

Elektroimportøren AS

Quarterly report Q2 2024



elektroimportøren



elektroimportøren

[#QuarterlyreportQ22024](#) [#elektroimportøren](#)

To our shareholders

Sales have picked up in the second quarter of 2024. We expected growth in April because of Easter being in March this year, and since the impact of the Easee ban was evened out late March. Even so, Q2 2024 marks a turning point in sales development for Elektroimportøren. We are back to growth in both Norway and Sweden and we see growth in all our major categories.

April sales grew with double digits, recovering from slower Easter sales in March and beyond that. May started out well but we did not manage to grow sales when the summer weather reached Norwegian and Swedish consumers. In June we recovered sales again and were back to growing our business. Total revenue for the second quarter ended at NOK 349 million (NOK 326 million) which is up 7.2 per cent from last year.

Gross margins continue to be challenged. In B2C, gross margins are mainly impacted by growth in smarthome products and EV chargers. In B2B, gross margins are impacted by the increasing share of EV chargers and the low margins on solar sales.

On category level we see the largest growth in Smarthome products and EV chargers. Growth in sales of EV chargers is due to the major decline we had in sales last year, and even if sales now are picking up it is obvious that the market for EV chargers is declining. Growth in smarthome products is driven by a general increase in demand and increased campaign activity. Solar is the category with the poorest development. Sales of solar products are down over 60 per cent versus last year. This follows the development in the solar market which have had a dramatic decline over

the last 6 months. However, we are switching sales focus from domestic to industrial projects where there still is a demand in the market.

We continue with a rigid cost control and our plan for 2024 savings remains the same.

In Sweden it seems that the market has had a positive reaction to the decrease in the policy rate from Sveriges Riksbank. We also continue to see a good growth in our physical store as both B2B and B2C customers discover our concept. In May we assigned a new managing director for our Swedish operation and the plan to bring Elbutik back to profit is taking shape.

Market conditions continue to be tough but there are some indications that demand is picking up. Consumers are more responsive to marketing campaigns and B2B customers order books are filled up more than they were a year ago. So it is with a cautious optimism that we look forward to the remainder of 2024.

We are now preparing for peak season with our main sales and supplier gathering "Elektroakademiet" coming up in September. I am looking forward to meeting all our employees and personally thank them for the great job they are doing in giving our customers the best possible experience when doing business with us.



Yours sincerely
Andreas Niss, CEO Elektroimportøren

Summary of key financials in Q2

- ⚡ Total revenue in Q2 was NOK 349 million, up 7.2% from NOK 326 million last year:

 - Like-for-like sales increased by 4.4%
 - B2B sales increased by 9.6% year-over-year
 - B2C sales increased by 4.5%
 - Positive Easter effect of approximately NOK 10 million

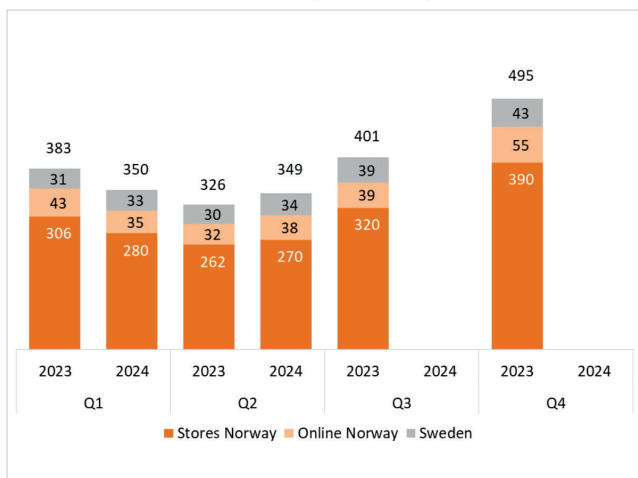
- ⚡ Gross margin in Q2 was 32.4%, down from 34.6% last year:

 - Decline driven by FX effects, solar products, aggressive June campaign and B2B share of sales
 - Adjusted for FX and solar effects, gross margin would be 33.8%

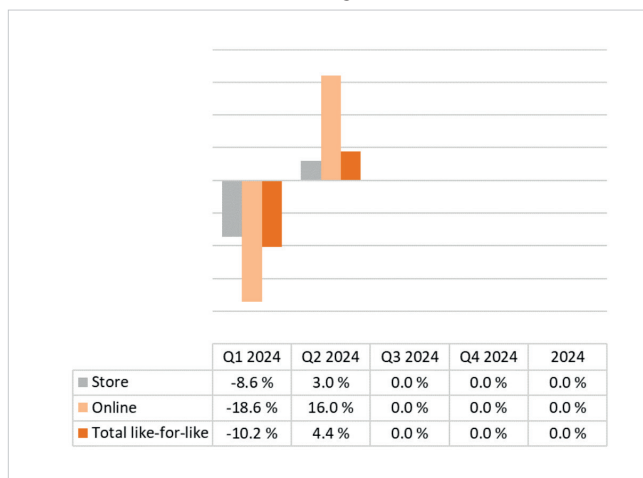
- ⚡ OPEX were NOK 80 million in Q2, down from NOK 82 million last year. The decline is driven by strong cost focus and cost reduction implemented during 2023, which is coming through. However, the decline is somewhat offset due to Easter effect and general price adjustments.

- ⚡ Reported EBITDA in Q2 was NOK 30 million, down from NOK 31 million last year. EBITDA margin of 8.7%, down from 9.4% last year. Adjusted EBITDA in Q2 was NOK 33 million, up from NOK 31 million last year. Adjustment of NOK 3 million is cost related to termination of one of the lease contracts in Sweden.

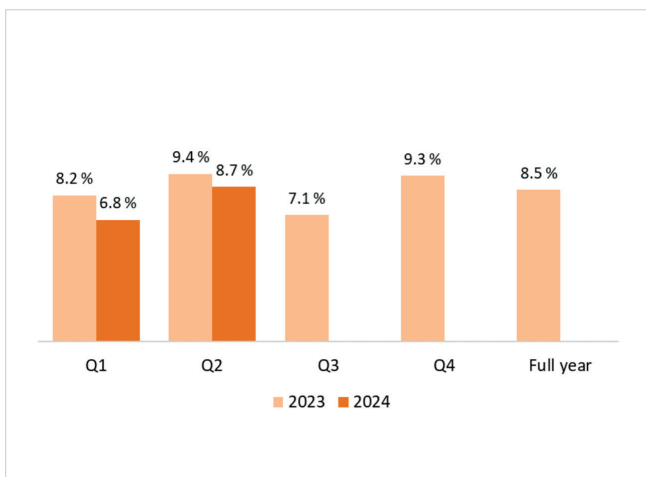
Revenue (NOK million)



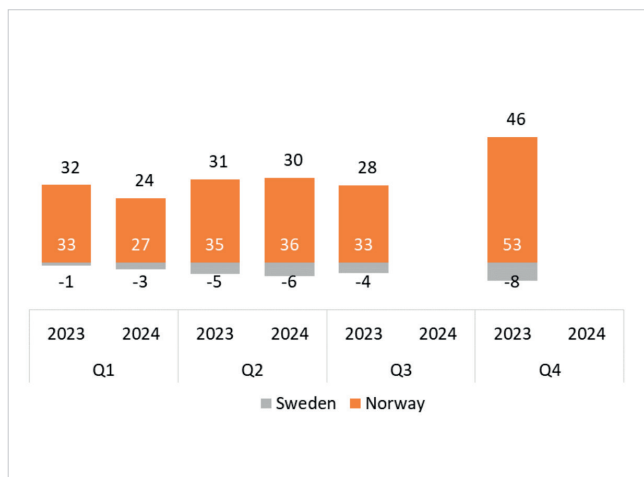
Like for Like growth %



Reported EBITDA margin (%)



Reported EBITDA (NOK million)



of physical stores



Alternative performance measure

Q2 2024 – Group

Amounts in NOK million	Q2 2024	Q2 2023	HI 2024	HI 2023	FY 2023
Revenue	349	326	699	709	1604
Cost of goods sold	-236	-213	-465	-459	-1051
Gross profit	113	113	234	250	553
Gross margin (%)	32.4 %	34.6 %	33.5 %	35.2 %	34.5 %
Operating expenses in sales channels	-43	-46	-97	-106	-242
Other operating expenses	-37	-37	-79	-81	-174
OPEX	-80	-82	-176	-187	-416
OPEX to sales margin (%)	-22.8 %	-25.2 %	-25.2 %	-26.4 %	-25.9 %
Adjusted EBITDA	33	31	59	62	137
Adjusted EBITDA margin (%)	9.6 %	9.4 %	8.4 %	8.8 %	8.5 %
Adjustments	-3	0	-4	0	-1
EBITDA reported	30	31	54	62	136
EBITDA reported margin (%)	8.7 %	9.4 %	7.8 %	8.8 %	8.5 %
Depreciation	-25	-26	-52	-50	-95
Adjusted EBIT	5	4	3	12	41
Adjusted EBIT margin (%)	1.5 %	1.4 %	0.4 %	1.6 %	2.5 %
Adjustments	-1	0	-2	0	-1
Amortisation intangible assets	0	0	-1	0	-1
EBIT reported	5	4	1	12	40
EBIT reported margin (%)	1.4 %	1.4 %	0.1 %	1.6 %	2.5 %
Net financial expenses	-12	-14	-20	-26	-55
Profit before tax	-7	-10	-19	-15	-16
Net profit	-5	-8	-16	-12	-12
Liabilities to financial institutions	-220	-335	-220	-335	-307
Leasing liabilities	-448	-391	-448	-391	-411
Cash/Overdraft facility	85	22	85	22	9
Net interest bearing debt incl IFRS	-583	-704	-583	-704	-709
Net interest bearing debt excl. IFRS	-165	-327	-165	-327	-310

Financials



Financial review Q2 2024 - Group

Revenues

Total sales in the second quarter were NOK 349 million, corresponding to an increase of 7.2 per cent compared to last year.

The increase was driven by positive easter effect in April with a double-digit growth (approximately NOK 10 million) and an aggressive sales campaign in June resulting in positive impact on sales.

Stores in Norway had an increase of 3.0 per cent in the quarter. The main driver of the growth was the EV charger product category due to the sales ban in March last year. We also had good growth in the smart home category which was one of the focus categories in the campaign in June this year.

The number of visits to physical stores in Norway was up compared to last year by 4.6 per cent, while hit rate is slightly down and basket is on same level as last year.

Online revenue in Norway increased by 16.0 per cent in Q2 2024 compared to last year.

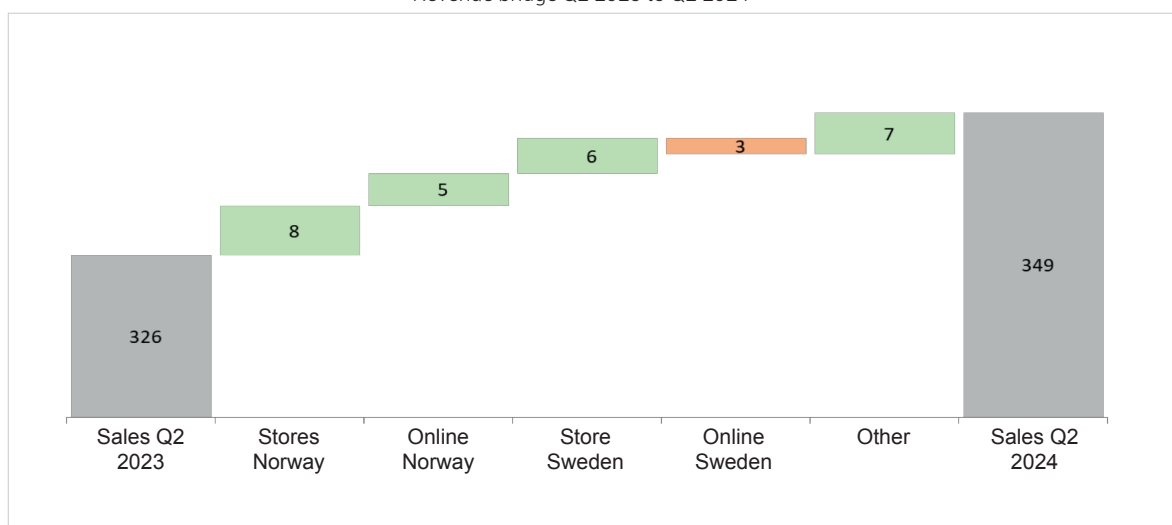
Revenue of Spoton of NOK 14 million in the quarter, compared to NOK 7 million last year.

Solar orders were NOK 4 million in Q2 2024, down from NOK 10 million last year. Invoiced solar projects in the quarter were NOK 10 million. Installed effect (MW) was down by 60% in the total Norwegian market in Q2 2024 compared to last year, which is in line with our sales trend. Order backlog of NOK 4 million end of June 2024. Stock value of NOK 34 million.

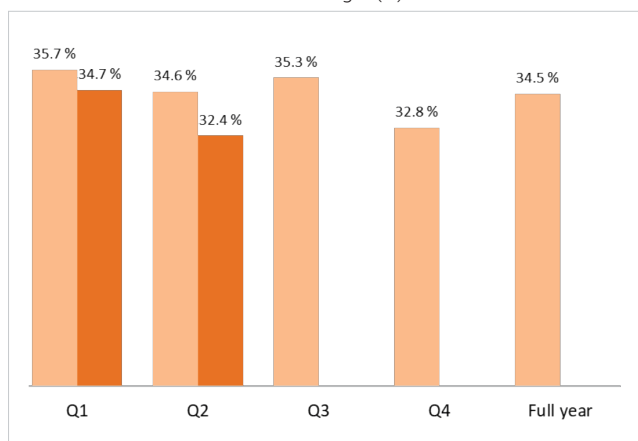
The store in Elbutik contributed with NOK 8 million in sales for the quarter, while online sales in Elbutik was NOK 26 million. B2B sales in Sweden in the quarter are included with NOK 7 million.

Other sales are mainly solar projects invoiced from our project department and not sold through our stores.

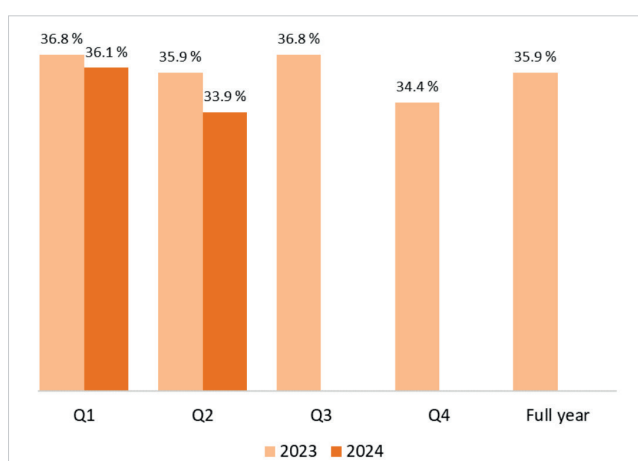
Revenue bridge Q2 2023 to Q2 2024



Gross margin (%)



Gross margin (%), Norway



Gross margin

Gross profit for the quarter was NOK 113 million, same as last year. This translated into a gross margin of 32.4 per cent, compared with 34.6 per cent in the same period of 2023. Overall, margins were impacted by shift towards B2B with lower margin, Solar products, FX effects and an aggressive campaign in June.

The margin decline is also driven by a higher share of sales from Elbutik, which has a significantly lower margin at 18.5 per cent, compared to 21.8 per cent last year. This is explained by an increase in B2B share of business from 5 per cent to 20 per cent. Margin on B2C is slightly increasing in Sweden.

In Norway, the gross margin was 33.9 per cent (35.9 per cent). Aggressive campaign in June to B2C, and low margin on solar products (negative effect of 1.1 per cent), higher competition in the service segment in B2B and exchange rate effects on Namron products (negative effect of 0.4 per cent) had a negative effect on the gross margin. Adjusted for the solar products and exchange rate effect on Namron products, the gross margin in Norway would have been 35.5 per cent.

Operating expenses in sales channels

Operating expenses in sales channels are reduced with NOK 3 million compared to last year, even with general salary increase and inflation adjustment of costs. The group continues to maintain a rigid cost control and the cost reduction implemented during 2023 is coming through. OPEX to sales ratio at 22.8 per cent compared to 25.2 per cent last year.

Other operating expenses

Other operating expenses in line with last year. Adjusting for easter effect, operating expenses would have been NOK 3 million lower in the quarter compared to last year.

Adjusted EBITDA

Adjusted EBITDA for the quarter was NOK 33 million, up from NOK 31 million last year. Adjustment of NOK 3 million is cost related to termination of one of the rental contracts in Sweden.

EBITDA reported

EBITDA for the quarter was NOK 30 million, down from NOK 31 million last year.

EBIT reported

EBIT for the quarter was NOK 5 million, up from NOK 4 million last year. Depreciation in the quarter is reduced by NOK 3 million due to gain on a partial termination of a lease contract in Sweden.

Net financial expenses

Net financial expenses of NOK 12 million relate to net interest expenses of NOK 5 million, loss on fair value movements on derivatives of NOK 1 million and IFRS 16 interest expenses of NOK 6 million. Average interest rate is 8.6 per cent in the quarter.

Net profit

Net profit for the quarter was NOK -5 million, up from NOK -8 million last year. Net profit increased by NOK 3 million.

Liquidity and borrowings

The group had cash of NOK 85 million at end of Q2 2024 in addition to an unused overdraft facility of NOK 120 million.

Excluding IFRS 16 effects, net interest-bearing debt was NOK 165 million at the end of the quarter, corresponding to 3.8x of the LTM NGAAP EBITDA (NOK 44 million) excluding IFRS16 effects (NOK 87 million). The loan facilities will have no NIBD/EBITDA (based on NGAAP) covenant in Q1 2024, Q2 2024 and Q3 2024, and will have a NIBD/ EBITDA covenant of 4.0x in Q4 2024.

Alternative Performance Measures Q2 2024 - Norway

Amounts in NOK million	Q2 2024	Q2 2023	HI 2024	HI 2023	FY 2023
Revenue	315	296	632	648	1462
Cost of goods sold	-208	-190	-411	-412	-937
Gross profit	107	106	221	236	524
Gross margin (%)	33.9 %	35.9 %	35.0 %	36.4 %	35.9 %
Operating expenses in sales channels	-40	-43	-90	-102	-229
Other operating expenses	-31	-28	-68	-66	-141
OPEX	-71	-71	-158	-168	-370
OPEX to sales margin (%)	-22.5 %	-24.0 %	-24.9 %	-25.9 %	-25.3 %
Adjusted EBITDA	36	35	64	68	154
Adjusted EBITDA margin (%)	11.5 %	11.9 %	10.1 %	10.5 %	10.5 %
Adjustments	0	0	0	0	0
EBITDA reported	36	35	63	68	154
EBITDA reported margin (%)	11.5 %	11.9 %	10.0 %	10.5 %	10.5 %
Depreciation	-23	-24	-47	-47	-88
Adjusted EBIT	13	12	17	21	66
Adjusted EBIT margin (%)	4.0 %	3.9 %	2.6 %	3.2 %	4.5 %
Adjustments	0	0	0	0	0
Amortisation intangible assets	0	0	0	0	0
EBIT reported	13	12	16	21	66
EBIT reported margin (%)	4.0 %	3.9 %	2.6 %	3.2 %	4.5 %
Net financial expenses	-11	-14	-18	-25	-52
Profit before tax	2	-2	-1	-5	14
Net profit	2	-2	-1	-4	11

Alternative Performance Measures Q2 2024 - Sweden

Amounts in NOK million	Q2 2024	Q2 2023	HI 2024	HI 2023	FY 2023
Revenue	34	30	67	61	142
Cost of goods sold	-28	-23	-53	-47	-114
Gross profit	6	6	13	14	29
Gross margin (%)	18.5 %	21.8 %	20.0 %	22.4 %	20.2 %
Operating expenses in sales channels	-3	-3	-7	-4	-13
Other operating expenses	-6	-8	-11	-15	-33
OPEX	-9	-11	-18	-20	-46
OPEX to sales margin (%)	-26.3 %	-37.7 %	-27.2 %	-32.4 %	-32.3 %
Adjusted EBITDA	-3	-5	-5	-6	-17
Adjusted EBITDA margin (%)	-7.8 %	-15.8 %	-7.2 %	-10.0 %	-12.1 %
Adjustments	-3	0	-4	0	-1
EBITDA reported	-6	-5	-9	-6	-18
EBITDA reported margin (%)	-16.9 %	-15.8 %	-13.2 %	-10.0 %	-12.8 %
Depreciation	-2	-2	-6	-3	-7
Adjusted EBIT	-7	-7	-13	-9	-25
Adjusted EBIT margin (%)	-20.7 %	-24.1 %	-19.9 %	-15.4 %	-17.7 %
Adjustments	-1	0	-1	0	-1
Amortisation intangible assets	0	0	0	0	-1
EBIT reported	-8	-7	-15	-9	-26
EBIT reported margin (%)	-22.2 %	-24.1 %	-22.0 %	-15.4 %	-18.4 %
Net financial expenses	-1	-1	-3	-1	-1
Profit before tax	-9	-8	-17	-10	-27
Net profit	-6	-2	-13	-8	-23

Group Figures Q2 2024

Financial statements



Consolidated statement of profit and loss

Amounts in NOK million	Note	Unaudited			Audited	
		Q2 2024	Q2 2023	HI 2024	HI 2023	FY 2023
Revenue		349	326	699	709	1 604
Cost of goods sold		-236	-213	-465	-459	-1 051
Employee benefits expenses		-48	-52	-113	-121	-273
Depreciation and amortisation expenses	7	-25	-26	-53	-51	-95
Other operating expenses		-35	-30	-67	-67	-145
Total operating expenses		-344	-321	-698	-697	-1 564
Operating profit		5	4	1	11	40
Net financial income (+)/expenses (-)		-12	-14	-20	-26	-56
Profit before tax		-7	-10	-19	-15	-16
Income tax expense		2	2	3	3	4
Net profit (loss) for the period		-5	-8	-16	-12	-12
Basic and diluted earnings per share (EPS)		-0.10	-0.31	-0.39	-0.46	-0.49

Other comprehensive income

Amounts in NOK million	Note	Q2 2024	Q2 2023	HI 2024	HI 2023	FY 2023
Profit for the period		-5	-8	-16	-12	-12
Items that may be reclassified to profit or loss in subsequent periods		0	0	0	0	0
Items that will not be reclassified to profit or loss in subsequent periods		0	0	0	0	0
Other comprehensive income for the year, net of tax		-3	0	-2	0	0
Total comprehensive income for the period net of tax		-8	-8	-18	-12	-12
Attributable to:						
Non-controlling interests		0	0	0	0	-20
Equity holders of the parent		-8	-8	-18	-12	8

Consolidated statement of financial position

Amounts in NOK million	Note	Unaudited			Audited	
		Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Goodwill	7	449	432	449	432	452
Trademark and other intangible assets	7	20	22	20	22	22
Deferred tax asset		21	11	21	11	19
Total intangible assets		490	465	490	465	492
Property, plant and equipment	7	525	473	525	473	493
Inventories		324	356	324	356	357
Trade receivables		82	79	82	79	75
Other current assets		31	32	31	32	27
Cash and bank deposits		85	22	85	22	9
Total current assets		522	489	522	489	466
TOTAL ASSETS		1537	1427	1537	1427	1452
Total paid-in-equity		369	196	369	196	195
Retained earnings		234	229	234	229	252
Non-controlling interests		2	0	2	0	2
Total Equity		605	425	605	425	449
Non-current lease liabilities		369	355	369	355	343
Non-current liabilities to financial institutions	4	220	295	220	295	255
Other non-current liabilities		44	41	44	41	44
Total non current liabilities		633	691	633	691	641
Current lease liabilities		78	36	78	36	68
Liabilities to financial institutions	4	0	40	0	40	52
Trade creditors		151	155	151	155	136
Taxes payable		-2	-7	-2	-7	5
Dividends payable		0	11	0	11	0
Public duties payable		34	41	34	41	54
Other current liabilities		37	35	37	35	47
Total current liabilities		299	311	299	311	361
TOTAL EQUITY AND LIABILITIES		1537	1427	1537	1427	1452

Consolidated statement of cash flows

Amounts in NOK million	Note	Unaudited			Audited	
		Q2 2024	Q2 2023	HI 2024	HI 2023	FY 2023
Profit before income taxes		-7	-10	-19	-15	-16
Taxes paid		-3	-8	-7	-25	-22
Depreciation and impairment	7	25	26	53	51	95
Interest		12	14	20	26	56
Change in inventory		13	-21	33	-37	-37
Change in trade receivables		-11	1	-7	-9	-4
Change in trade creditors		29	28	15	1	-18
Change in other current assets and liabilities		-26	-26	-31	-9	22
Net cash flow from operations		33	4	57	-16	76
Cash flow from investments						
Purchase of fixed assets		-3	-6	-6	-18	-27
Acquisition of Elbutik		0	0	0	0	0
Net cash flow from investments		-3	-6	-6	-18	-27
Cash flow from financing						
Repayment of long-term borrowings	4	0	0	-75	0	-40
Change in liabilities to financial institutions	4	0	-68	-12	-4	8
Proceeds from issue of shares		28	117	175	117	117
Change in non-controlling interest share purchase		0	0	0	0	3
Net interest paid		-12	-10	-20	-19	-56
Lease payments		-19	-18	-42	-38	-63
Dividends paid to equity holders of the parent		0	0	0	0	-11
Net cash flow from financing		-3	23	26	56	-42
Cash and cash equivalents at the beginning of the period		58	0	9	0	3
Net change in cash and cash equivalents		27	22	77	22	6
Cash and cash equivalents at the end of the period		85	22	85	22	9

Consolidated statement of changes in equity

<i>Amounts in NOK million</i>	<i>Note</i>	Paid in Equity	Other Equity	Total majority shares	Non- controlling interests	Total Equity
January 1st. 2023		78	253	331	0	331
Profit for January-June 2023		0	-12	-12	0	-12
Issue of share capital		117	0	117	0	117
Approved dividend		0	-11	-11	0	-11
Balance at 30 June 2023		195	229	426	0	425
Balance at 1st. January 2024		195	252	447	2	449
Profit for January-June 2024		0	-16	-16	0	-16
Other comprehensive income		0	-2	-2	0	-2
Issue of share capital		178	0	178	0	178
Transaction costs related to issue of share capital		-4	0	-4	0	-4
Balance at 30 June 2024		369	234	603	2	605

Events after the period and outlook

Group revenues were up by 4.5 per cent in July and down by 1.6 per cent year-to-date per July.

In July we signed a contract for a new store in Oslo. Target is to open mid November this year.

We are committed to improve our gross margin and have conducted a price increase in Norway 1st of July. However weakened NOK to USD and increased cost of freight keeps pressure on gross margins.

The board has conducted a preliminary strategic review related to our operation in Sweden and possible short-term actions to improve profitability and reduce losses. On short term, our conclusion is that operational efforts to increase turnover and cost reduction is the best option.

The Swedish market was entered by acquiring Elbutik Scandinavia in March 2022. We scaled up the business and opened our first physical store in what have shown to be the roughest retail market development in more than 25 years. In this market environment we have not been able to capitalize on our investment as planned.

Long term leases and other commitments has generated a cost base which makes it difficult to be profitable with our current turnover. We have evaluated all our options of our presence in Sweden, including an exit but due to our long-term obligations and the market opportunities ahead, this is not regarded as the financially best option.

An operational turnaround including revised customer offer to B2B customers, more strategic pricing, marketing activities and decreasing operational costs are now in place. Together with improved market conditions, and a new managing director we are now positioned to regain profitability in Sweden.

Market shows modest signals of improved consumer confidence but still there is great uncertainty about the market development going forward. New product launches and continued growth in Sweden should drive growth in H2 of 2024.

The solar market is particular challenging, and we observe a decline in market prices after the balance sheet date. Management is working on several initiatives to reduce the inventory risk and reduce the overall inventory levels on solar products.

Oslo, 22nd August 2024

The board of Elektroimportøren AS



Karin Bing Orkland




Kjersti Helen Krokeide Hobøl



Eirik Westvig Rogstad



Arvid Helstedt Tennefoss



Anders Jakobsson

Notes and Definitions



Notes

Note 1 Corporate information

Elektroimportøren AS and its subsidiaries ('the Group') sell electrical installation products through wholly owned stores and on internet. The group has 27 physical stores in Norway and 1 in Sweden as of 30 June 2024.

Elektroimportøren AS is a Norwegian limited liability company and the Group's head office is at Nedre Kalbakkvei 88b, 1081 Oslo.

All amounts in the financial statements are presented in NOK million unless otherwise stated. Due to rounding's, there may be smaller differences in the summation columns.

Note 2 Basis of preparation and accounting policies

The Q2 2024 report has been prepared in accordance with IFRS® Accounting Standards and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union as well as the requirements in the Norwegian accounting act.

The financial statements have been prepared under the historical cost convention except for the revaluation of financial assets and financial liabilities (derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with 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.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group

is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent

Note 3 Estimates, judgements and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, sales and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31st December 2023.

Note 4 Liabilities to financial institutions

Elektroimportøren has an overdraft facility of NOK 120 million.

Liabilities to financial institutions are NOK 220 million as of Q2 2024.

There will be no further amortization in 2024. NOK 40 million in yearly amortization will be reinstated from December 2025. The facilities have a maturity of three years from 18th March 2024 and are secured by inventory, receivables and operating equipment in Elektroimportøren.

Note 5 Related party transactions

The Group's related party transactions include key management, members of the Board and majority shareholders. None of the Board members have been granted loans or guarantees in the current year. None of the Group Board members are included in the Group's bonus or pension plans.

Note 6 Earnings per share

Amounts in MNOK	Q2 2024	Q2 2023	H1 2024	H1 2023	FY 2023
Number of ordinary shares	50 782 200	26 782 200	26 782 200	26 782 200	26 782 200
Net profit	-5	-8	-16	-12	-12
Earnings per share	-0.10	-0.31	-0.39	-0.46	-0.49

Note 7 Fixed assets and intangible assets

(amounts in NOK1000)	Right of use asset	PPE	Other intangibles	Goodwill
Balance 31.03.23	332 230	138 197	22 415	432 168
Additions, disposals and adjustments	21 876	7 025	0	0
Depreciation and amortization	-16 448	-9 405	0	0
Balance 30.06.23	337 658	135 817	22 415	432 168

(amounts in NOK1000)	Right of use asset	PPE	Other intangibles	Goodwill
Balance 31.03.24	420 437	125 059	19 631	452 233
Additions, disposals and adjustments	3 195	2 539	534	0
Depreciation and amortization	-17 285	-7 785	-390	0
Foreign exchange	-1 117	-44	0	-3 159
Balance 30.06.24	405 229	119 769	19 775	449 074

Impairment tests for trademark and goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and assumptions approved by senior management covering a five-year period.

The group has one CGU, and goodwill is tested for impairment at this level, which represents the lowest level in the entity at which goodwill is monitored for internal management purposes.

The key assumptions related to future cash flow are sales growth and gross margin percentage development. These key assumptions are based on historical performances. Based on budget for 2024 and business plan for coming years the Group has a significant headroom compared to capitalised goodwill in the statement of financial position, and a reasonably possible change in any of the key assumptions used, will not cause impairment.

The Groups establishment in Sweden has not been immune to market fluctuations such as the overall decline in electric installation material industry after the Groups acquisition of Elbutik in March 2022. Despite these challenges, the management are optimistic about the long-term prospect of the investment and the impairment assumptions are based on further investments in Sweden. Despite this, the management believe it is essential to acknowledge the existing risk that may pose challenges to the Groups goodwill related to the Swedish establishment.

Key assumptions 31 December 2022:

- Budget figures for 2023, and business plan for 2024-2026
- Sales growth in budget period between 5% and 7% per year (lower than historical growth)
- Flat development in gross margin percentage
- Discount rate 9% after tax
- Long term growth 2% (consistent with long term inflation)

Key assumptions 31 December 2023:

- Budget figures for 2024, and business plan for 2025-2028
- Compound annual growth in sales in budget period of 14.7% (lower than historical growth)
- Marginal reduction in gross margin percentages driven by category mix
- Discount rate 10.2% after tax
- Long term growth rate of 1.8%

Definitions

Like-for-like revenue are revenues from stores that were in operation from the start of last fiscal year all through the end of the current reporting period.

Revenue growth represents the growth in revenue for the current reporting period compared to the comparative period the previous year. Revenue growth is an important key figure for Elektroimportøren AS, and the user of financial statements as it illustrates the underlying organic revenue growth.

Gross profit is defined as revenue minus the cost of goods sold (COGS). The gross profit represents sales revenue that the group retains after incurring the direct costs associated with the purchase and distribution of costs (including distribution costs to central warehouse and net distribution costs to our online customers).

Gross margin is defined as Gross profit divided by Revenue. The gross margin reflects the percentage margin of the sales revenue that the Group retains after incurring the direct costs associated with the purchase and the distribution of the goods. As such this is an important KPI for Elektroimportøren.

Operating expenses in sales channels includes employee benefit expenses, rent costs and other operating expenses in Physical stores, B2B organization and our Online operation.

OPEX to sales margin is the sum of Operating expenses in sales channels and Other operating expenses divided by Revenue. The OPEX to revenue margin measures operating cost efficiency as percentage of Revenue and is an important KPI for Elektroimportøren.

EBITDA is earnings before tax, interests, depreciation and write down of fixed assets and amortisation of intangible assets.

Adjusted EBITDA is defined as EBITDA less items defined as other income and expenses not considered as part of ordinary operations. EBITDA and adjusted EBITDA are important key figures for Elektroimportøren, and considered useful to the users of financial statements when evaluating operational profitability.

EBITDA margin is EBITDA divided by total Revenue. The adjusted EBITDA margin is Adjusted EBITDA divided by total Revenue. These performance measures are important key figures for Elektroimportøren, and are considered useful to the users of financial statements when evaluating operational efficiency.

EBIT (earnings before interest and tax) is operating profit.

EBIT margin is EBIT divided by Total revenue.

Net capital expenditure represent the cash flow from the investment spending in fixtures and fittings, machinery and other intangibles less sales proceeds for such assets.

Net profit is profit (loss) for the period.

Elektroimportøren AS

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