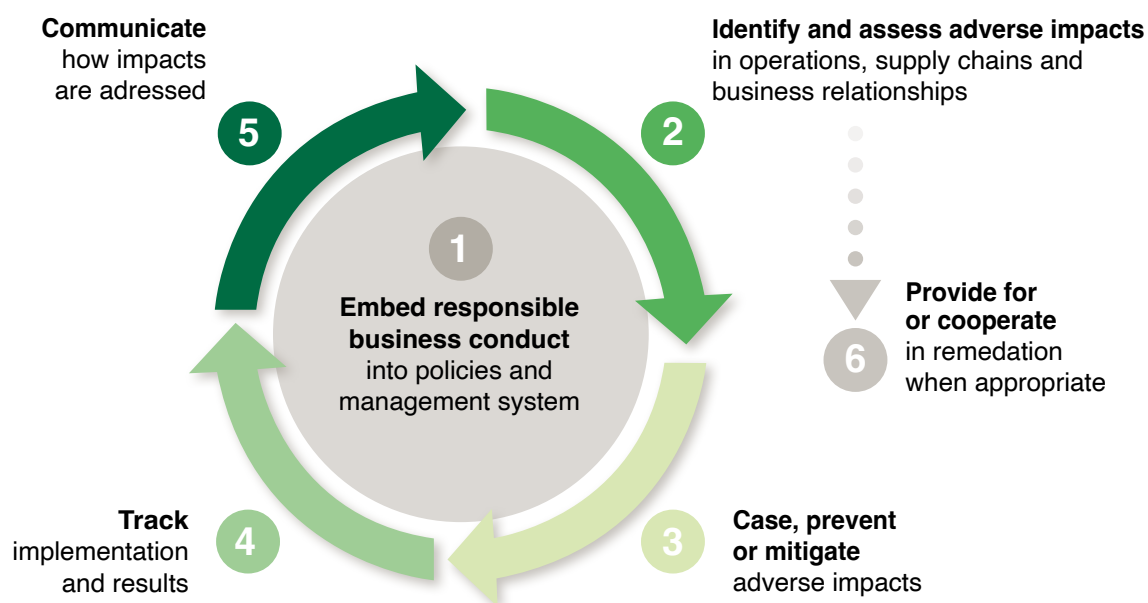
Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
Human rights due diligence	We import products from countries identified as high-risk for HRDD	Actual	Negative	Yes
	Variations in supplier screening which might lead to a breach of human rights	Potential	Negative	Yes
	Risk materials, such as minerals involving human-rights challenges	Actual	Negative	Yes
	High share of suppliers with BSCI social audits	Actual	Positive	Yes
	Policy of ethical trade communicated to all employees in our organisation	Actual	Positive	Yes

Norway's 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 our work on meeting and complying 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 on businesses to carry out due diligence assessments. These map possible and actual negative impacts on basic human rights and decent working conditions in supply chains as a basis for implementing improvement measures, following these up and reporting on them.

Our approach to the Transparency Act and due diligence assessments

We have established a comprehensive approach to due diligence in line with the UN Guiding Principles on Business and Human Rights and the OECD model for due diligence for responsible business conduct. We recognise and have secured the updated recommendations in June 2023 describing expected conduct for due diligence. A six-step model is followed which outlines how to promote responsible and sustainable business practices. Attention is concentrated on being open and transparent about challenges and addressing them collaboratively with stakeholders.



OECD model for due diligence for responsible business conduct.

Drawing on several sources, such as the International Trade Union Confederation (ITUC), we have conducted and classified all our suppliers in accordance with a risk matrix. This describes the risk levels related to country and product category, along with the corresponding action level and priority for follow-up. The great majority of our high-risk suppliers are located in Asia, while a small portion in Europe also fall under this classification.

We have developed a dedicated policy on business ethics and a supplier code of conduct, aligned with UN and ILO conventions, to guide suppliers about our requirements for human and labour rights, anti-corruption and animal welfare throughout the value chain. These can be found on our website at <https://investor.europris.no/about-us/corporate-governance/policies/default.aspx>. In line with our group policy, all suppliers need to sign this code of conduct. To ensure compliance, we conduct annual due diligence assessments and employee training as well as supplier dialogue and meetings. We expect transparency throughout the value chain and address deviations by collaborating with the suppliers.

Overall responsibility for due diligence assessments rests with the VP international sourcing. The quality manager is responsible for following up such evaluations in collaboration with the sustainability departments and our own procurement office in Shanghai (SHO). The SHO comprises 35 employees who are specialists in their product categories and

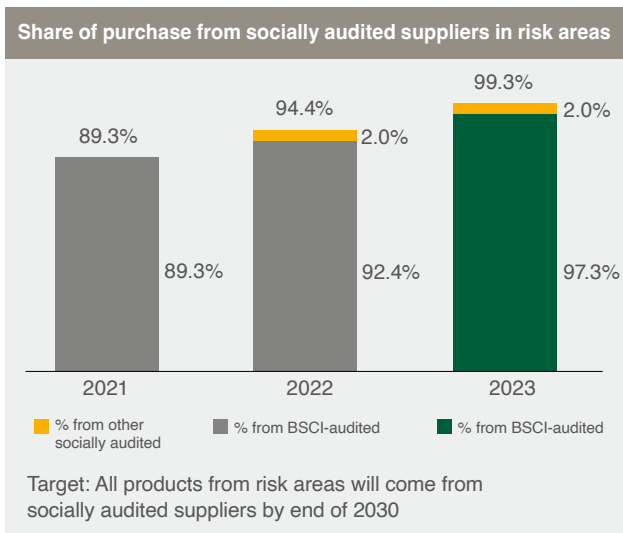
play an important part in our efforts to secure responsible suppliers in Asia. Procurement of goods is followed up in Asia by the SHO and reported to the quality and product safety department and the international sourcing director. Follow-up of Europe, the Middle East and Norway rests with the quality and product safety department.

Awareness of HRDD as a topic is generally high in the Norwegian part of the organisation. Exposed roles, such as purchasers and those exposed to areas like anti-corruption, also receive extra on-premise training in order to be able to meet our guidelines. We also have our own corporate governance manual, which provides guidelines for ethical trade, anti-corruption and ethical behaviour by all our employees. These guidelines are based on the UN and ILO conventions and describe the main principles for the way we should handle human and labour rights in day-to-day operations. This manual is revised annually and approved by the board.

We are a member of Ethical Trade Norway and Amfori. The former is a membership organisation for both private and public enterprises and serves as a guidance and resource centre for ethical trade. Amfori is a large and highly reputable international organisation which monitors factories and companies to ensure that they 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.

Our suppliers are monitored by us via supplier evaluations and third-party audits, which are followed up through the SHO and in Norway. Membership in Amfori 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. Our target is that all products sourced in risk areas must come from suppliers and factories audited for social aspects by the end of 2030. In addition, all suppliers and factories with a BSCI assessment must have a score of C or better on a scale from A-F. This work will follow up any deviations continuously and improve them where possible. Cases classified as zero tolerance will automatically mean failure to become or remain a BSCI-assessed supplier. The criteria and incidents for such classification are child labour, occupational health and safety violations which pose an imminent and critical threat to worker health, safety or life, inhumane treatment, forced labour, or unethical behaviour like attempted bribery of auditors or intentional misrepresentation in the supply chain, and so forth. Examples of incidents which lead to a grade C include excessive overtime working or minor HSE infractions.



Suppliers/factories without BSCI membership must complete a self-assessment to ensure that they commit to and sign all parts of our code of conduct, in addition to undergoing a third-party audit aligned with the BSCI criteria. Seventeen suppliers in 2023 completed a self-assessment and third-party audit, compared with 508 approved through the BSCI system. In 2023, a total of 538 factories underwent audits or possessed an approved audit. Twelve have

been made inactive since they are not BSCI revised or are unwilling to cooperate further over BSCI.

We have identified four priorities which involve a significant risk of negative impact/harm in relation to human rights in China, our biggest market. These are forced labour, poor health and safety, lack of union rights and pay below official minimum rates. We mitigate negative impacts in these prioritised areas by tracking potential incidents, addressing and setting clear expectations in dialogue with suppliers, and following the established routines already described by the BSCI audits in combination with our code of conduct. No deviations were identified in the significant risk areas during 2023.

Importance of dialogue and engagement in the supply chain

As emphasised above, continuous dialogue along the supply chain is essential for maintaining responsible and sustainable business conduct. Dialogue is primarily conducted by mail, and preferably in face-to-face meetings. Another approach is to hold supplier gatherings where this subject forms an important part of the agenda. Where suppliers in Asia are concerned, an annual supplier meeting takes place in Guangzhou with participants from the whole of south-east Asia as well as the SHO and top management from Norway. In 2023, we presented one supplier with a prize for initiative over sustainability. The recipient had achieved proven results in several areas with the environmental impacts from its business model. This supplier has devoted great attention to the areas of recycling, reducing and reusing, and offering recycled plastic products produced using renewable energy from solar panels. It has also integrated energy efficiency into the production line and taken several initiatives to promote employee wellbeing. This ranks as a best-practice supplier where ESG is concerned, and was a clear winner of such an award.



"Initiative of sustainability price" handed over to winner: Intco Industries Co.,Ltd.

The market position in China

"The overall position has changed, especially in China. Demand for goods from major trading partners has declined and many factories have received fewer orders and volumes than previously. This reflects fiercer competition in both the USA and Europe, high levels of inventories, and American companies sourcing outside China because of the on-going trade war. After peaking during the pandemic, raw material prices are declining because of lower demand.

In previous years, many factories suffered capacity shortages owing to lock-down and are now in a position where lead times are shorter than before and production is stable. Delays owing to the pandemic and supplier issues have been reduced by more than 50 per cent compared with 2022.

This can mitigate the risk of overtime working or even forced or compulsory labour, since capacity pressures on suppliers have been reduced.

Generally, we are witnessing an increase in knowledge about and commitment to the green transition at supplier level, with many of them placing greater emphasis on sustainable materials and on manufacturing processes which reduce environmental footprints. That bodes well for the future."




Knut Spæren, VP international sourcing, Europris ASA

Local value creation and community engagement

Local value creation and community engagement naturally represent a material topic, since we recognise our impact on customers and the local communities in which we operate. We engage 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 array of sustainable choices easily accessible and well communicated to everyone, we play an important role as an

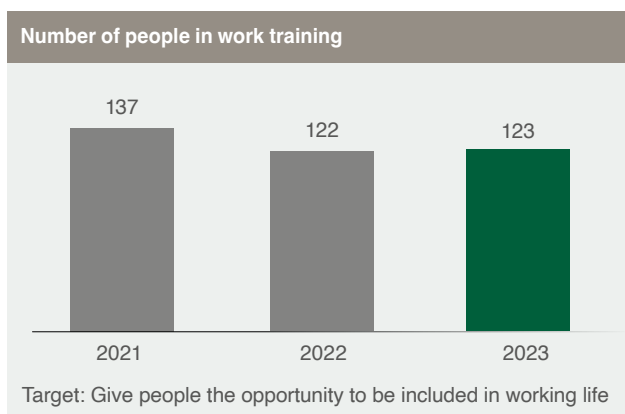
enabler of more sustainable but affordable living. We recognise our position as a local value creator and will always comply with local tax regulations and strive to generate value by expanding job opportunities and supporting the local community via our indirect value creation. Our reporting indicators have been amended to fit better with the activities initiated to mitigate negative impacts. The specific indicators we use are listed in the GRI index as company specific indicators.

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

Material topic	Overview of impact	Actual / potential	Negative / positive	Related to human rights
	Failing to help people come together for the benefit of society and the environment	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
	We offer internships and job training, and have an ongoing collaboration with the NAV	Actual	Positive	Yes

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 we have added SDG 10 – reduced inequalities – to our strategy. We place great emphasis on reducing inequality in and between communities in Norway by contributing positively to human wellbeing at a local level, and decided to add SDG 10 because of our recognition that we can make a contribution which matters to vulnerable groups and minorities.



We collaborate with social welfare schemes like the one run by the Norwegian Labour and Welfare Administration (NAV) and welcomed 51 new employees under this umbrella in 2023, compared with 39 the year before. The number of people in work training was stable, with 123 people included in our work training programme supported by NAV in 2023. A further of 133 people were in work training outside NAV the same year. This is an important initiative for our group because it allows us to contribute to an extended aspect of value creation by providing people with the opportunity to gain work experience and return to the labour force. Several stores enable people to attend language training programmes in addition to the initiatives described above.

Especially people who have had special needs during their education can find it difficult to enter working life. We aim to welcome young people, since we recognise the importance of offering them a start in working life.

We will continue to strengthen our 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.

Our partnerships

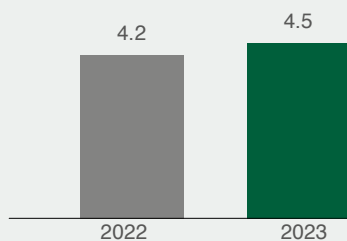
Our impact on local communities is a result of relationships with such organisations as Spond and the Norwegian Retailers Environment Fund, where we make substantial financial contributions. These amounted to NOK 19 million in 2023.

We also support a wide range of local activities and organisations, such as sports clubs, humanitarian and charitable organisations, cultural festivals and other events which take place where we have a presence. Moreover, we supply and donate products to several projects initiated locally by the City Mission, the children’s clinic of the Helping Heart, and other local organisations.

Local store as local hero

A corporate project on us as the local store was rolled out in 2022. This continues in 2023 with the aim was to standardise procedures and provide local store managers with a toolkit of initiatives aligned with our ESG strategy, which enables them to serve and contribute relevantly to the community where their store is located geographically. Examples include supplying products for projects at cost price or donating any surplus groceries, toys or other relevant products. Receivers of such gifts might be a food bank, the Salvation Army, the City Mission or the Blue Cross. Other examples of creating a sense of belonging are engaging with the local community through local events. This project will continue to be pursued with increased vigour during 2024 in order to continue building on our position as the local store while also taking our local value creation seriously.

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

One of the KPIs we measure is how far our employees perceive us to be a local contributor. It is gratifying to see that this is evolving in a positive

direction, with an increase from the first time this was measured in 2022.

Reducing plastic waste in the local community

We have been a member of the Norwegian Retailers Environment Fund since 2018. This is Norway’s largest private environmental fund, and the retail sector’s major joint initiative to solve environmental problems related to plastic. It is also Norway’s most important measure for complying with the EU’s plastic carrier bags directive. Funds received are earmarked for environmental measures which fulfil one or more of our three main objectives:

- 1) reduce the amount of plastic carrier bags
- 2) prevent and clean up plastic pollution
- 3) contribute to reduced plastic use and a circular plastic economy



Members donate a fee for each plastic bag they purchase. This increased in August 2023 from NOK 1 to 2 per bag. Our contribution to the fund in 2023 amounted to NOK 11 million. We are the only member in the discount variety retail segment and have contributed a total of NOK 51 million since the fund was established in 2018. This contribution is devoted to local and global initiatives based on UN SDG 14 and aligned with the main objectives described above. Some of the quantifiable measures which the fund has contributed to so far are:

- helping to clear away 8,300 tonnes of plastic waste from the natural environment
- helping to clean up 2,300 miles of coastline
- increasing the use of recycled plastic by 9,000 tonnes.

Nudging consumers to use fewer shopping bags



A total of 722 million plastic bags were bought by Norwegian consumers during 2023, placing Norway at the top of the list for such purchases in Europe. As a result, we are now pursuing a joint project with the Norwegian Retailers Environment Fund to reduce such usage by Norwegians in general - and where we can have the largest impact, towards our customers.

Several measures have been implemented to cut consumption by nudging consumers to switch from shopping bags made from plastic to such reusable alternatives as shopping nets combined with garbagebag rolls. Increased pricing as a result of higher fees has had a significant effect. In addition, all plastic bags have been removed from the checkout areas so that customers have to ask for them specifically. We have also placed garbage-bag rolls alongside shopping nets at strategic locations near the entrance and in front of the checkout area.

Overall communication is linked to the national campaign on “the big plastic-bag cut” initiated by the Norwegian Retailers Environment Fund. These initiatives have been supported by national marketing campaigns under the umbrella of the big plastic-bag cut, where people have been given explanations of why consumption must be reduced and good options for achieving this. The result has been an increase of almost 80 per cent in sales of garbage-bag rolls and a decrease of about 20 per cent in the number of shopping bags sold from 2022 to 2023 – the decline from when the fee increased in August was 30 per cent.



Internal engagement to clean up locally

Our employees contributed to local waste clean-ups in connection with World Clean Up Day in September 2023. We have been at the forefront in this area, with all employees across the country helping to remove garbage in their own areas. They 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.

Our store at Begby was selected as the winner, and its employees decided to donate the NOK 20,000 prize to the Childhood Cancer Foundation in Østfold.

Europris Begby wins waste collection competition

Donates prize to childhood cancer foundation

Europris employees picked up trash in local areas across Norway.

Saturday 16 September 2023 was World Clean Up Day, and we were at the forefront in Norway with employees from all our 280 stores across the country participating in collecting waste in their local area. Our Begby store won the NOK 20,000 prize, and its employees decided to donate this sum to the Childhood Cancer Foundation in Østfold.

"We gathered about five or six bags of waste per employee here at Begby," says store manager Elinor Spernes. "In addition, we encouraged our customers to do the same. Supporting the purpose of the Childhood Cancer Foundation is important, and there was unanimous agreement among the staff that the prize money should go to the foundation and its work."

"It was very nice that the employees at Begby wanted to pass the prize on to us," says Pernilla Rummelhoff, who heads the foundation in Østfold. "The money will be very useful, whether we spend it on events for families with children under treatment or who're receiving follow-up care, or on families who've lost a child. The funds could also be earmarked for research."



Methodology – GHG emission inventory

We consolidate our GHG emission inventory in accordance with the GHG Protocol. This inventory takes account of the following GHGs, all converted to CO₂ equivalent (CO₂e): CO₂, CH₄, N₂O, SF₆, HFCs, PFCs and NF₃. Where the 2023 inventory is concerned, IPCC assessment report 4 or 5, depending on the reference source, provides the conversion factor for turning non-CO₂ emissions into CO₂ equivalents.

GHG emissions are consolidated on the basis of where we have operational control. In general, GHG emissions from Europris AS, Europris Butikkdrift AS, Europris Holding AS, Lekekassen Holding AS, Strikkemekka Holding AS and Lunehjem.no AS are included. There are two exceptions: 1) Lunehjem is only included in scopes 1 and 2, and 2) Lekekassen is not included in category 1 of scope 3, purchased goods and services. Lekekassen will be included in this category from 2024. Franchises are considered to be under our operating control, given the control Europris AS exerts over their daily operations through the franchise agreements. This include, but is not limited to, equal product range, marketing, power agreements, and administration (routines and IT systems). Climate related issues, such as energy efficiency and recycling of waste, are monitored and followed up in the same way in franchise stores as in our own stores.

The base year chosen is 2021, balancing the inclusion of relevant mitigating actions taken with the availability of historical data. Whenever new categories and parts of operations have been added, emissions have been recalculated for 2021 and 2022 to permit comparison between years.

We currently measure the following categories under scope 3: purchased goods and services, fuel-and-energy-related activities, upstream transport and distribution, waste, business travel, employee commuting and investments. Emissions related to capital goods, use of sold products and end-of-life treatment of sold products will be incorporated in 2024. The remaining categories under scope 3 are not considered relevant to our business.

One significant improvement made in calculating scope 3 categories in general is the addition of emissions related to the production of fuels and

energy purchased and consumed not included in Scope 1 and 2 (well-to-tank – WTT) for all relevant categories. Only emissions related to combustion (tank-to-wheel – TTW) were previously included for categories other than Scope 3 fuel-and-energy-related activities.

Category 1, scope 3: purchased goods and services

- Emissions from purchased goods for resale have been calculated (emissions from goods used internally, such as office equipment, have not been included).
- As of 2023, calculations of actual emissions per product are not provided by suppliers. Emission factors based on global averages per material or product have therefore been used.
- Where information on the material content is available, specific emission factors have been used. Otherwise, generic emission factors for the product have been applied.
- Where emission factors on product/material level are concerned, gates such as A1-A3 for food-related products and T1-T4 for textile-related products have been used.
- Emission factors with the greatest scope have been chosen – ideally from extraction or production of the raw material to production and assembly of the final product.
- Data on the amount of goods sourced were used for most of the emissions. Where some parts of the business were concerned, the amount sold was used owing to data quality issues.
- Data quality vary with respect to weight and material content and will therefore be an area for future improvement.

Category 3, scope 3: fuel-and-energy-related emissions

- Relates to the extraction, processing and transport of fuel and energy reported under scopes 1 and 2.
- Data for scopes 1 and 2 are copied to this category, with upstream (for electricity and district heating) and WTT (for fuels) emission factors utilised.

Category 4, scope 3: transport

- So far, few transport providers can report the actual number of litres of fuel consumed.
- Where available, CO₂e emissions calculated by the supplier are reported. If TTW emission factors alone have been used, WTT emissions are added. On a few occasions, only CO₂ emissions have been provided by the supplier, not CO₂e emissions.
- If unavailable, tonnes-kilometre reported by the supplier are used.
- If unavailable, tonnes-kilometre are estimated on the basis of average tonnes transported by each container or pallet, and kilometres are estimated on the basis of the start- and end-point addresses.

Category 5, scope 3: waste

- In general, stores, offices, logistics centre and other warehouses are included.
- Some stores (14 per cent) are not part of waste reports, for instance those located in shopping centres with joint waste collection. Where those excluded are concerned, an estimate of the amount of waste generated and the recycling rate has been calculated on basis of the average for

the reported stores. This estimate is included in the GHG inventory.

Category 6, scope 3: business travel

- The calculation includes person-kilometres travelled by car and air flights booked through travel agencies.
- Emissions from car transport are based on the average Norwegian mix of electric and fossil-fuel vehicles, while emissions from air flights are provided by the travel agency based on DEFRA emission factors.

Category 7, scope 3: employee commuting

- The calculation is based on a survey sent to 2,090 employees. With a response rate of 33 per cent, a total of 690 answers were collected.
- Employees working 50 per cent or more of full-time equivalent were invited to complete the survey.

Category 15, scope 3: investments

- In line with our shareholding in Runsvengruppen AB (ÖoB), 20 per cent of its scopes 1 and 2 emissions have been included. With the exception of category 3, scope 3 emissions are not included.

GRI Input - Our people

GRI 2.7 Employees Employment type	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Permanent employees	978	1,365	2,343	26%	36%	61%
Temporary employees	174	258	432	5%	7%	11%
Employees without guaranteed hours	409	642	1,051	11%	17%	27%
Total	1,561	2,265	3,826	41%	59%	100%

GRI 2.7 Employees Employment capacity	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Full-time employees	627	553	1,180	23%	20%	43%
Part-time employees	525	1,070	1,595	19%	39%	57%
Total	1,152	1,623	2,775	42%	58%	100%

2.8 Workers who are not employees

Europris had 25 franchises in 2023, with a total of 164.6 FTEs compared with 184.8 in 2022. The primary reason why the total number of employees decreased here was that the number of franchise stores declined by two. These people do the same work as other managers and employees in Europris stores.

GRI 401-1a New hires	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Under 30 years	159	195	354	30%	37%	67%
30-50 years	58	84	142	11%	16%	27%
Over 50 years	8	23	31	2%	4%	6%
Total	225	302	527	43%	57%	100%

GRI 401-1b Turnover, age and gender distribution	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Under 30 years	68	82	150	2.9%	3.5%	6.4%
30-50 years	45	82	127	1.9%	3.5%	5.4%
Over 50 years	14	23	37	0.6%	1.0%	1.6%
Total	127	187	314	5.4%	8.0%	13.4%

GRI 401-3 Parental leave	Men	Women	Total
	Number of employees that took parental leave	45	89
Average number of weeks of parental leave	12	22	19

401-3 Parental leave

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

GRI 405-1a Board of directors, age and gender distribution	Number of			Share of		
	Men	Women	Total	Men	Women	Total
Under 30 years	-	-	-	-	-	-
30-50 years	-	-	-	-	-	-
Over 50 years	4	3	7	57%	43%	100%
Total	4	3	7	57%	43%	100%

GRI 405-1b Employees, gender distribution	Number of			Share of	
	Men	Women	Total	Men	Women
Management	47	17	64	73%	27%
Store managers	112	146	258	43%	57%
Remaining staff on individual pay agreements	128	140	268	48%	52%
Employees on collective agreements	1,274	1,962	3,236	39%	61%
Total	1,561	2,265	3,826	41%	59%

GRI 405-1b Employees, age distribution	Number of employees				Share of employees		
	Under 30 years	30-50 years	Over 50 years	Total	Under 30 years	30-50 years	Over 50 years
Management	-	39	25	64	-	61%	39%
Store managers	13	180	65	258	5%	70%	25%
Remaining staff on individual pay agreements	68	134	66	268	25%	50%	25%
Employees on collective agreements	1,727	1,121	388	3,236	53%	35%	12%
Total	1,808	1,474	544	3,826	47%	39%	14%

GRI 405-2 Pay difference	Men vs women
Management	31.6%
Store managers	5.1%
Remaining staff on individual pay agreements	9.7%
Employees on collective agreements	4.7%
Total	12.1%

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
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, annually Semi-annually, annually Bimonthly/semi-annually as required (regulatory updates)
Local community players, such as charities and partners	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

Sustainability terms

This summary presents the essential sustainability terms used in this report, and offers a clearer perspective on how we implement our sustainability initiatives.

Reporting frameworks

Global Reporting Initiative (GRI):

An independent international organisation which has developed the most widely used and recognised framework for sustainability reporting, including principles, aspects and indicators for enterprises to disclose their financial, environmental and social performance. For the reporting year 2024 Europris will report according to the reporting standards of ESRS with comes with the The Corporate Sustainability Reporting Directive (CSRD).

CSRD: The Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023. This modernises and strengthens the rules concerning the social and environmental information which companies must report. Enterprises subject to the CSRD will have to report in accordance with the European Sustainability Reporting Standards (ESRS). These were developed by the EFRAG, previously known as the European Financial Reporting Advisory Group, an independent body bringing together various stakeholders.

The CSRD requires assurance of the sustainability information which companies report and will provide for the digital taxonomy of sustainability information.

The CSRD requires assurance on the sustainability information that companies report and will provide for the digital taxonomy of sustainability information.

Task Force on Climate-Related Financial Disclosures (TCFD):

A methodology established to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders.

Science-Based Targets initiative (SBTi):

A collaboration which establishes and promotes best practice for setting science-based targets. It evaluates and approves company goals, ensuring that these align with scientific principles to combat climate change effectively.

CDP: An organisation which supports companies and cities in disclosing the environmental impact of major corporations, and thereby helping to drive disclosure, insight and action towards a sustainable economy.

Global and strategic goals

SDG (sustainable development goals):

A collection of 17 global goals set by the UN for 2030, aimed at ending poverty, ensuring peace and prosperity for all, and protecting the planet.

Materiality assessment: Materiality is the principle of defining the social and environmental topics which matter most to our business and stakeholders. After identifying which actual and potential sustainability issues are thought to be directly relevant to an enterprise's value chain, they are analysed and prioritised into material topics.

Material topic: A significant issue which affects an enterprise's impact on the economy, the environment and society. This includes how it generates value or causes harm for itself, its stakeholders and the wider community.

Double materiality assessment: When reporting in accordance to the CSRD, we must undertake a double materiality assessment to identify which sustainability matters are most material to us and to our stakeholders when viewed through a double lens. Double materiality is defined as the union of impact and financial materiality. A sustainability or ESG matter has double materiality if it is material

from either an impact or environmental perspective, a financial perspective, or both. The group is undertaking the double materiality first half 2024.

Environmental emissions

GHG: Greenhouse gas.

GHG Protocol: The most widely used greenhouse gas accounting and reporting standard, which builds on a 20-year partnership between World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Scope 1, 2 and 3 emissions: These terms refer to the three main categories of GHG emissions in corporate reporting. Scope 1 covers direct emissions from sources owned or controlled by the enterprise, scope 2 relates to indirect emissions from the generation of purchased energy, and scope 3 includes all other indirect emissions in an enterprise's value chain.

tCO₂e (tonnes of carbon dioxide equivalent): A measurement unit representing the amount of CO₂ and other GHGs converted to the equivalent amount of CO₂ based on their global warming potential.

Net zero: The SBTi defines the state of net-zero emissions for companies "as reaching a state of no impact on the climate resulting from the organisation's GHG emissions". This implies the following two conditions: "Achieving a scale of value-chain emission reductions consistent with the depth of abatement at the point of reaching global net zero in pathways which limit warming to 1.5°C with no or low overshoot [and] neutralising the impact of any source of any residual emissions by permanently removing an equivalent volume of atmospheric CO₂".

Supply chain and business practices

Ethical trade: Describes the ethical aspects of enterprises, focusing on human rights, fair wages and decent working conditions in the supply chain.

Ethical trade Norway: A Norwegian member-based organisation advocating for ethical trade. It aligns with global reporting frameworks by aiding businesses in upholding human rights, labour standards and environmental care in supply chains.

Amfori: Amfori 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.

BSCI (Business Social Compliance Initiative):

A business-driven initiative by Amfori to improve working conditions in the global supply chain by providing a common code of conduct and a framework for social compliance assessment.

Upstream: Refers to the activities in the supply chain related to sourcing materials and inputs for production processes.

Downstream: Refers to the activities pursued after the production phase, including distribution, marketing and sale of products.

Value chain: The full range of activities required to bring a product from conception, through different production phases and delivery to end-consumers, and final disposal after use or reintroduction into the production cycle.



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To the Board of Directors of Europris ASA

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON EUROPRIS ASA EUROPRIS SUSTAINABILITY REPORT FOR 2023

We have performed a limited assurance engagement for the Board of Directors of Europris ASA on the Europris sustainability report 2023 (the "Selected Information") for the reporting period ended 31 December 2023.

Our limited assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023, as described below, has not been prepared, in all material respects, in accordance with the Applicable Criteria.

Scope of our work

Europris ASA has engaged us to provide independent Limited assurance in accordance with International Standard on Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410", issued by the International Auditing and Assurance Standards Board ("IAASB")) and our agreed terms of engagement.

The Selected Information in scope of our engagement, as presented in Europris sustainability report 2023 for the year ended 31 December 2023 is as follows:

Selected Information	Applicable Criteria
Greenhouse Gas Accounting for the reporting period ended 31 December 2023, hereunder Scope 1, Scope 2 and Scope 3 GHG Emissions e.g. category 3, 4, 5, 6, 7 and 15	Reporting in accordance with Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 and Greenhouse Gas (GHG) Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

In relation to the Selected Information, as listed in the above table, the Selected Information needs to be read and understood together with the Applicable Criteria.

Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

Board of Directors and Management responsibilities

The Board of Directors and Management are responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.

Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Board of Directors.

Our independence and quality management

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.

We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Key procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the description of activities undertaken in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment and included, among others, an assessment of the appropriateness of the Applicable Criteria. In carrying out our Limited assurance engagement on the description of activities undertaken in respect of the Selected Information, we performed the following procedures:



- Through inquiries of relevant personnel, we have obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify areas where material misstatement in the Selected Information is likely to arise, providing a basis for designing and performing procedures to respond to address these areas and to obtain limited assurance to support a conclusion.
- Through inquiries of relevant personnel, we have obtained an understanding of the internal processes relevant to the Selected Information and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information.
- Performed procedures on a sample basis to assess whether the Selected Information has been collected and reported in accordance with the Applicable Criteria, including comparing to source documentation.

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 a reasonable assurance engagement been performed.

Oslo, 19 March 2024
Deloitte AS

Stian Jilg-Scherven
State Authorised Public Accountant

This document is signed electronically

GRI index

Statement of use		Europris ASA has reported in accordance with the GRI Standards for the period 01.01.2023-31.12.2023.			
GRI 1 used		GRI 1: Foundation 2021			
Applicable GRI sector standard(s)		N/A			
GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
	2-1 Organisational details	Directors report p.14			
	2-2 Entities included in the organisation's sustainability reporting	Consolidated financial statement p.118 Sustainability report p. 39			
	2-3 Reporting period, frequency and contact point	a. Annually b. 01.01.2023-31.12.2023 c. 19.03.2024 d. Trude Mork Alnæs trude@europris.no			
	2-4 Restatements of information	Waste: Recycling rate 2022 restated due to error found in last year's calculation. GHG emissions: 2021 and 2022 restated. See details in our climate profile p.66 and methodology p. 94			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.
	2-5 External assurance	a. Signed by the board. b. Sustainability report p. 100-103			
	2-6 Activities, value chain and other business relationships	Sustainability report p. 38-43 d. no significant changes since last year			
	2-7 Employees	GRI Input - Our people p. 96 Total number of employees: The number is not directly comparable to previous years because of a change in calculation method to yearly average number of employees			
	2-8 Workers who are not employees	GRI Input - Our people p. 96			
	2-9 Governance structure and composition	Governance report p. 29-31			
	2-10 Nomination and selection of the highest governance body	Governance report p. 28-29			
	2-11 Chair of the highest governance body	No. The highest governance body is not a senior executive in the organisation	b	Not applicable	The chair is not a senior executive
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability report p. 45			
	2-13 Delegation of responsibility for managing impacts	Sustainability report p. 45			

GRI standard/ other source	Disclosure	Location	Omission	
			Requirement(s) omitted	Reason Explanation
General disclosures				
	2-14 Role of the highest governance body in sustainability reporting	Sustainability report p. 45		
	2-15 Conflicts of interest	Governance report p. 30		
	2-16 Communication of critical concerns	Sustainability report p. 47		
	2-17 Collective knowledge of the highest governance body	Sustainability report p. 45		
	2-18 Evaluation of the performance of the highest governance body	Governance report p. 31		
	2-19 Remuneration policies	Remuneration report		
	2-20 Process to determine remuneration	Remuneration report		
	2-21 Annual total compensation ratio	<p>a. Ratio 18:1, representing the ratio of the CEO total compensation vs. the median basic salary, which is that of a warehouse employee. In 2022, the ratio was 13:1, the increase is caused by a variable CEO bonus.</p> <p>b. The change in ratio is 4.2 (percentage change in total CEO compensation divided by percentage change in median basic salary).</p>		
	2-22 Statement on sustainable development strategy	Sustainability report p. 40		
	2-23 Policy commitments	https://investor.europris.no/about-us/corporate-governance/policies/default.aspx		
	2-24 Embedding policy commitments	Sustainability report p. 47		
	2-25 Processes to remediate negative impacts	GRI index: 3-3 for each material topic		
	2-26 Mechanisms for seeking advice and raising concerns	<p>i. Our employees can seek advice on implementing policies and practises for responsible business conduct through its leaders, through documents on the internal employee handbook or through resources in the sustainability department.</p> <p>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.</p>		
	2-27 Compliance with laws and regulations	Sustainability report p. 47		
	2-28 Membership associations	Ethical Trade Norway, Amfori/ BSCI, CDP, Green Dot Norway, Norwegian Retailers Environmental Fund		

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
	2-29 Approach to stakeholder engagement	Sustainability report p. 43			
	2-30 Collective bargaining agreements	a. Sustainability report p. 96 b. p. 80			
Material topics					
GRI 3: Material topics 2021	3-1 Process to determine material topics	Sustainability report p. 40-41			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. 41			
Human Rights due diligence					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our social responsibility p. 86-89			
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			
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 labour 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 labour is seen as little risk within our operation suppliers ii: 0 c. The code of conduct regulates our zero tolerance towards child labour			
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. 87 Ethical trade report			
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. p. 87	b.	Not applicable	Not relevant
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability report p. 88			
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability report p. 86 and ethical trade report	a, d	Information unavailable/incomplete	We aim to report these indicators for our 2024 report

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Climate resilience					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our climate profile p. 67-68			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Directors report p. 16			
	201-2 Financial implications and other risks and opportunities due to climate change	Directors report p. 20-22 Sustainability report p. 67-68			
Sustainable products and circular solutions					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our products p. 50-54			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria		a.	Information unavailable/incomplete	Will be started with AMFORI/BEPI in 2024
	308-2 Negative environmental impacts in the supply chain and actions taken		d. e.	Information unavailable/incomplete	Will be started with AMFORI/BEPI in 2024
Climate-friendly operations and logistics					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our climate profile p. 60-66			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	a. 385 MWh. Fossil fuels, petrol and diesel b. 37 MWh. Renewable share of fuels (Norwegian mix) c. i. 44,743 MWh electricity, grid 217 MWh electricity self-generated ii 969 MWh district heating e. 46,352 MWh in total f. GHG Protocol g. DEFRA, IEA	c. iii and iv d.	Not applicable	Not relevant
	302-2 Energy consumption outside of the organisation			Not applicable	Not relevant
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	a, b, d, f, g. Sustainability report p. 51 and p. 94-95 e. Emission factors used are from DEFRA (2023) and Norwegian Environmental Agency	c.	Not applicable	Not relevant
	305-2 Energy indirect (Scope 2) GHG emissions	a, b, c, d, f, g. Sustainability report p. 51 and p. 94-95 e. IEA for location-based and AIB for market-based emission factors			
	305-3 Other indirect (Scope 3) GHG emissions	a, b, c, d, e, g. Sustainability report p. 51 and p. 94-95 f. Emission factors are from a range of different databases, depending on the scope 3 category in question. Europris has not created its own emission factors			

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Climate-friendly operations and logistics					
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	a. Waste management p. 66 b. Strategic cooperation with third-party waste management company Ragn sells, who specialise in waste management with concern to environment and recycling. c. Digital reports and dialogue with strategic partner, Ragn sells			
	306-3 Waste generated	a. Residual waste: 857.7t Mixed waste sorted: 6,176.9t b. Sustainability report p. 94-95			
Equal opportunities and an inclusive working environment					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our people p. 78-80			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	GRI Input - Our people p. 96 Turnover: The number is not directly comparable to previous years because of a change in calculation method to include only permanent employees			
	401-3 Parental leave	GRI Input - Our people p. 96	c,d,e	Information unavailable/incomplete	We aim to report these indicators for our 2024 report
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	A total of 8,709 hours of completed training were tracked across the group. In addition, courses are conducted per department that are not tracked			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	GRI Input - Our people p. 96			
	405-2 Ratio of basic salary and remuneration of women to men	GRI Input - Our people p. 96			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability report p. 47	b. ii-iv	Not applicable	Not relevant
Safe and good-quality products					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our products p. 54-56			
GGRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability report p. 56			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability report p. 55	b.	Not applicable	Not relevant

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Safe and good-quality products					
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	Sustainability report p. 56	b.	Information unavailable/incomplete	Insufficient data.
	417-2 Incidents of non-compliance concerning product and service information and labeling	Sustainability report p. 55	b.	Not applicable	Not relevant
Business ethics and anti-corruption					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Governance p. 47			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability report p. 87 and Ethical trade report			
	205-2 Communication and training about anti-corruption policies and procedures	a. 100% of governance body members b. 100% of employees in Europris, not including pure players c. Code of conduct, embedded in all supplier contracts https://investor.europris.no/about-us/corporate-governance/policies/default.aspx e. 664 employees completed online training, in addition to in depth training of key personnel	b. d. e.	Information unavailable/incomplete	Lack of tracking procedure. We aim to report these indicators for our 2024 report
	205-3 Confirmed incidents of corruption and actions taken	Sustainability report p. 47			
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability report p. 47	b. a, 0	Not applicable	Not relevant
GRI 417: Marketing and labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Sustainability report p. 47			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability report p. 47			
Health and safety in the workplace					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our people p. 80-83			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Sustainability report p. 80-83			
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability report p. 80-83	c.	Not applicable	Not relevant
	403-3 Occupational health services	Sustainability report p. 80-83			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability report p. 80-83			
	403-5 Worker training on occupational health and safety	Sustainability report p. 83			

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Health and safety in the workplace					
GRI 403: Occupational health and safety 2018	403-6 Promotion of worker health	Sustainability report p. 83 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. 80-83			
	403-10 Work-related ill health	a. i: 0, ii Sustainability report p. 80 b. i: 0 c. i, iii: Sustainability report p. 81 d. No workers excluded	a. iii, b. ii, iii, c. ii	Information unavailable/incomplete	We aim to report these indicators for our 2024 report
Local value creation and community engagement					
GRI 3: Material topics 2021	3-3 Management of material topics	Sustainability report - Our social responsibility p. 90-93			
Company-specific: community engagement	CS1: Strategic initiatives in local communities CS2 : Financial or other support provided to the partnerships CS3: Number of people from vulnerable groups engaged in work training or projects promoting inclusion	Sustainability report p. 90-93			

Scope per KPI

Material topic	KPI	Europris Holding AS,					Franchises
		Europris AS, Europris Butikkdrift AS	Lune-hjem.no AS	Lekekassen Holding AS	Strikkemekka Holding AS		
Sustainable products and circular solutions	Annual increase in share of total chain sales from third-party certified products	V					V
Safe and good-quality products	Maintain a low complaint rate on durable goods	V					V
Climate resilience	Net zero emissions by 2050	V	V	V	V		V
Climate-friendly operations and logistics	Increase energy efficiency in stores in 2030 by more than 20 per cent from 2022	V					V
	Reach an overall recycling rate of 90 per cent by 2030	V		V	V		V
Local value creation and community engagement	Ensure a balanced split between men and women in leading positions	V	V	V	V		
	Be an attractive workplace	V					
Health and safety in the workplace	Annual decrease in sickness absence	V	V	V	V		
Human rights due diligence	All products sourced from risk areas will come from socially audited suppliers by end of 2030	V					V
Community engagement and local value creation	Be a responsible company which contributes positively to local communities	V					
	Give people the opportunity to be included in working life	V					V

Store openings 2023



Froland



Grensen



Dombås



Triaden (Lørenskog)



Hamar



CC Drammen



Rognan

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.



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EUROPRIS ASA GROUP 2023



Consolidated income statement

Figures are stated in NOK 1,000	Note	2023	2022
Revenue	4,5	9,378,477	8,928,898
Other income	5	88,443	86,868
Total operating income	5	9,466,921	9,015,766
Cost of goods sold	20	5,275,676	4,832,783
Employee benefit expenses	6,7,8	1,373,081	1,295,131
Depreciation	12,13,14	674,608	611,035
Other operating expenses	6,9,14	848,426	836,461
Total operating expenses		8,171,791	7,575,410
Operating profit		1,295,130	1,440,356
Interest income	10	163	200
Other financial income	10	496	39,222
Total financial income		659	39,422
Interest expense	10,14	159,295	122,796
Other financial expense	10	31,882	24,020
Total financial expense		191,176	146,816
Net financial income (expense)		(190,517)	(107,394)
Share of the profit/(loss) from associates using the equity method	16	(54,489)	4,047
Change in fair value of option	16	101,789	-
Profit before tax		1,151,912	1,337,009
Income tax expense	11	243,060	295,153
Profit for the year	18	908,852	1,041,856
Profit attributable to non-controlling interests	17	218	21,887
Profit attributable to owners of the parent		908,634	1,019,969
Earnings per share (basic and diluted) – in NOK	18	5.64	6.34
Consolidated statement of comprehensive income			
Profit for the year		908,852	1,041,856
<i>Items that subsequently may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		1,878	660
Total comprehensive income for the year		910,730	1,042,516
Comprehensive income attributable to non-controlling interests	17	582	21,925
Comprehensive income attributable to owners of the parent		910,149	1,020,591

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

Consolidated balance sheet


Figures are stated in NOK 1,000

	Note	31-12-2023	31-12-2022
ASSETS			
Non-current assets			
Software	12	78,394	92,967
Trademark	12	591,266	591,266
Goodwill	12	2,191,378	2,191,054
Land	13	21,224	21,224
Buildings	13	107,730	113,230
Fixtures and fittings	13	380,532	338,070
Right-of-use assets	14	2,541,237	2,434,465
Investment in associated companies	16	78,436	132,925
Other investments		374	374
Other receivables	19,25	1,990	36,651
Derivatives	24,25	71,322	76,667
Total non-current assets		6,063,883	6,028,893
Current assets			
Inventories	20	2,142,699	2,383,837
Trade receivables	19,25	217,671	215,175
Other receivables	19,25	109,402	128,138
Derivatives	24,25	446	4,725
Option at fair value through profit or loss	16,24,25	101,789	-
Cash	21,25	676,323	464,488
Total current assets		3,248,329	3,196,363
Total assets		9,312,212	9,225,256

Consolidated balance sheet

Figures are stated in NOK 1,000	Note	31-12-2023	31-12-2022
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium	22	212,700	212,684
Other paid-in capital	22	22,472	22,054
Other equity		3,326,044	2,725,783
Total shareholders' equity		3,561,216	2,960,521
Non-controlling interests	17	50,575	322,082
Total equity		3,611,791	3,282,603
Liabilities			
Non-current liabilities			
Deferred tax liability	11	46,301	57,622
Borrowings	2,23,25,26	1,041,843	1,085,349
Lease liabilities	14,26	2,079,997	2,015,033
Total non-current liabilities		3,168,141	3,158,004
Current liabilities			
Borrowings	2,23,25,26	5,000	5,000
Current lease liabilities	14,26	588,626	521,958
Accounts payable	2,25	879,881	876,419
Tax payable	11	254,847	291,305
Public duties payable	25	396,593	393,683
Put option liability	2,15,25	27,980	281,221
Other current liabilities	2,25	348,079	406,090
Derivatives	24,25	31,274	8,973
Total current liabilities		2,532,280	2,784,650
Total liabilities		5,700,421	5,942,654
Total equity and liabilities		9,312,212	9,225,256

Fredrikstad, 19 March 2024
THE BOARD OF DIRECTORS OF EUROPRIS ASA



Tom Vidar Rygh
Chair



Claus Juel-Jensen



Hege Børmark



Bente Sollied Storehaug




Jon Martin Klafstad



Tone Fintland



Pål Wibe



Espen Eldal
CEO

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 01.01.2023	166,969	(5,938)	51,652	22,054	2,725,784	2,960,521	322,082	3,282,603
Profit for the period	-	-	-	-	908,634	908,634	218	908,852
Other comprehensive income	-	-	-	-	1,515	1,515	364	1,878
Dividend	-	-	-	-	(603,865)	(603,865)	(20,034)	(623,899)
Sale of treasury shares	-	16	-	418	416	850	-	850
Non-controlling interests on acquisition of subsidiary	-	-	-	-	278,000	278,000	(252,054)	25,946
Put option liability	-	-	-	-	15,561	15,561	-	15,561
Equity 31.12.2023	166,969	(5,922)	51,652	22,472	3,326,045	3,561,216	50,575	3,611,791
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
Other comprehensive income	-	-	-	-	622	622	38	660
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)
Equity 31.12.2022	166,969	(5,938)	51,652	22,054	2,725,784	2,960,521	322,082	3,282,603

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.

Consolidated statements of cash flows

Figures are stated in NOK 1,000	Note	2023	2022
Cash flows from operating activities			
Profit before income tax		1,151,912	1,337,009
Adjusted for:			
– Depreciation fixed assets	13,14	638,317	580,654
– Amortisation intangible assets	12	36,291	30,381
– Loss on sale of fixed assets		-	945
– Unrealised gain and loss on derivatives	10	5,345	(38,991)
– Net interest expense exclusive of change in fair value derivatives	10	148,524	162,516
– Change in fair value of option	16	(101,789)	-
– Share of profit from associates	16	54,489	(4,047)
Changes in net working capital (exclusive effect of acquisitions):		280,977	(374,048)
– Inventory		254,133	(345,364)
– Accounts receivable and other current receivables		52,086	(28,356)
– Accounts payable and other current debt		(57,168)	25,862
– Decrease/(increase) in financial assets at fair value through profit or loss		31,925	(26,190)
Interest received		163	200
Interest paid	10,14	(154,033)	(123,725)
Income tax paid	11	(291,189)	(323,191)
Net cash generated from operating activities		1,769,007	1,247,703
Cash flows from investing activities			
Proceeds from sale of fixed assets	13	84	26,021
Purchases of fixed assets	13	(119,983)	(84,750)
Purchases of intangible assets	12	(21,718)	(57,927)
Acquisitions	15	(216,598)	(92,351)
Net cash used in investing activities		(358,214)	(209,007)
Cash flows from financing activities			
Repayment of debt to financial institutions	26	(45,738)	(5,000)
Principal paid on lease liabilities	14,26	(530,172)	(482,008)
Dividend		(603,865)	(643,886)
Sale of treasury shares		850	2,900
Dividends paid to non-controlling interests in subsidiaries	17	(20,034)	(16,500)
Net cash from financing activities		(1,198,960)	(1,144,494)
Net decrease/increase in cash		211,834	(105,798)
Cash at beginning of year (01.01)		464,488	570,286
Cash at end of year (31.12)		676,323	464,488

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 IFRS® Accounting Standards as adopted by the EU, as well as Norwegian disclosure requirements pursuant to section 3-9 of the Norwegian Accounting Act at 31 December 2023. The accounting policies adopted are consistent with those of the previous financial year.

The board approved the consolidated financial statements on 19 March 2024.

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.

The group's intention is to adopt relevant new and amended standards and interpretations when they become effective. The group has adopted the amendments to IAS 12 for the first time in the current year, see section 1.7.

1.2 Consolidation

The consolidated financial statements include the parent company Europris ASA and all its subsidiaries. Subsidiaries are all entities over which the group has control, following the principles set out in IFRS 10 Consolidated Financial Statement, and are fully consolidated from the date on which control is transferred to the group.

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

Based on the application guidance in IFRS 10, using the control term as the decisive criterion to decide whether a company should be included in the consolidated financial statements, the group has determined that it does not control its franchisees and the franchises are therefore not consolidated.

Leira Lavpris AS and Gurudev AS (Europris Holmestrand) was acquired by Europris AS at January 2023 and merged with Europris Butikkdrift AS with effect from 1 January 2023. In addition, the remaining 33% of Lekekassen were acquired by Europris AS in March 2023.

The group applies the acquisition method to account for business combinations. Any non-controlling interest in the acquiree is recognised 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.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1.3 Investment in associates

The group holds an interest in an associate, Runsvengruppen AB. Associates are accounted for using the equity method from the date when significant influence is achieved until such influence ceases.

The group's share of the results of operations of the associate is shown on the face of the statement of profit or loss outside operation profit. 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.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. 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.

1.4 Segment reporting

The Europris group has one reportable segment. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, 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 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, generally at the point of delivery. Retail sales are usually settled 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.

Revenue from online stores is recognised when control of the goods is transferred to the customer, which is the point of delivery to the carrier. The return policy for online sales is the same as for store sales, and the expected return rate is calculated using the same method as described above. Sales from online store is settled by debit or credit cards.

Franchise fee

The fees received from franchises are recorded as "other income". The franchise fee is calculated based on a percentage of the sales.

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.

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.

The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

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, interest rate swaps and options.

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 selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. 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 Strikkemekka Holding AS ("Strikkemekka"). The holder of the non-controlling shares is also the CEO of Strikkemekka. If the CEO resigns, the group has a right and an obligation to purchase the shares in 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.

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	
		2023	2022
USD/NOK	+10%	-46,443	-46,143
	-10%	+46,443	+46,143
EUR/NOK	+10%	-17,867	-14,184
	-10%	+17,867	+14,184

Hedge accounting is not applied.

2.1.b 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 description 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
2023	+1%	-3,792
	-1%	+3,792
2022	+1%	-3,865
	-1%	+3,865

Hedge accounting is not applied.

2.1.c Price risk

The group has limited exposure to price risk.

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. In addition, sales to B2B customers are a very small part of total revenues. Losses on trade receivables have historically been limited.

2.3 Liquidity risk

The treasury department prepares and monitors cash flow forecasts of the group's liquidity requirements to ensure that the group has sufficient cash to meet operational commitments, and to maintain sufficient flexibility to meet unused credit facility 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 31.12.2023	Up to 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
Accounts payable	879,881	-	-	-	879,881
Other current liabilities	348,079	-	-	-	348,079
Borrowings including interest	23,169	22,961	45,342	1,131,400	1,222,870
Put option liability	27,980	-	-	-	27,980
Derivatives	31,274	-	-	-	31,274
Total	1,310,383	22,961	45,342	1,131,400	2,510,084

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

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 2023, the group's equity totalled NOK 3,612 million, which corresponded to an equity ratio of 38.8 per cent. The board considers Europris' capital structure to be adequate in relation to the group's objectives, strategy and risk profile.

2.5 Climate risk

Some of the most central topics on the agenda for the Europris group in 2023 were climate-related risks. The risks associated with climate change go beyond physical threats, where a broad category of climate-change hazards called transition risk is receiving increased attention. This is the potential cost to society of evolving to a low-carbon economy in order to mitigate climate change. Such costs can arise from changes to

public sector policies, innovation, changes in the affordability of existing technologies (in other words, technologies which make renewable energies cheaper or allow for the removal of greenhouse gas emissions), or investor or consumer sentiment related to a greener environment (for example, a desire or requirement to divest assets, such as the equity of companies with activities which hasten climate change). Where transition risk is concerned, uncertainty prevails about the future pathways for a transition to net zero which will potentially lead to adverse economic and societal impacts in a much shorter time frame than the physical risks posed by climate change.

At the end of 2023, no material climate risks have been identified that will have an impact on the consolidated financial statements of the group.

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 Strikkemekka Holding AS

("Strikkemekka"). The holder of the non-controlling shares is also the CEO of Strikkemekka. If the CEO resigns, the group has a right and an obligation to purchase the shares in 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 management is the group's chief operating decision-maker. The online companies Lekekassen, Strikkemekka and Lunehjem, are all individually below the threshold for being reportable. The group integrates the businesses of these companies into the Europris concepts. Lekekassen, Strikkemekka and Lunehjem are considered to meet the criteria for aggregation into Europris. The group as a whole is therefore defined and identified as one reportable 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. A significant part of revenue comes from sales in Norway, and a minor part comes from online sales outside of Norway.

Figures are stated in NOK 1,000

	2023	2022
Revenue from stores	8,744,561	8,263,000
Revenue from wholesale	633,916	666,342
Total revenue	9,378,477	8,929,342
Income from franchise fees	70,624	74,089
Other income	17,819	12,778
Total other income	88,443	86,868
Total operating income	9,466,921	9,016,210

6 Employee benefit expenses and remuneration to auditor

Figures are stated in NOK 1,000

	2023	2022
Pay expenses	1,166,335	1,100,448
Social security costs	158,655	148,173
Pension expenses	33,645	31,218
Other benefits	14,446	15,293
Total	1,373,081	1,295,131
Full-time employees	2,144	2,132

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

	2023	2022
Auditor fees		
Audit services	3,151	2,244
Technical services related to financial reporting	71	78
Total	3,222	2,322

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	4,175	4,200	132	14	8,521
Stina C Byre	CFO	2,016	811	132	161	3,120
Total		6,192	5,011	264	175	11,641

More details on salary for senior executives are provided in the remuneration report for 2023. The remuneration report is included as an attachment to the notice of the annual general meeting.

Remuneration statement

The board provided 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 other senior executives. Maximum bonus payment during any single financial year is 12 months gross pay.

Restricted share programme

In accordance with the remuneration guidelines 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-in 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 2023 was 14 per cent. Costs for share purchases are borne by the participants, and the company does not provide credit or financing.

The share programme was run in 2023 and completed on 14 September 2023. Europris ASA sold in total 16,328 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 2023), was NOK 60.53. The purchase price, adjusted for the reduced value from the restrictions, was NOK 52.06.

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

Remuneration of the board of directors

Annual fees paid in 2023 for the board of directors:

Board of directors		
Chair	NOK	590,000 per year
Director	NOK	310,000 per year
Audit committee		
Chair	NOK	88,000 per year
Member	NOK	57,000 per year
Remuneration committee		
Chair	NOK	37,500 per year
Member	NOK	26,000 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 2023 was NOK 9,160 (2022: NOK 8,179).

In addition, the group has a pension agreement with DNB Forsikring which fulfills the legal requirement under Norwegian law and covers all employees. The scheme is a defined contribution plan. Pension costs in 2023 were NOK 24,486 (2022: NOK 23,038).

This scheme had 3,826 members in 2023 (2022: 3,444).

9 Other operating expenses

Figures are stated in NOK 1,000

	2023	2022
Leasing and other cost of premises	100,909	92,493
Transport/distribution	273,932	284,006
Marketing and other expenses	473,585	459,962
Total	848,426	836,461

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

Europris enters into contracts to help achieve predictability and stability in its energy prices. These contracts are for energy consumption which is assessed to meet the definition of own use, and is expensed as and when consumed.

10 Financial income and expenses

Figures are stated in NOK 1,000

	2023	2022
Financial income:		
Other interest income	163	200
Other financial income	496	231
Gain in fair value of financial instruments		
– Unrealised interest-rate swap income	-	38,991
Total	659	39,422
Financial expenses:		
Interest to financial institutions	58,750	42,967
Leasing interest cost	95,120	80,558
Other interest expense	194	463
Amortised interest on bank loan	5,232	(1,192)
Other financial expenses	26,536	24,020
– Unrealised interest-rate swap loss	5,345	-
Total	191,176	146,816
Net financial income (expense)	(190,517)	(107,394)

11 Income tax expense

Figures are stated in NOK 1,000

	2023	2022
Tax payable		
Current tax on profit for the year	253,717	289,147
Tax from subsidiaries	1,130	2,157
Total tax payable in the balance sheet	254,847	291,305
Deferred tax		
Change in temporary differences	(11,321)	5,290
Change in temporary differences related to mergers and acquisitions	(467)	(1,442)
Total deferred tax	(11,788)	3,849
Total income tax expense	243,060	295,153

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

	2023	2022
Profit before tax	1,151,912	1,337,009
Tax calculated at domestic tax rates applicable to profits (22%)	253,421	294,142
Tax effects from:		
- Non-taxable income	(25,420)	(10,228)
- Non-deductible expenses	21,729	5,276
- Other directly recognised differences	(6,670)	5,964
Tax expense recognised in the income statement	243,060	295,153
Effective tax rate	21.1%	22.1%

	2023	2022
The analysis of deferred tax assets and deferred tax liabilities is as follows		
Deferred tax assets		
- Deferred tax assets to be recovered later than 12 months	(7,690)	(13,513)
- Deferred tax assets to be recovered within 12 months	(82,595)	(78,040)
Deferred tax assets	(90,285)	(91,554)
Deferred tax liabilities		
- Deferred tax liabilities to be recovered later than 12 months	127,689	133,346
- Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities	127,689	133,346
Loss carried forward	(12)	(102)
Deferred tax related to directly recognised differences	8,909	15,932
Deferred tax liabilities (net)	46,301	57,622
Deferred tax asset/liability rates	22%	22%
Change in deferred tax liabilities recognised in the balance sheet		
Balance at 01.01	57,622	52,332
Change during the year recognised in the income statement	(11,321)	5,290
Balance at 31.12	46,301	57,622

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 01.01.2022	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
Balance at 01.01.2023	132,321	1,025	133,346
Recognised deferred tax in profit for the period	(5,166)	(491)	(5,657)
Balance at 31.12.2023	127,155	534	127,689

Figures are stated in NOK 1,000

	Inventories	Receivables	Provision for other liabilities	Loss carried forward	Total
Deferred tax assets					
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)
Balance at 01.01.2023	(77,574)	(466)	(13,513)	(102)	(91,656)
Recognised deferred tax in profit for the period	(4,887)	333	5,823	90	1,359
Balance at 31.12.2023	(82,462)	(133)	(7,690)	(12)	(90,297)

The group has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. The group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

12 Intangible assets

Figures are stated in NOK 1,000

	Software	Trademark	Contractual rights	Goodwill	Total
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	-	2,191,053	2,875,287
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	2,875,287
Financial year 2023					
Carrying amount at 01.01.2023	92,967	591,267	-	2,191,053	2,875,287
Additions through the acquisition of subsidiaries	-	-	-	323	323
Additions	21,718	-	-	-	21,718
Amortisation	(36,291)	-	-	-	(36,291)
Carrying amount at 31.12.2023	78,394	591,267	-	2,191,378	2,861,038
At 31.12.2023					
Acquisition cost	317,532	622,140	250,700	2,191,378	3,381,749
Accumulated amortisation	(239,138)	(30,873)	(172,356)	-	(442,367)
Accumulated impairment	-	-	(78,344)	-	(78,344)
Net carrying amount 31.12.2023	78,394	591,267	-	2,191,378	2,861,038

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 foreseeable 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 origin. Goodwill is tested for impairment at operating segment level, before aggregation, 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 (2024-2028). The gross margin is stable in the period, and in range with the historical performance. EBITDA percentages of sales are also stable in the 2024-2028 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 9.6 per cent before tax (10.3 per cent in 2022) is derived using the weighted average cost of capital (WACC) model.

Trademark Lekekassen

Lekekassen was acquired in 2021 (67 percent) and the rest of the shares were acquired in 2023. Lekekassen is 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 (2024-2028). The gross margin is stable in the period, and in range with the historical performance. EBITDA percentages of sales are also stable in the 2024-2028 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 16.2 per cent before tax (14.6 per cent in 2022) 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. Europris has performed sensitivity testing of the key assumptions used in calculating the recoverable amounts. No reasonable change in the key assumptions would lead to an impairment.

13 Property, plant and equipment

Figures are stated in NOK 1,000

	Land	Buildings	Fixtures and fittings	Total
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
Financial year 2023				
Carrying amount at 01.01.2023	21,225	113,230	338,070	472,525
Additions through the acquisition of subsidiaries	-	-	348	348
Additions	-	701	119,282	119,983
Disposals	-	-	(84)	(84)
Depreciation charge for the year	-	(6,201)	(77,084)	(83,284)
Carrying amount at 31.12.2023	21,225	107,730	380,532	509,487
At 31.12.2023				
Accumulated cost	21,225	122,300	957,132	1,100,656
Disposals at cost	-	-	(84)	(84)
Accumulated depreciation	-	(14,570)	(576,515)	(591,085)
Net carrying amount 31.12.2023	21,225	107,730	380,532	509,487

14 Leases

Figures are stated in NOK 1,000

	Buildings	Vehicles	Fixtures and fittings	Total
Right-of-use assets				
Carrying amount at 01.01.2023	2,317,841	14,908	101,715	2,434,465
Additions	507,387	14,186	6,148	527,721
Additions through the acquisition of subsidiaries	13,483	-	-	13,483
Adjustments (CPI)	120,600	-	-	120,600
Depreciation	(529,771)	(10,694)	(14,567)	(555,032)
Terminations	-	-	-	-
Net carrying amount 31.12.2023	2,429,541	18,399	93,297	2,541,237

Lease liabilities	2023	2022
Carrying amount at 01.01.	2,536,991	2,403,718
Additions	527,227	444,832
Additions through the acquisition of subsidiaries	13,977	28,666
Adjustments (CPI)	120,600	141,783
Interest expense	95,120	80,558
Lease payments	(625,292)	(562,566)
Net carrying amount 31.12.	2,668,623	2,536,991

Undiscounted lease liabilities and maturity of cash outflows	2023	2022
Less than one year	602,358	563,969
One-five years	1,586,907	1,562,386
More than five years	687,904	713,592
Total undiscounted lease liabilities at 31.12.	2,877,169	2,839,946

Current lease liabilities	588,626	521,958
Non-current lease liabilities	2,079,997	2,015,033
Total lease liabilities at 31.12.	2,668,623	2,536,991

Lease expenses recognised in consolidated income statement	2023	2022
Interest expense on lease liabilities	95,120	80,558
Variable lease payments	1,028	2,316
Operating expenses related to short-term leases	17,370	17,318
Operating expenses related to low-value assets	1,180	1,324
Payments in lease agreements	643,637	580,445

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 exercise 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 2023.

15 Acquisitions of companies

On 30 June 2021, the group acquired 67 per cent of Lekekassen Holding AS (Lekekassen) – Norway's largest player in online shopping for toys. Through this acquisition, Europris entered a strategically important product category and strengthened its expertise in e-commerce. The purchase price was NOK 501 million, and Europris had a pre-emptive right to acquire the remaining shares in Lekekassen. The excess value of the acquisition was related to buildings, trademark and goodwill in the purchase price allocation. Lekekassen was consolidated into the Europris group's financial statements as of 1 August 2021.

On 28 March 2023, the group acquired the remaining 33 per cent of the shares in Lekekassen for a purchase price of NOK 212 million paid in cash. Following the resignation from the CEO of Lekekassen, Andreas Skalleberg, the remaining shares were purchased from his company Andrino Invest AS. Consequently the put option liability which was recognised for Europris' obligation to purchase these shares, with a corresponding charge directly to shareholders equity, has been reversed.

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 headquarters in Skänninge and runs some 90 stores across Sweden. The Europris group owns 20 per cent of the shares and voting rights in Runsvengruppen AB. The vendor note issued to owner company RuNor AS when closing the deal was converted to 4,349,695 Europris shares, corresponding to 2.61 per cent of the share capital. In May 2023, RuNor AS sold 2,899,797 Europris shares and now holds 1,449,898 shares corresponding to 0.87 per cent of the share capital. At initial recognition of Europris' 20 per cent stake, an excess value was identified as goodwill. In addition to the 20 per cent holding of shares in ÖoB, Europris holds an option to acquire the remaining 80 per cent of the shares. In previous periods, the fair value of the option has been considered immaterial.

An arbitration procedure to decide i) whether the option period had expired and ii) if the accountant's decision in September 2021 on the 2019 EBITDA was correct ended in September 2023 and the final results were announced on 18 December 2023. The tribunal decided in favour of Europris, meaning that the group's option to acquire RuNor's shareholding in Runsvengruppen has not expired and may therefore still be exercised within six months from that date.

Operationally, Runsvengruppen AB has lost market share over time, has seen profitability decline and will, in Europris' opinion, be dependent on a turnaround to operate profitably in the future. Performance has been below the expectations expressed in the initial investment case in 2018.

In light of the positive ruling from the arbitration tribunal in December 2023 and the operational challenges in ÖoB, Europris has carried out an assessment of the value of its shares in ÖoB and the option to acquire the remaining 80 per cent. The valuation represents an estimate for IFRS accounting purposes, based on information available to management. The group has recorded an estimated loss of NOK 11.3 million on its 20 per cent stake in 2023. The valuation assessment made by management resulted in an impairment of NOK 43 million, reducing the excess values (goodwill) identified at initial recognition to NOK 78 million. The total loss from associated companies for 2023 amounts to NOK 54 million.

Applying a consistent approach to valuing the option to acquire 80 per cent of ÖoB resulted in the recognition of NOK 102 million. An EBITDA of SEK 64.6 million provides for an option strike price of about NOK 211 million for the remaining 80 per cent of the shares in Runsvengruppen, reflecting the NOK/SEK exchange rate, net debt and normalised working capital. The option strike price will be settled with shares in Europris, valued on the basis of a volume-weighted average prior to final settlement. The final purchase price for the remaining 80 per cent of the shares in Runsvengruppen will be based on an average of Runsvengruppen's EBITDA for 2019 and 2020. The EBITDA for 2020 has yet to be agreed between the parties.

At 31 January 2024, Europris decided to exercise its option to acquire the remaining 80 per cent of the Swedish retailer ÖoB.

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

Figures in SEK million	2023	2022
	Estimated	Reported
Total operating income	4,064.8	4,074.8
Profit for the year	(50.2)	15.3
Current assets	NA	1 000.0
Non-current assets	NA	979.2
Current liabilities	NA	831.1
Non-current liabilities	NA	713.5
Equity	384.4	434.6
Figures in NOK million		
Book value 01.01	132.7	128.7
Estimated profit for the period	(11.3)	4.0
Impairment of goodwill	(43.2)	-
Book value 31.12	78.2	132.7
The group's share of equity	78.2	89.0
Goodwill	49.8	49.8
Goodwill adjustment	(6.6)	(6.1)
Impairment of goodwill	(43.2)	-
Book value 31.12	78.2	132.7

17 Non-controlling interests

Figures are stated in NOK 1,000

	2023	2022
Changes in non-controlling interests		
Non-controlling interests 01.01	322,082	268,680
Increase/(decrease) due to acquisitions in companies with non-controlling interests	(252,054)	47,977
Non-controlling interests' share of profit/loss	218	21,887
Dividend to non-controlling interests	(20,034)	(16,500)
Translation differences	364	38
Non-controlling interests 31.12	50,575	322,082
Breakdown of non-controlling interests' share of profit/loss		
Lunehjem.no AS	(299)	52
Lekekassen Holding AS	-	20,928
Strikkemekka Holding AS	516	906
Total non-controlling interests' share of profit/loss	218	21,887
Breakdown of non-controlling interests		
Lunehjem.no AS	5,983	6,302
Lekekassen Holding AS	-	271,627
Strikkemekka Holding AS	44,591	44,153
Total non-controlling interests	50,575	322,082

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 was adjusted to take account of the holding of treasury shares.

Figures are stated in NOK 1,000, except per share amounts

	2023	2022
Profit for the period	908,852	1,041,856
Profit available to holders of ordinary shares	908,634	1,019,969
Number of ordinary shares	166,969	166,969
Weighted average of ordinary shares outstanding	161,035	160,989
Earnings per ordinary share (basic)	5.64	6.34
Earnings per ordinary share (diluted)	5.64	6.34

19 Trade receivables and other receivables

Figures are stated in NOK 1,000

	2023	2022
Trade receivables		
Trade receivables	218,521	215,775
Provision for impairment	(850)	(600)
Net trade receivables	217,671	215,175
Other receivables		
Allocated market support	40,180	37,610
Other receivables	69,222	90,532
Other receivables	109,402	128,142
Total	327,073	343,317
Non-current receivables		
Deposits and loans to franchisees	1,990	36,651
Other receivables	1,990	36,651
Total current and non-current receivables	329,063	379,968

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

Figures are stated in NOK 1,000

	2023	2022
Provision for impairment of trade receivables		
At 01.01	600	600
Change in provision	250	-
At 31.12	850	600
Ageing of trade receivables		
Not due	198,962	207,014
Due	18,709	8,161
Total	217,671	215,175

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	2023	2022
Inventories	2,169,343	2,402,730
- Provision for obsolescence	(26,644)	(18,892)
Booked value	2,142,699	2,383,837
Provision for obsolescence		
At 01.01	(18,892)	(16,745)
Change in accruals	(7,752)	(2,147)
Provision for impairment at 31.12	(26,644)	(18,892)
Carrying amount of inventory which has been impaired	427,205	407,626

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	2023	2022
Cost of goods sold	5,278,035	4,894,966
Foreign exchange currency effects	(2,359)	(62,183)
Net cost of goods sold	5,275,676	4,832,783

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 purchase of inventory are included as part of COGS.

21 Cash

Figures are stated in NOK 1,000	2023	2022
Cash	676,323	464,488
Total	676,323	464,488

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

Figures are stated in NOK 1,000	2023	2022
Cash	673,160	461,422
Bank deposits restricted for employee tax withholdings	3,162	3,066
Net cash	676,323	464,488

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

The group has overdraft facilities of NOK 1,536 million. See note 23 for further information.

22 Share capital and shareholder information

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

Major shareholders at 31 December 2023		Number of shares	Share of capital
Folketrygdfondet		22,420,985	13.4%
Europris ASA		5,921,935	3.5%
Verdipapirfondet Alfred Berg Gamba		5,897,948	3.5%
State Street Bank and Trust Company	Nominee	5,138,063	3.1%
The Bank of New York Mellon	Nominee	4,904,508	2.9%
The Northern Trust Company	Nominee	4,507,200	2.7%
Verdipapirfondet Storebrand Norge		3,416,352	2.0%
JPMorgan Chase Bank	Nominee	3,167,823	1.9%
Brown Brothers Harriman & Co	Nominee	2,947,200	1.8%
Clearstream Banking S.A.	Nominee	2,777,556	1.7%
Brown Brothers Harriman & Co.	Nominee	2,581,987	1.5%
Verdipapirfondet KLP Aksje Norge		2,388,796	1.4%
Verdipapirfondet Holberg Norge		2,320,846	1.4%
The Bank of New York Mellon	Nominee	2,274,032	1.4%
Verdipapirfondet DNB Asset Management		2,200,568	1.3%
Verdipapirfondet Holberg Norden		2,100,000	1.3%
Vevlen Gård AS		2,032,978	1.2%
State Street Bank and Trust Company	Nominee	2,019,717	1.2%
State Street Bank and Trust Company	Nominee	1 915,446	1.1%
Verdipapirfondet KLP Aksje Norge		1,797,005	1.1%
Others		84,237,943	50.5%
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	288,572
Tone Finland	Director	21,000
Claus Juel-Jensen	Director	17,304
Hege Bømark	Director	8,129
Jon Martin Klafstad (AS Master Trading)	Director	6,750
Bente Sollid Storehaug (Digital Hverdag AS)	Director	2,038
Espen Eldal (directly and indirectly through Knipen AS)	CEO	620,720
Stina C Byre	CFO	22,406

Treasury shares at 31 December 2023	Nominal value	Number of shares	Fair value (NOK)
Shares owned by Europris ASA	5,921,935	5,921,935	453,472,173

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 01.01.2023	5,938,263
Sale of treasury shares to senior executives	(16,328)
Treasury shares 31.12.2023	5,921,935

Average cost price for treasury shares is NOK 44.75.

23 Bank borrowings

The groups previous financing structure was due to expire in January 2024. On 30 June 2023, the group completed a refinancing with its three current banks – DNB, Nordea and Danske Bank. The agreement has a 3 + 1 + 1-year structure. The term loan of NOK 1 billion and the revolving credit facility of NOK 1.2 billion have been retained, while the overdraft facility has been increased from NOK 200 million to NOK 300 million.

Figures are stated in NOK 1,000	2023		2022	
	Amortised cost	Nominal value	Amortised cost	Nominal value
Non-current liabilities				
Debt to financial institutions	1,041,843	1,044,271	1,085,349	1,090,009
Sub-total	1,041,843	1,044,271	1,085,349	1,090,009

The amortised cost of the bank debt is assessed as not differing materially from fair value. The term loan has been refinanced in 2023, 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.

	2023	2022
Other non-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	325,500	235,500
Revolving facility loan	1,200,000	1,174,000
Guarantees	10,000	26,000
Total	1,535,500	1,435,500
Drawn guarantees	7,145	2,999
Undrawn overdraft facilities	1,528,355	1,432,501

Convenants related to bank agreement**At 31.12.2023**

Leverage ratio – net debt/adjusted EBITDA (according to the bank agreement)	3.50
Europris leverage ratio – net debt/adjusted EBITDA (according to the bank agreement)	0.29

Covenants are measured and reported quarterly. In the bank agreement, the covenant (leverage ratio) will be at 3.5 for any test date in the remainder of the agreement period.

The group was in compliance with financial convenants in 2023.

Maturity structure including interest	2023	2022
Within one year	46,129	29,675
One to two years	45,342	1,029,313
Two to five years	1,131,400	19,575
After five years	-	68,750

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

Effective interest rate at 31.12	2023	2022
Term loan	3.72%	2.98%

No assets are currently pledged under the loan agreement.

24 Derivatives

Figures are stated in NOK 1,000

	2023	2022
Forward exchange contracts – expiring within one year	446	4,725
Interest-rate swaps – expiring after three years	71,322	76,667
Option at fair value through profit or loss	101,789	-
Total derivatives - asset	173,556	81,392
Forward exchange contracts – expiring within one year	31,274	8,973
Total derivatives - liability	31,274	8,973
Net derivative asset (liability)	142,282	72,419

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)	451,776	10.73	Jan-Jul 2024
Nominal principal forward contracts to purchase (EUR)	151,909	11.60	Jan-Jun 2024
Nominal principal forward contracts to sell (DKK)	75,977	1.52	Jan-Sep 2024

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.

	2023	2022
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

Options at fair value through profit and loss

Europris has carried out an assessment of the value of its shares in ÖoB and the option to acquire the remaining 80 per cent. The valuation represents an estimate for IFRS accounting purposes, based on information available to management.

	2023	2022
Option at fair value through profit or loss	101,789	-

25 Financial instruments by category

Figures are stated in NOK 1,000

	2023	2022
Financial assets measured at amortised cost		
Non-current receivables	1,990	36,651
Trade receivables	217,671	215,175
Other receivables	55,611	65,256
Cash	676,323	464,488
Financial liabilities measured at amortised cost		
Non-current debt	(1,041,843)	(1,085,349)
First year instalment non-current debt	(5,000)	(5,000)
Accounts payable	(879,881)	(876,419)
Put option liability	(27,980)	(281,221)
Other current payables	(744,672)	(799,773)
Assets/liabilities measured at fair value through profit and loss		
Derivatives - asset	71,768	81,392
Option at fair value through profit or loss	101,789	-
Derivatives - liability	(31,274)	(8 973)
Net financial instruments	(1,605,499)	(2,193,774)

All the group's financial instruments measured at fair value are classified as level 2, except for options which are classified as level 3.

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.

Level 3 consists of options which are measured by using valuation methods where the lowest level of input that is significant to the fair value measurement is unobservable. See note 16 for more details.

26 Reconciliation of liabilities arising from financing activities

Figures are stated in NOK 1,000	Financial liabilities 01.01.	Cash flows	Non-cash changes			Total 31.12
			Acquisition of subsidiaries	Leases	Other changes	
2023						
Borrowings	1,090,349	(45,738)	-	-	2,232	1,046,843
Lease liabilities	2,536,991	(530,172)	13,977	647,827	-	2,668,623
Financial liabilities	3,627,340	(575,911)	13,977	647,827	2,232	3,715,466
2022						
Borrowings	1,096,521	(5,000)	1,259	-	(2,431)	1,090,349
Lease liabilities	2,403,718	(482,008)	28,666	586,615	-	2,536,991
Financial liabilities	3,500,239	(487,008)	29,925	586,615	(2,431)	3,627,340

27 Related parties

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

All subsidiaries included in note 1.2 are related parties of Europris ASA.

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

No significant transactions were conducted with related parties in 2023.

28 Contingent liabilities

There are no significant contingent liabilities at 31.12.2023.

29 Events after the balance-sheet date

The board will propose the distribution of an ordinary dividend of NOK 3.25 per share for fiscal 2023. The dividend amounts to NOK 523 million excluding treasury shares.

At 31 January 2024, Europris decided to exercise its option to acquire the remaining 80 per cent of the Swedish retailer ÖoB.

There were no other 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 2023

Income statement

Figures are stated in NOK 1,000

	Note	2023	2022
Total operating income		-	-
Employee benefits expense	2	2,879	2,749
Other operating expenses	2	5,106	13,408
Total operating expenses		7,985	16,157
Operating income		(7,985)	(16,157)
Group contribution and dividends from subsidiaries	3	557,618	638,795
Other interest income		8,740	2,808
Total financial income		566,358	641,603
Other interest expense		17,187	8,299
Other financial expenses		4,862	4,978
Total financial expenses		22,049	13,277
Net financial income (expenses)		544,309	628,326
Share of the profit/(loss) from associates using the equity method	4	(54,526)	4,047
Change in fair value of option	4	101,789	-
Profit before income tax		583,586	616,217
Income tax expense	5	-	-
Profit for the year		583,586	616,217
Statement of comprehensive income			
Profit for the year		583,586	616,217
Other comprehensive income		-	-
Total comprehensive income for the year		583,586	616,217

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

Balance sheet

Figures are stated in NOK 1,000	Note	31-12-2023	31-12-2022
ASSETS			
Non-current assets			
Investments in subsidiaries	6	925,500	925,500
Investment in associated companies	4	78,197	132,723
Total non-current assets		1,003,697	1,058,223
Current assets			
Receivable from group companies	3,9	560,866	640,239
Other receivables	9	9,827	1,851
Option at fair value through profit or loss	4	101,789	-
Cash	9	-	-
Total current assets		672,481	642,090
Total assets		1,676,178	1,700,313

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

Balance sheet

Figures are stated in NOK 1,000

Note

31-12-2023

31-12-2022

EQUITY AND LIABILITIES

Equity

Share capital and share premium	7	212,699	212,683
Other paid-in capital		22,472	22,054
Other equity		1,440,052	1,459,915
Total shareholders' equity		1,675,224	1,694,653

Liabilities


Current liabilities

Accounts payable	9	919	456
Tax payable	5	-	-
Current debt to group companies	3,9	36	-
Other current liabilities	9	-	5,205
Total liabilities		955	5,661

Total equity and liabilities		1,676,178	1,700,313
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Fredrikstad, 19 March 2024

THE BOARD OF DIRECTORS OF EUROPRIS ASA



Tom Vidar Rygh
Chair



Claus Juel-Jensen



Hege Bømark



Bente Sollid Storehaug



Jon Martin Klafstad



Tone Fintland



Pål Wibe



Espen Eldal
CEO

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 01.01.2023	166,969	(5,938)	51,652	22,054	1,459,915	1,694,653
Profit for the period	-	-	-	-	583,586	583,586
Dividend	-	-	-	-	(603,865)	(603,865)
Sale of treasury shares	-	16	-	418	416	850
Other comprehensive income	-	-	-	-	-	-
Equity 31.12.2023	166,969	(5,922)	51,652	22,472	1,440,052	1,675,224
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

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.

Statement of cash flows

Figures are stated in NOK 1,000

	Note	2023	2022
Cash flows from operating activities			
Profit before income tax		583,586	616,217
Share of the (profit)/loss of associates	4	54,526	(4,047)
Change in fair value of option	4	(101,789)	-
Change in account payable	9	462	(605)
Change in other working capital		(570,763)	(637,409)
Net cash from operating activities		(33,977)	(25,845)
Cash flows from financing activities			
Change in group cash pool deposits	3	(1,804)	7,567
Group contribution received	3	638,795	659,264
Dividend		(603,865)	(643,886)
Sale of treasury shares	7	850	2,900
Net cash from financing activities		33,977	25,845
Net increase in cash		-	-
Cash at beginning of year (01.01)		-	-
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 19 March 2024.

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 holds an interest in an associate, Runsvengruppen AB.

The company's share of the results of operations of the associate is shown on the face of the statement of profit or loss outside operation profit. 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.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. 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.

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.

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 2,879 in 2023.

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	2023	2022
Audit fees, divided by type of service (exclusive VAT)		
Statutory audit	464	495
Technical services related to financial reporting	-	-
Total audit fees	464	495

Note 3 Receivables and liabilities to group companies

Receivables to group companies is included with the following amounts:

Figures are stated in NOK 1,000	2023	2022
Group contribution	22,618	638,795
Dividends from subsidiaries	535,000	-
Deposits in the group's cash pool agreement	3,247	1,444
Total receivables	560,866	640,239

Liabilities to group companies is included with the following amounts:

Liabilities	2023	2022
Other current debt to subsidiaries	36	-
Total liabilities	36	-

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 headquarters in Skänninge and runs some 90 stores across Sweden. The Europris group owns 20 per cent of the shares and voting rights in Runsvengruppen AB. The vendor note issued to owner company RuNor AS when closing the deal was converted to 4,349,695 Europris shares, corresponding to 2.61 per cent of the share capital. In May 2023, RuNor AS sold 2,899,797 Europris shares and now holds 1,449,898 shares corresponding to 0.87 per cent of the share capital. At initial recognition of Europris' 20 per cent stake, an excess value was identified as goodwill. In addition to the 20 per cent holding of shares in ÖoB, Europris holds an option to acquire the remaining 80 per cent of the shares. In previous periods, the fair value of the option has been considered immaterial.

An arbitration procedure to decide i) whether the option period had expired and ii) if the accountant's decision in September 2021 on the 2019 EBITDA was correct ended in September 2023 and the final results were announced on 18 December 2023. The tribunal decided in favour of Europris, meaning that the group's option to acquire RuNor's shareholding in Runsvengruppen has not expired and may therefore still be exercised within six months from that date.

Operationally, Runsvengruppen AB has lost market share over time, has seen profitability decline and will, in Europris' opinion, be dependent on a turnaround to operate profitably in the future. Performance has been below the expectations expressed in the initial investment case in 2018.

In light of the positive ruling from the arbitration tribunal in December 2023 and the operational challenges in ÖoB, Europris has carried out an assessment of the value of its shares in ÖoB and the option to acquire the remaining 80 per cent. The valuation represents an estimate for IFRS accounting purposes, based on information available to management.

The group has recorded an estimated loss of NOK 11.3 million on its 20 per cent stake in 2023. The valuation assessment made by management resulted in an impairment of NOK 43 million, reducing the excess values (goodwill) identified at initial recognition to NOK 78 million. The total loss from associated companies for 2023 amounts to NOK 54 million.

Applying a consistent approach to valuing the option to acquire 80 per cent of ÖoB results in the recognition of NOK 102 million. An EBITDA of SEK 64.6 million provides for an option strike price of about NOK 211 million for the remaining 80 per cent of the shares in Runsvengruppen, reflecting the NOK/SEK exchange rate, net debt and normalised working capital. The option strike price will be settled with shares in Europris, valued on the basis of a volume-weighted average prior to final settlement. The final purchase price for the remaining 80 per cent of the shares in Runsvengruppen will be based on an average of Runsvengruppen's EBITDA for 2019 and 2020. The EBITDA for 2020 has yet to be agreed between the parties.

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

Figures in SEK million	2023	2022
	Estimated	Reported
Total operating income	4,064.8	4 074.8
Profit for the year	(50.2)	15.3
Current assets	NA	1 000.0
Non-current assets	NA	979.2
Current liabilities	NA	831.1
Non-current liabilities	NA	713.5
Equity	384.4	434.6
Figures in NOK million		
Book value 01.01	132.7	128.7
Estimated profit for the period	(11.3)	4.0
Impairment of goodwill	(43.2)	-
Book value 31.12	78.2	132.7
The group's share of equity	78.2	89.0
Goodwill	49.8	49.8
Goodwill adjustment	(6.6)	(6.1)
Impairment of goodwill	(43.2)	-
Book value 31.12	78.2	132.7

Note 5 Income tax expense

Figures are stated in NOK 1,000	2023	2022
Basis for income tax expense and tax payable		
Profit before tax	583,586	616,217
Non-deductible expenses	(583,586)	(616,217)
Basis for the tax expense	-	-
Reconciliation of the income tax expense		
Tax payable (22% of the basis for tax payable in the income statement)	128,389	135,568
Income tax expense	-	-
Difference	(128,389)	(135,568)
Difference consists of:		
22% of non-deductible expenses	(128,389)	(135,568)
Total explained difference	(128,389)	(135,568)
Tax payable in the balance sheet		
Tax payable in income tax expense	-	-
Tax payable in balance sheet	-	-

Note 6 Investments in subsidiaries

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

Subsidiary	Registered office	Ownership share	Equity 31.12.2023	Net profit 2023	Carrying value
Europris Holding AS	Fredrikstad	100%	1,549,060	14,066	925,500

Note 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 2023	Number of shares	Share of capital	
Folketrygdfondet	22,420,985	13.4%	
Europris ASA	5,921,935	3.5%	
Verdipapirfondet Alfred Berg Gamba	5,897,948	3.5%	
State Street Bank and Trust Company	Nominee	5,138,063	3.1%
The Bank of New York Mellon	Nominee	4,904,508	2.9%
The Northern Trust Company	Nominee	4,507,200	2.7%
Verdipapirfondet Storebrand Norge		3,416,352	2.0%
JPMorgan Chase Bank	Nominee	3,167,823	1.9%
Brown Brothers Harriman & Co	Nominee	2,947,200	1.8%
Clearstream Banking S.A.	Nominee	2,777,556	1.7%
Brown Brothers Harriman & Co.	Nominee	2,581,987	1.5%
Verdipapirfondet KLP Aksje Norge		2,388,796	1.4%
Verdipapirfondet Holberg Norge		2,320,846	1.4%
The Bank of New York Mellon	Nominee	2,274,032	1.4%
Verdipapirfondet DNB Asset Management		2,200,568	1.3%
Verdipapirfondet Holberg Norden		2,100,000	1.3%
Vevlen Gård AS		2,032,978	1.2%
State Street Bank and Trust Company	Nominee	2,019,717	1.2%
State Street Bank and Trust Company	Nominee	1,915,446	1.1%
Verdipapirfondet KLP Aksje Norge		1,797,005	1.1%
Others		84,237,943	50.5%
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	288,572
Tone Fintland	Director	21,000
Claus Juel-Jensen	Director	17,304
Hege Børmark	Director	8,129
Jon Martin Klafstad (AS Master Trading)	Director	6,750
Bente Sollid Storehaug (Digital Hverdag AS)	Director	2,038
Espen Eldal (directly and indirectly through Knipen AS)	CEO	620,720
Stina C Byre	CFO	22,406

Treasury shares at 31 December 2023	Nominal value	Number of shares	Fair value (NOK)
Shares owned by Europris ASA	5,921,935	5,921,935	453,472,173

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 01.01.2023	5,938,263
Sale of treasury shares to senior executives	(16,328)
Treasury shares 31.12.2023	5,921,935

Average cost price for treasury shares is NOK 44.75.

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 3. No material transactions were conducted with related parties in 2023 other than the information included in the notes.

9 Financial instruments by category

Figures are stated in NOK 1,000

	2023	2022
Financial assets measured at amortised cost		
Other current receivables	672,481	642,090
Cash	-	-
Financial liabilities measured at amortised cost		
Other current liabilities	-	-
Accounts payable	(918)	(456)
Net financial instruments	671,563	641,634

10 Subsequent events

The board will propose the distribution of an ordinary dividend of NOK 3.25 per share for fiscal 2023. The dividend amounts to NOK 523 million excluding treasury shares.

At 31 January 2024, Europris decided to exercise its option to acquire the remaining 80 per cent of the Swedish retailer ÖoB.

There were no other 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 Råde

Declaration to the annual report 2023

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2023 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, 19 March 2024

THE BOARD OF DIRECTORS OF EUROPRIS ASA



Tom Vidar Rygh
Chair



Claus Juel-Jensen



Hege Børmark



Bente Sollid Storehaug



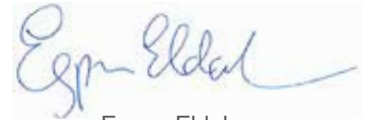
Jon Martin Klafstad



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-known 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 2023	FY 2022
Total operating income	9,467	9,016
- Cost of goods sold	5,276	4,833
= Gross profit	4,191	4,183
Gross margin	44.3%	46.4%

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 2023	FY 2022
Employee benefits expense	1,373	1,295
+ Other operating expenses	848	836
= OPEX	2,222	2,132
Opex-to-sales ratio	23.5%	23.6%

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 2023	FY 2022
Operating profit	1,295	1,512
+ Depreciation	675	571
= EBITDA	1,970	2,051
EBITDA margin	20.8%	22.8%

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 2023	FY 2022
Change in Inventory	254	(345)
Change in accounts receivable and other current receivables	52	(28)
Change in accounts payable and other current debt	(57)	26
Decrease/(increase) in financial assets at fair value through profit og loss	32	(26)
Net change in working capital	281	(374)

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 2023	FY 2022
Purchases of fixed assets	120	85
Purchases of intangible assets	22	58
= Capital expenditure	142	143

Financial debt

Financial debt is the sum of borrowings and lease liabilities. From 1 January 2023 lease liabilities include both non-current and current lease liabilities, and last year figures are restated to also include current lease liabilities. Financial debt is useful to see total debt as defined by IFRS.

(Amounts in NOK million)	FY 2023	FY 2022
Borrowings	1,042	1,085
Current borrowings	5	5
Lease liabilities	2,080	2,015
Current lease liabilities	589	522
= Financial debt	3,715	3,627

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 2023	FY 2022
Cash	676	464
+ Total facilities	1,536	1,436
- Total drawn	(7)	(3)
= Cash and liquidity reserves	2,205	1,897

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 2023	FY 2022
Total shareholder's equity	3,612	3,283
Total assets	9,312	9,225
= Equity ratio	38.8%	35.6%

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 2023	FY 2022
Sales directly operated stores	7,932	7,519
Sales franchise stores	1,013	1,066
= Total chain sales	8,945	8,586

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.



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To the General Meeting of Europris ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Europris ASA, which comprise:

- The financial statements of the parent company Europris ASA (the Company), which comprise the balance sheet as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of Europris ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 the 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 1 year from the election by the general meeting of the shareholders on 20 April 2023 for the accounting year 2023.

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 2023. 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.

Valuation of inventory

Description of the Key Audit Matter	How the matter was addressed in the audit
<p>The Group reported total inventory of 2,142.7 million NOK in 2023 (2022: 2,383.8 million NOK). Inventory is valued at the lower of cost and estimated net realisable value. A total provision for inventory obsolescence of 26.6 million NOK (2022: 28.0 million NOK) was recognised in 2023. Please refer to notes 3.1a and 20 for further information about the judgements and estimates applied by management related to the provision for inventory obsolescence.</p> <p>Valuation of inventory at net realisable value is subject to management's judgements and estimates. These involve judgements and estimates about the market in which the products in inventory will be sold and to what margin. Changes in judgements and estimates made by management may have a material effect on the financial statements and consequently valuation of inventory is considered a key audit matter.</p>	<p>We obtained an understanding of management's process for assessing the value of inventory and related provisioning for obsolescence. Our procedures included an assessment of the design and implementation of relevant controls management has put in place over this process and estimates. We assessed the audit risk based on our obtained understanding and tailored our audit procedures accordingly. These audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the group's accounting principles for inventory valuation in compliance with IFRS. • Performed test of how management made the accounting estimate, including the selection and application of the methods, significant assumptions and the data used by management in making the accounting estimate, and its consistency with Europris' market expectations. • Observed a sample of physical inventory counts in stores and warehouses. We also performed our own independent stock counts, based on samples. The procedures included inspection of the physical state of the inventory and potential need for scrapping. • Obtained and assessed management's retrospective analysis of historical inventory provisions, compared to realised loss on sales. • Obtained Europris's inventory data and performed our own analytical procedures of product categories, aging profiles, and outliers, and compared our results with those of Europris to challenge management's estimate. • We performed subsequent events procedures that included assessment of margin development and indications of understated inventory provisions as per 31/12-23. • Evaluated the appropriateness of related disclosures made in the financial statements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises 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 information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that 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 Directors' report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Europris ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Europrisasa_2023_12_31_en_.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and

perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 19 March 2024
Deloitte AS

Stian Jilg-Scherven
State Authorised Public Accountant

This document is signed electronically

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 2023 at NOK 76.75, which implies a market value of NOK 18.8 billion. The highest share price was NOK 77.70 and the lowest was NOK 57.50 in 2023. An ordinary dividend of NOK 2.75 per share and an additional dividend of NOK 1.00 per share to reflect the strong financial performance and solid financial position after a period still affected by Covid-19, was paid out in May 2023.

EPR share price development 2023



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

30 April 2024

First quarter 2024

25 April 2024

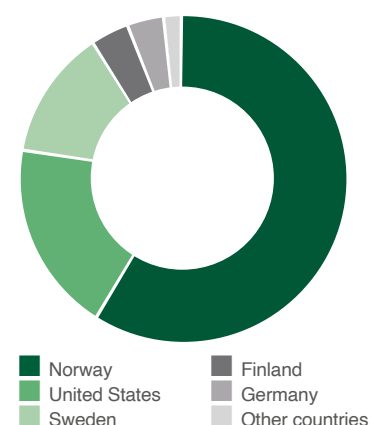
Second quarter 2024

11 July 2024

Third quarter 2024

31 October 2024

Distribution of ownership by country 2023



Europris ASA had 14,273 registered shareholders at 31 December 2023. The majority of the company's shareholders comprise of Norwegian or foreign institutions, controlling 73 per cent of the capital and voting rights. The top three largest investors in 2023 were Folketrygdfondet, Fidelity Investments (FMR) and Alfred Berg Kapitalforvaltning with a total share of

29 per cent, see more information in the Europris ASA consolidated financial statements in note 22.

The company's shareholders are mainly located in Norway and United States, with a total share of 59 per cent and 19 per cent respectively.

Analyst coverage

Nine equity analysts have covered Europris ASA in 2023:

ABG Sundal Collier	Petter Nystrøm	petter.nystrom@abgsc.no
Arctic Securities	Jeppe Baardseth	jeppe.baardseth@arctic.com
Carnegie	Eirik Rafdal	eirik.rafdal@carnegie.no
DNB Markets	Ole Martin Westgaard Tarjei Hatlen	ole.martin.westgaard@dnb.no tarjei.hatlen@dnb.no
Handelsbanken Capital Markets	Nicklas Skogman	nisk03@handelsbanken.se
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

* Nordea ceased to provide coverage in December 2023 because the analyst left the company.

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Europris
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