

Elektroimportøren AS

Quarterly report Q3 2023



To our shareholders

Total sales in the third quarter were NOK 401 million, which is 0.6% growth compared to last year. Gross profit for the quarter was NOK 141 million, down from NOK 150 million in 2022. EBITDA for the quarter was NOK 28 million, down from NOK 45 million last year. The third quarter started off well with a good sales growth in July, which was followed by a minor increase in sales in August. In September we had a slight decline in sales compared to last year.

EV chargers continue to be the category that performs far behind last year sales, and in the third quarter this is the sole reason for sales not having a greater growth. In September Easee launched their new product which led to an increase in sales at the end of the quarter and the decline versus last year is decreasing. Sales of solar is making up for some of the lost sales in EV chargers, but we are not able to compensate for the total decline.

Our Swedish operation had a positive development throughout the third quarter with sales growth both in the like for like business and our new store. We continue to strengthen our offer both in B2B and B2C and the customer reception is good.

In September we signed another franchise agreement. Our new franchisee has the intention of opening their first store mid-2024.

During the end of the quarter, we had our annual event for our partner customers within B2B. This was a successful event where we got the opportunity to present and discuss current and new business opportunities together with our most important customers.

Cost control is good and we continue to closely manage and follow our cost development. In September we also see the cost reductions that were implemented in May coming through in terms of lower personnel cost.

We believe that market conditions will stay challenging for the coming months. However, we see a good sales development in Sweden and as we now move into our largest sales quarter of the year, we are well prepared to handle the increase in demand.

I send my greatest thanks to our employees for their hard work and dedication throughout the third quarter. Stores are now ready for peak season and I'm sure you will continue to deliver the best customer service in the most professional way, to all our customers also in the busiest time of the year.

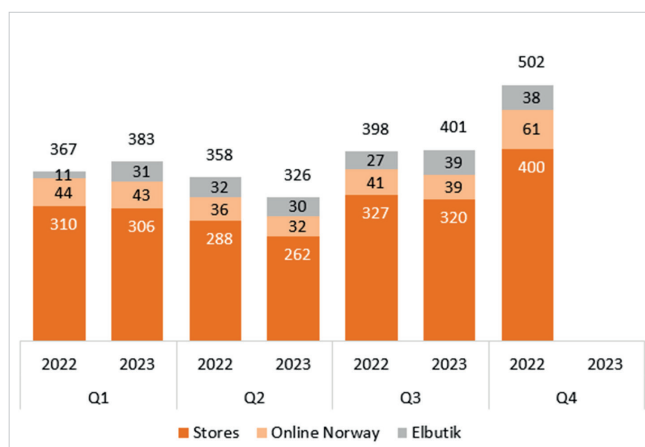


Yours sincerely
Andreas Niss, CEO Elektroimportøren

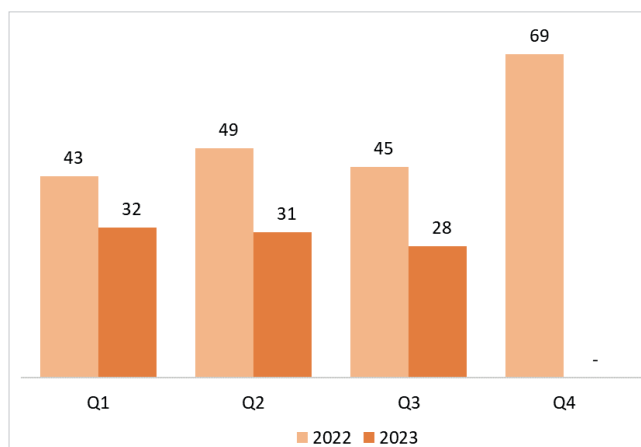
Summary of key financials in Q3

- Revenue of NOK 401 million (NOK 398 million), up 0.6%. Like-for-like sales declined by 3.3%. Revenue excluding EV chargers is NOK 374 million (NOK 348 million).
- B2B sales increased by 3.2% compared to last year while B2C sales decreased with 1.7%.
- Gross margin is 35.3% (37.6%). The gross margin in Norway is 36.8% (38.6%). Gross margin in Elbutik is significantly lower than for the Norwegian operation with 21.1%.
- Reported EBITDA of NOK 28 million (NOK 45 million). EBITDA margin is 7.1% (11.3%).

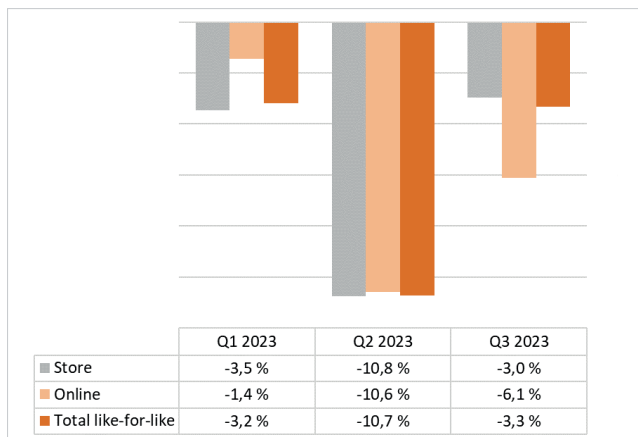
Revenue (NOK million)



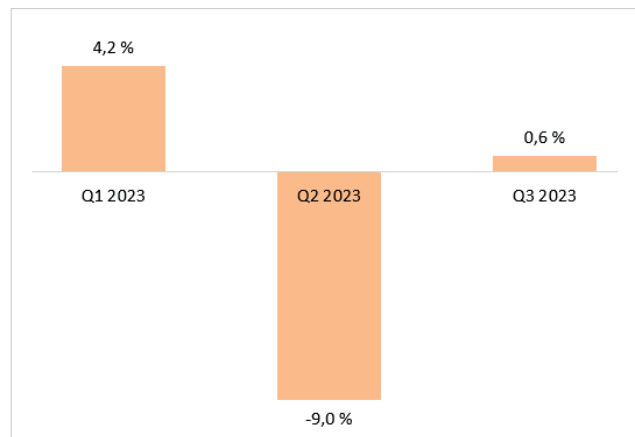
Reported EBITDA (NOK million)



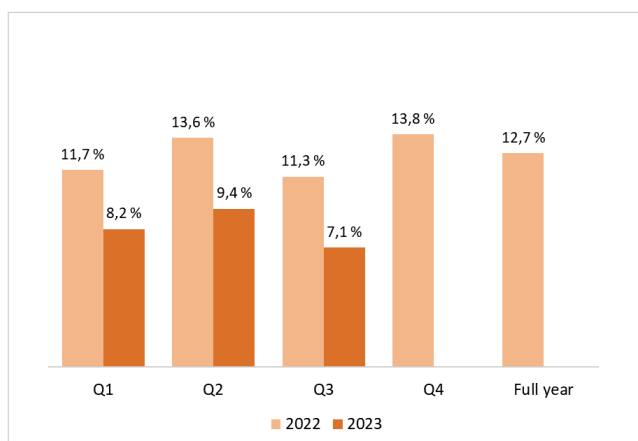
Like for Like growth %



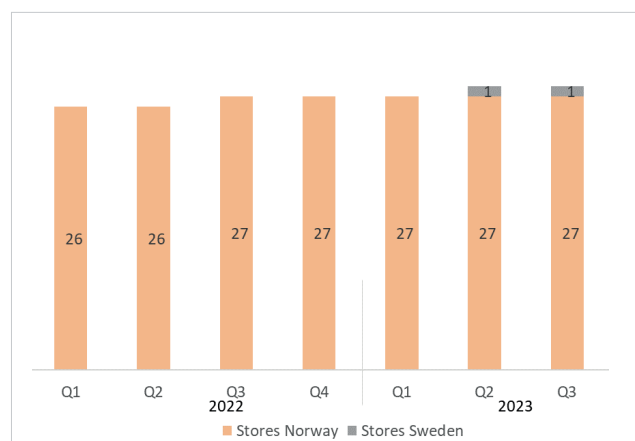
Revenue growth (YOY)



Reported EBITDA margin (%)



of physical stores



Alternative performance measure

Q3 2023 – Group

Amounts in NOK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenue	401	398	1109	1124	1626
Cost of goods sold	-259	-248	-719	-711	-1019
Gross profit	141	150	391	413	607
Gross margin (%)	35,3 %	37,6 %	35,2 %	36,7 %	37,3 %
Operating expenses in sales channels	-69	-70	-175	-179	-257
Other operating expenses	-43	-35	-125	-95	-143
OPEX	-112	-105	-299	-275	-400
OPEX to sales margin (%)	-28,0 %	-26,3 %	-27,0 %	-24,5 %	-24,6 %
Adjusted EBITDA	29	45	91	138	207
Adjusted EBITDA margin (%)	7,3 %	11,3 %	8,2 %	12,2 %	12,7 %
Adjustments	-1	0	-1	-1	-1
EBITDA reported	28	45	90	136	206
EBITDA reported margin (%)	7,1 %	11,3 %	8,2 %	12,1 %	12,7 %
Depreciation	-26	-24	-76	-69	-91
Adjusted EBIT	4	21	15	68	116
Adjusted EBIT margin (%)	0,9 %	5,3 %	1,4 %	6,1 %	7,1 %
Adjustments	-1	0	-1	-1	-1
Amortisation intangible assets	0	0	-2	0	-1
EBIT reported	2	21	13	67	114
EBIT reported margin (%)	0,6 %	5,3 %	1,2 %	6,0 %	7,0 %
Net financial expenses	-11	-7	-38	-24	-46
Profit before tax	-9	14	-25	43	67
Net income	-6	11	-19	34	50
Liabilities to financial institutions	-352	-375	-352	-375	-339
Leasing liabilities	-374	-379	-374	-379	-378
Cash/Overdraft facility	0	0	0	0	3
Net interest bearing debt	-726	-754	-726	-754	-714

Financials



Financial review Q3 2023 - Group

Revenues

Total revenue increased by 0.6% for the Group in Q3 2023 compared to Q3 2022, mainly driven by our new store in Sweden, but we have also seen growth in online sales in Sweden.

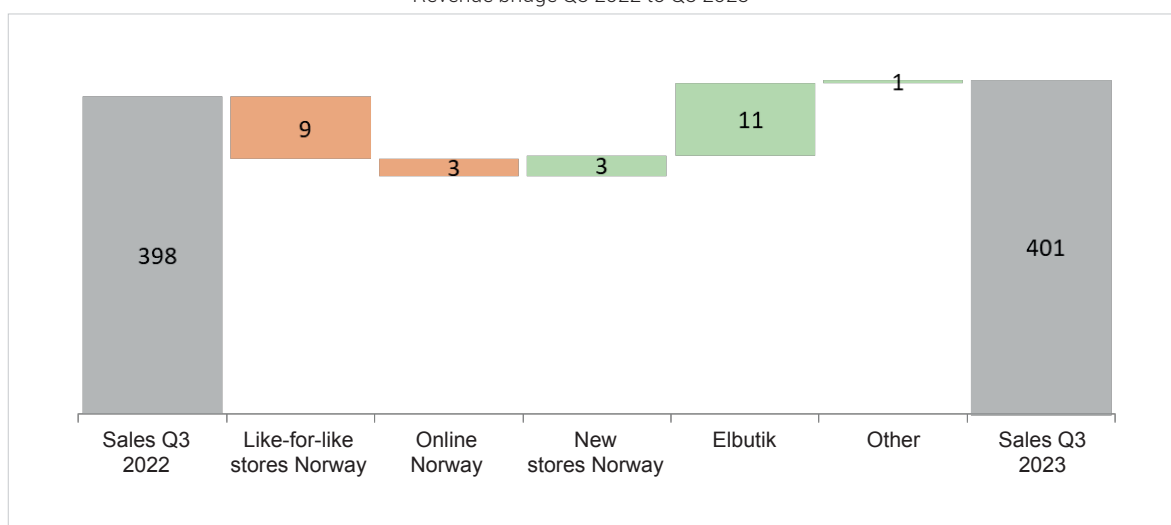
In our like-for-like stores in Norway we had a decline of 3.0% in the quarter. The main reason for this negative development is the reduction seen in the EV charger product category due to the sales ban on Easee chargers in Sweden. Excluding the EV charger sales, the like-for-like growth for the stores in Norway is 3.4%. The footfall to physical stores increased compared to last year, but the hit rate and basket is lower. Hit rate is affected by the customers being more conservative in terms of their spending.

Online sales in Norway declined by 6.1% in Q3 2023 compared to last year. Excluding the EV charger sales, the growth is 4.7%

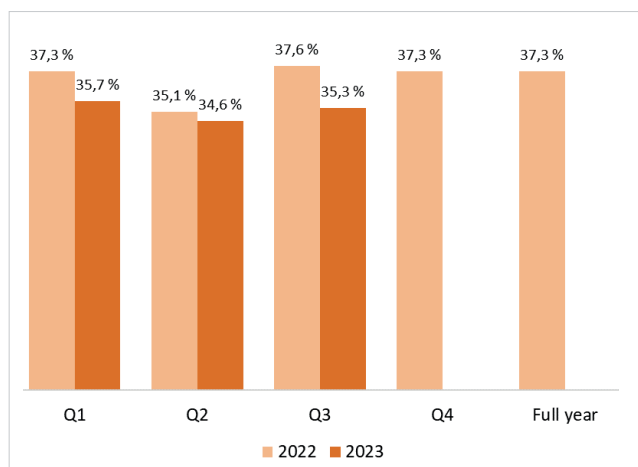
In Q3 2023 sales of EV chargers declined by NOK 23 million compared to last year with a reduction in sales both to B2B (NOK 14 million) and B2C (NOK 8 million). Easee launched an updated version of their EV charger in August, we have swapped our entire stock of the old version with this updated version. Both the availability of Easee and Zaptec is good, hence we have seen the sales of EV charges picking up again at the end of the quarter.

Sales of Spoton of NOK 8 million in the quarter, down NOK 1 million from last year. Other categories than EV charger sales are growing in Spoton.

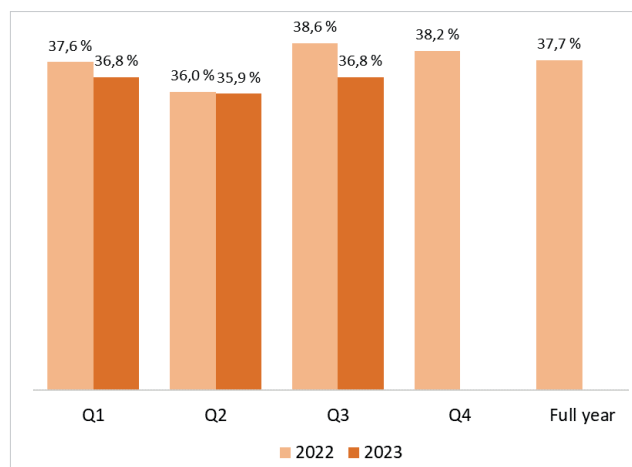
Revenue bridge Q3 2022 to Q3 2023



Gross margin (%)



Gross margin (%), Norway



Gross margin

Lower gross margin year on year is due to both lower margin in Norway and higher share of sales in Elbutik, with lower margin. We need to continue to work on category management and implementing Namron into the Swedish market and train our employees, so they can guide the sales to Namron products with higher product margin.

Gross margin in Norway in Q3 2023 is lower than last year due to lower product margin on Namron products, higher sales on B2B due to some project sales with low margin and aggressive campaigns.

Operating expenses in sales channels

Operating expenses in sales channels is in line with last year, even with general salary increase, index adjustment of rental costs and one new store in Sweden. We continue with a rigid cost control and will continue to look for further potential reductions.

Other operating expenses

Other operating costs increased by NOK 8 million, whereof NOK 7 million relates to the new store and organisation in Elbutik. In September we also see the cost reductions that were implemented in May coming through in terms of lower personnel cost (NOK 1 million).

EBITDA reported

EBITDA reported decreased by NOK 17 million due to lower gross margin and higher operating expenses.

Net financial expenses

Net financial expenses of NOK 11 million relate to net interest expenses of NOK 7 million, net other financial expenses of NOK 1 million, positive net FX effects of NOK 1 million and IFRS 16 expenses of NOK 5 million. Average interest rate is 7.7% in the quarter.

Liquidity and borrowings

During Q3 2023, Elektroimportøren AS paid NOK 11 million in dividend.

The revolving credit facility of NOK 120 million was utilised by NOK 17 million at the end of the quarter.

Excluding IFRS 16 effects, net interest-bearing debt was NOK 365 million at the end of the quarter, corresponding to 3.25x of the LTM EBITDA excluding IFRS16 effects (NOK 20 million) and including Easee adjustment of NOK 27 million. The NIBD/EBITDA (NGAAP) covenant should not be higher than 4.0 for Q3 2023.

Alternative Performance Measures, Norway

Amounts in NOK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenue	362	370	1010	1054	1517
Cost of goods sold	-229	-228	-641	-659	-945
Gross profit	133	143	369	395	572
Gross margin (%)	36,8 %	38,6 %	36,5 %	37,5 %	37,7 %
Operating expenses in sales channels	-65	-65	-167	-167	-232
Other operating expenses	-36	-34	-102	-93	-134
OPEX	-100	-99	-268	-260	-366
OPEX to sales margin (%)	-27,7 %	-26,6 %	-26,5 %	-24,7 %	-24,1 %
Adjusted EBITDA	33	44	101	134	206
Adjusted EBITDA margin (%)	9,0 %	12,0 %	10,0 %	12,7 %	13,6 %
Adjustments	0	0	0	-1	-1
EBITDA reported	33	44	101	133	204
EBITDA reported margin (%)	9,0 %	12,0 %	10,0 %	12,6 %	13,5 %
Depreciation	-24	-23	-71	-67	-89
Adjusted EBIT	9	22	30	67	117
Adjusted EBIT margin (%)	2,5 %	5,8 %	3,0 %	6,3 %	7,7 %
Adjustments	0	0	0	-1	-1
Amortisation intangible assets	0	0	-1	0	0
EBIT reported	9	22	30	65	116
EBIT reported margin (%)	2,5 %	5,8 %	3,0 %	6,2 %	7,6 %
Net financial expenses	-12	-7	-37	-24	-45
Profit before tax	-3	14	-7	42	70
Net income	-1	11	-5	33	55

Alternative Performance Measures, Sweden

Amounts in NOK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenue	39	28	99	70	108
Cost of goods sold	-30	-21	-77	-52	-74
Gross profit	8	7	22	18	34
Gross margin (%)	21,1 %	24,5 %	21,9 %	25,5 %	31,9 %
Operating expenses in sales channels	-4	-5	-8	-12	-26
Other operating expenses	-8	-1	-23	-2	-6
OPEX	-12	-6	-31	-15	-33
OPEX to sales margin (%)	-30,2 %	-22,6 %	-31,5 %	-20,7 %	-30,3 %
Adjusted EBITDA	-3	1	-10	3	2
Adjusted EBITDA margin (%)	-9,1 %	1,9 %	-9,6 %	4,7 %	1,5 %
Adjustments	-1	0	-1	0	0
EBITDA reported	-4	1	-11	3	2
EBITDA reported margin (%)	-11,7 %	1,9 %	-10,6 %	4,7 %	1,5 %
Depreciation	-2	-1	-5	-2	-3
Adjusted EBIT	-6	0	-15	2	-1
Adjusted EBIT margin (%)	-14,3 %	-1,5 %	-15,0 %	2,3 %	-1,1 %
Adjustments	-1	0	-1	0	0
Amortisation intangible assets	0	0	-1	0	-1
EBIT reported	-7	0	-17	2	-2
EBIT reported margin (%)	-16,9 %	-1,5 %	-17,0 %	2,3 %	-1,8 %
Net financial expenses	0	0	-1	0	-1
Profit before tax	-6	0	-18	1	-3
Net income	-6	0	-14	1	-5

Financial review Sweden

Total revenue in Sweden increased by 39% in Q3 2023 compared to Q3 2022, mainly driven by our new store with revenue of NOK 7 million in the quarter. Online store grew by NOK 4 million driven by better product availability. B2B sales in the quarter is NOK 4 million.

Gross margin of 21.1% is still significantly lower than for the Norwegian operations. With the new organization in place, we are in a better position to improve the category management and improve Namron product's share of business, thus improving the profitability.

Operating expenses increased by NOK 6 million and is driven by the new store and the new organization in the head office. NOK 1 million is related to the layoff of our Swedish managing director.

Note that there is a change of classification between operating expenses in sales channels and operating expenses from Q3 2022 to Q3 2023. The classification in Q3 2023 is in line with same department classification as in Norway.



Consolidated statement of profit and loss

Amounts in NOK million	Unaudited			Audited	
	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Revenue	401	398	1 109	1 124	1 626
Cost of goods sold	-259	-248	-719	-711	-1 019
Employee benefits expenses	-75	-71	-196	-181	-255
Depreciation and amortisation expenses	-26	-24	-76	-69	-92
Other operating expenses	-38	-34	-105	-95	-146
Total operating expenses	-398	-377	-1 096	-1 057	-1 512
Operating profit	2	21	14	67	114
Net financial income (+)/expenses (-)	-12	-7	-38	-24	-46
Profit before tax	-9	14	-24	43	67
Income tax expense	3	-3	6	-9	-15
Net profit (loss) for the period	-6	11	-19	34	52
Basic and diluted earnings per share (EPS)	-0,24	0,50	-0,70	1,56	2,41

Other comprehensive income

Amounts in NOK million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Profit for the period	-6	11	-19	34	52
Items that may be reclassified to profit or loss in subsequent period	0	0	0	0	0
Items that will not be reclassified to profit or loss in subsequent period	0	0	0	0	0
Other comprehensive income for the year, net of tax	0	0	0	0	0
Total comprehensive income for the period net of tax	-6	11	-19	34	52
Attributable to:					
Equity holders of the parent	-6	11	-19	34	52

Consolidated statement of financial position

Amounts in NOK million	Unaudited				Audited
	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Goodwill	432	395	432	395	432
Trademark and other intangible assets	22	7	22	7	22
Deferred tax asset	14	6	14	6	8
Total intangible assets	468	407	468	407	463
Property, plant and equipment	450	470	450	470	463
Inventories	410	310	410	310	319
Trade receivables	96	100	96	100	70
Other current assets	52	45	52	45	40
Cash and bank deposits	0	0	0	0	3
Total current assets	558	456	558	456	432
TOTAL ASSETS	1476	1334	1476	1 334	1 358
Total paid-in-equity	196	13	196	13	78
Retained earnings	223	300	223	300	253
Total Equity	419	313	419	313	331
Non current lease liabilities	356	364	356	364	306
Non current liabilities to financial institutions	295	335	295	335	295
Other non current liabilities	41	-2	41	-2	42
Total non current liabilities	692	697	692	697	643
Current lease liabilities	18	15	18	15	72
Liabilities to financial institutions	57	40	57	40	44
Trade creditors	196	141	196	141	154
Taxes payable	-7	27	-7	27	21
Dividends payable	0	0	0	0	0
Public duties payable	51	56	51	56	46
Other current liabilities	50	46	50	46	47
Total current liabilities	365	324	365	324	383
TOTAL EQUITY AND LIABILITIES	1476	1334	1476	1334	1358

Consolidated statement of cash flows

Amounts in NOK million	Unaudited			Audited	
	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Profit before income taxes	-9	14	-24	43	68
Taxes paid	0	12	-25	-14	-30
Depreciation and impairment	26	24	76	69	92
Interest	12	7	38	24	46
Change in inventory	-54	1	-91	-34	-55
Change in trade receivables	-17	-14	-26	-38	-6
Change in trade creditors	41	24	42	-13	4
Change in other current assets and liabilities	5	32	-4	-10	-16
Net cash flow from operations	3	100	-13	28	105
Cash flow from investments					
Purchase of fixed assets	-5	-5	-23	-20	-30
Acquisition of Elbutik	0	0	0	-153	-153
Net cash flow from investments	-5	-5	-23	-173	-183
Cash flow from financing					
Proceeds from long term borrowings	0	0	0	190	130
Increase in Equity	0	0	117	0	0
Change in liabilities to financial institutions	17	-45	13	0	21
Net interest paid	-8	-4	-27	-15	-22
Lease payments	-18	-16	-57	-47	-67
Dividend payment to shareholders	-11	-30	-11	-60	-60
Net cash flow from financing	-20	-95	36	69	2
Cash and cash equivalents at the beginning of the period	22	0	0	76	76
Net change in cash and cash equivalents	-22	0	-1	-76	-76
Cash and cash equivalents at the end of the period	0	0	-1	0	0

Consolidated statement of changes in equity

Amounts in MNOK	Paid in Equity	Other Equity			Total Equity
January 1st. 2022	13	261			274
Profit for January-September 2022	0	34			34
Increase in shares - market value acquisition of Elbutik	65	0			65
Approved dividend	0	-60			-60
Balance at 30 September 2022	78	235			313
Balance at 1st. January 2023	78	253			331
Profit for January-September 2023	0	-19			-19
Increase in Equity	117	0			117
Approved dividend	0	-11			-11
Balance at 30 September 2023	195	224			419

Events after the period and outlook

We believe that market conditions will stay challenging for the coming months. However, we see that footfall to our stores are increasing and we believe that our concept is attractive when consumers look for cost efficient ways to upgrade their homes. We see a good sales development in Sweden and as we now move into our largest sales quarter of the year, we are well prepared to handle the increase in demand.

At the end of September, we swapped the entire stock of the old Easee versions into the new Easee Charge Lite. We see that sales are picking up and decline versus last year is decreasing, however we are not able to reach last year volumes in the EV category.

In September our managing director in Sweden was laid off. For the time being our CEO will manage the Swedish operation. Next step in Sweden is to further improve our efficiency in logistics by moving into new warehouse facilities where we also have installed an Autostore system. This will be up and running from December this year.

Trading so far in October have been flat in Norway, but we continue to have good growth in Sweden. Product availability is good, and we are well positioned to handle the seasonal increase in demand in November. Cost control continues to be of high importance, and we will continue to look for further possibilities to reduce cost and increase our efficiency.

Oslo, 31st October 2023

The board of Elektroimportøren AS


Vegard Søråunet


Eja Tuominen


Gaute Gillebo


Kjetil Garstad


Kjersti Helen Krokeide Hobøl

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 30th September 2023.

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 Q3 2023 report have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 liabilities assumed in a business combination.

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 2022.

Note 4 Liabilities to financial institutions

Elektroimportøren have a revolving credit facility with NOK 120 million and a facility to support expansion in Sweden of NOK 60 million.

Liabilities to financial institutions is NOK 335 million as of Q3 2023 (the facility to support expansion in Sweden has not been used).

The yearly instalments are NOK 40 million due at 31st December every year. The facilities have a maturity of three years from 3rd March 2022 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	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	FY 2022
Number of ordinary shares	26 782 200	21 582 200	26 782 200	21 582 200	21 582 200
Net profit	-6	11	-19	34	52
Earnings per share	- 0,24	0,50	- 0,70	1,56	2,41

Note 7 Fixed assets and intangible assets

(amounts in NOK 1000)	Right of use asset	PPE	Other intangibles	Goodwill
Balance 30.06.22	320 486	152 611	6 530	395 154
Additions, disposals and adjustments	16 037	4 929		
Depreciation and amortization	-16 268	-7 541	99	0
Balance 30.09.22	320 255	149 999	6 629	395 154

(amounts in NOK 1000)	Right of use asset	PPE	Other intangibles	Goodwill
Balance 30.06.23	337 658	135 817	22 415	432 168
Additions, disposals and adjustments		5 424		
Depreciation and amortization	19 934	-8 820		
Balance 30.09.23	317 724	132 421	22 415	432 168

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 income is profit (loss) for the period.

Elektroimportøren AS

Quarterly report Q3 2023

