Elektroimportøren AS

Quarterly report Q4 2023

To our shareholders

2023 have been a challenging year for us. Throughout the year, market conditions have remained tough across the industry, and the extraordinary drop in EV charger sales hit us so abruptly we did not fully manage to compensate for the sales decline that followed.

Despite a soft demand environment, we managed to maintain revenues relatively stable on a full-year basis.

Our core business in Norway has shown great resilience towards the more challenging market conditions. All of our 27 stores in Norway contributed positively to our bottom line, which shows us that our concept stands strong both with consumers and professional customers, also in times where most customers are more cautious with their spending.

The double-digit market decline in Sweden made it difficult to attract customers to a new concept, and both sales and gross margins were lower than expected. We have implemented our planned operational changes to the business, and we continue to develop our B2B offering in Sweden alongside increased efforts in category management, marketing and online sales operations. In December, we moved our Swedish head office and warehouse to new facilities and successfully implemented Autostore.

The fourth quarter started off well, with sales growth in both our Norwegian and Swedish operations. We had a good execution of black week campaigns, but growth slowed down toward the end of the quarter with sales below last year in December both in Norway and Sweden.

Gross profits were hard to defend during the quarter. Higher share of lower margin sales in B2B and Sweden, combined with tougher campaign pricing resulted in a margin decline for the quarter. We have however managed to keep B2C margins in Norway at the same level as last year.

On category level, EV chargers still shows a decline versus last year. Orders for solar in Q4 is partly compensating for the EV charger decline, but a significant share of solar orders will not be delivered and invoiced until beginning of Q2 2024.

The softer market experienced in 2023 has continued into 2024, as the housing market continues to be at low levels. Both new housing projects and real estate transactions are at a 25-year low in Norway.

In a longer-term perspective, market fundamentals remain strong, and structural trends such as digitalisation, increasing energy prices, climate change and new EU regulations for energy efficiency are expected to support demand growth moving forward.

Our new warehouse in Sweden, further development of the SpotOn concept and an expanded product range are examples of initiatives to position ourselves for a future market recovery. In parallel, we have launched several initiatives to reduce our cost base.

As we move into 2024, we will maintain a rigid cost control and balance sheet focus, and make sure that when market conditions improve, we are the preferred supplier for both consumers and professional customers.

Looking forward, we will remain dedicated to delivering the best products and solutions to all our customers. I would like to give my greatest thanks to our employees for their passionate and hard work.

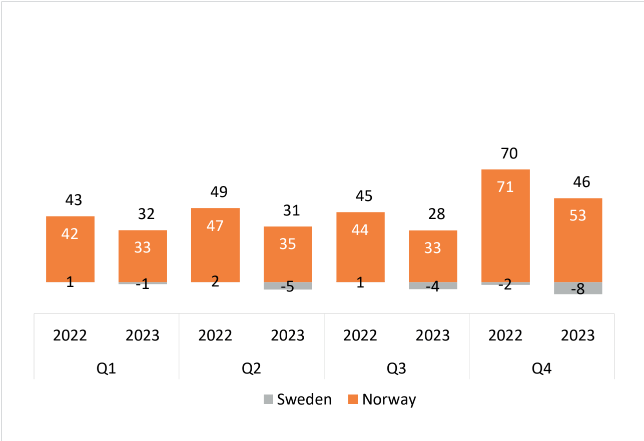
Yours sincerely
Andreas Niss, CEO Elektroimportøren

Summary of key financials in Q4

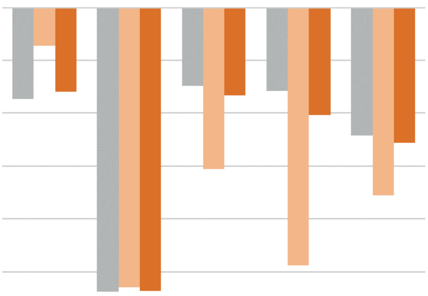
- Total revenue in Q4 was NOK 495 million, down 1.4% from NOK 502 million last year:
  - Like-for-like sales declined by 4.1%
  - Revenue excluding EV chargers: NOK 461 million, up from NOK 455 million
  - B2B sales increased by 3.5% year-over-year, primarily driven by solar
  - B2C sales decreased by 5.5%
- Gross margin in Q4 was 32.8%, down from 37.3% last year:
  - Decline driven by campaign pressure, FX effects, inventory counting and provisions, as well as mix effects from Sweden and B2B share of sales
  - Adjusted for inventory counting and provisions, FX and mix effects, gross margin would be 37.9 per cent in Norway
- Reported EBITDA in Q4 was NOK 46 million, down from NOK 70 million last year. EBITDA margin: 9.2%, down from 13.9% last year

Revenue (NOK million)

Reported EBITDA (NOK million)

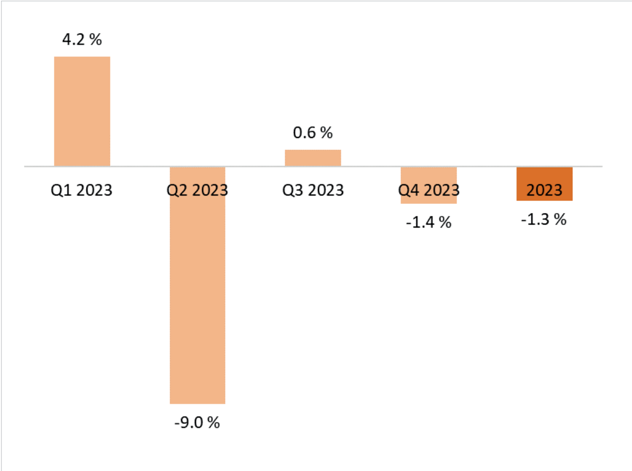


Like for Like growth %

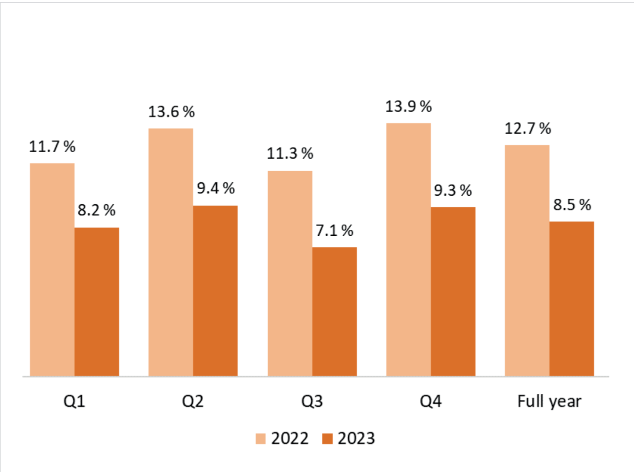


	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Store	-3.5 %	-10.8 %	-3.0 %	-3.2 %	-4.8 %
Online	-1.4 %	-10.6 %	-6.1 %	-9.7 %	-7.1 %
Total like-for-like	-3.2 %	-10.7 %	-3.3 %	-4.1 %	-5.1 %

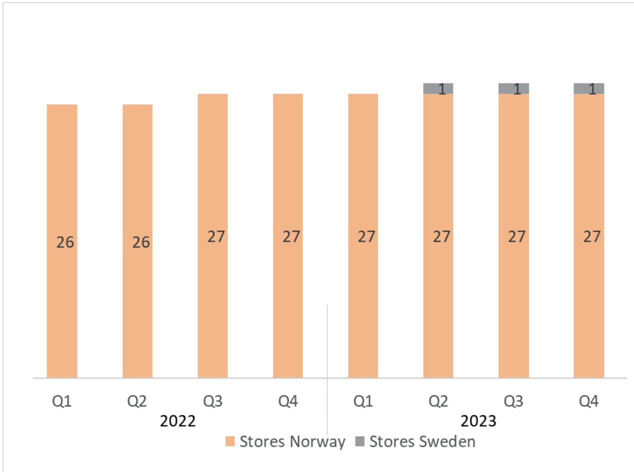
Revenue growth (YOY)



Reported EBITDA margin (%)



# of physical stores



Alternative performance measure Q4 2023 – Group

Amounts in NOK million	**Q4 2023**	**Q4 2022**	**FY 2023**	**FY 2022**
Revenue	**495**	502	**1604**	**1626**
Cost of goods sold	**-332**	-315	**-1051**	**-1019**
Gross profit	**162**	187	**553**	**607**
Gross margin (%)	***32.8 %***	*37.3 %*	***34.5 %***	***37.3 %***
Operating expenses in sales channels	**-68**	-74	**-242**	**-257**
Other operating expenses	**-49**	-44	**-174**	**-143**
OPEX	**-117**	-118	**-416**	**-400**
OPEX to sales margin (%)	***-23.6 %***	*-23.5 %*	***-25.9 %***	***-24.6 %***
Adjusted EBITDA	**46**	70	**137**	**207**
Adjusted EBITDA margin (%)	***9.2 %***	*13.9 %*	***8.5 %***	***12.7 %***
Adjustments	**0**	0	**-1**	**-1**
EBITDA reported	**46**	70	**136**	**206**
EBITDA reported margin (%)	***9.2 %***	*13.9 %*	***8.5 %***	***12.7 %***
Depreciation	**-19**	-22	**-95**	**-91**
Adjusted EBIT	**26**	48	**42**	**116**
Adjusted EBIT margin (%)	***5.3 %***	*9.5 %*	***2.6 %***	***7.1 %***
Adjustments	**0**	0	**-1**	**-1**
Amortisation intangible assets	**0**	-1	**-1**	**-1**
EBIT reported	**26**	47	**40**	**114**
EBIT reported margin (%)	***5.2 %***	*9.3 %*	***2.5 %***	***7.0 %***
Net financial expenses	**-18**	-22	**-53**	**-46**
Profit before tax	**8**	24	**-14**	**67**
Net income	**7**	18	**-12**	**50**
Liabilities to financial institutions	**-298**	-339	**-298**	**-339**
Leasing liabilities	**-411**	-378	**-411**	**-378**
Cash/Overdraft facility	**0**	3	**0**	**3**
Net interest bearing debt incl. IFRS	**-709**	-714	**-709**	**-714**
Net interest bearing debt excl. IFRS	**-310**	-351	**-310**	**-351**

Financials

Financial review Q4 2023 - Group

Revenues

Total sales in the fourth quarter were NOK 495 million, corresponding to a decline of 1.4 per cent compared to last year.

The decline was mainly driven by the EV charger product category and was partly offset by increased contribution from Elbutik and Solar.

On a like-for-like basis, stores in Norway had a decline of 3.2 per cent in the quarter. The main reason for this negative development is the reduction seen in the EV charger product category. The availability of both Easee and Zaptec have been good in the period, but the demand is reduced by 25-30 per cent compared to last year. However, this is an improvement from the last two quarters, where the reduction compared to last year have been approximately 50 per cent. Excluding the EV charger sales, the like-for-like decline for the stores in Norway was 0.4 per cent.

The number of visits to physical stores in Norway was flat 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.

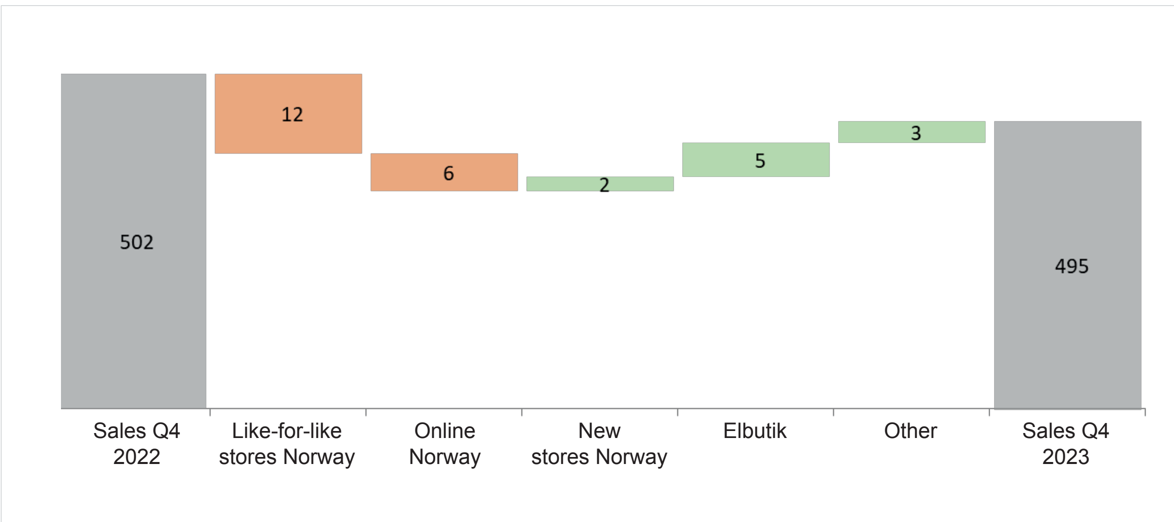
Online revenue in Norway declined by 9.7 per cent in Q4 2023 compared to last year. Excluding the EV charger sales, the decline is 7.3 per cent.

Revenue of Spoton of NOK 11 million in the quarter, same as last year.

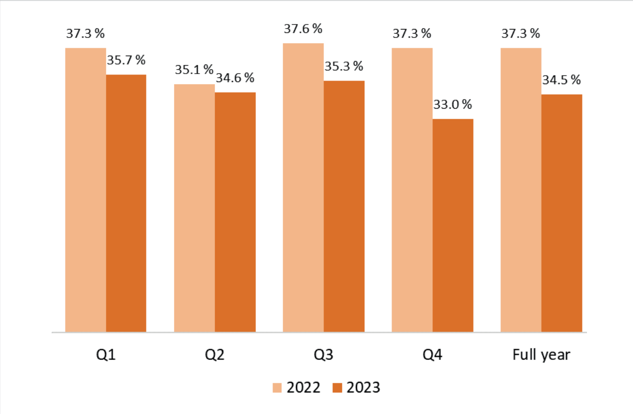
Revenue from solar was NOK 10 million in Q4 2023.

The store in Elbutik contributed with NOK 8 million in the quarter, while online sales in Elbutik was NOK 3 million lower compared to last year.

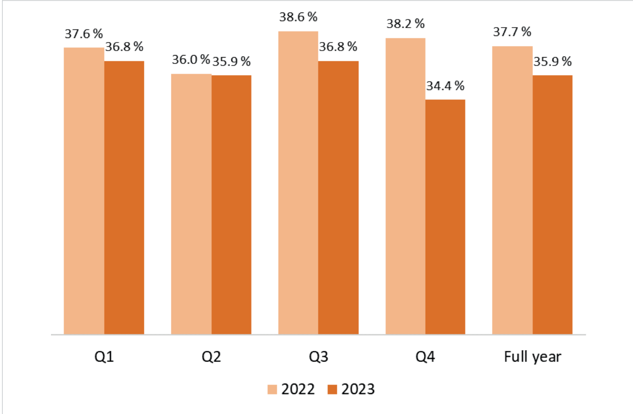
Revenue bridge Q4 2022 to Q4 2023



Gross margin (%)



Gross margin (%), Norway



Gross margin

Gross profit for the quarter was NOK 162 million, down from NOK 187 million in 2022. This translated into a gross margin of 32.8 per cent, compared with 37.3 per cent in the same period of 2022.

The gross profit in Q4 2023 was impacted by inventory counting and provisions of NOK 7 million (NOK 5 million in Norway and NOK 2 million in Sweden). Adjusted for these effects, gross margin is 34.2 per cent for the group, 35.4 per cent in Norway and 20.8 per cent in Sweden.

The margin decline is driven by a higher share of sales from Elbutik, which has a significantly lower margin at 16.1 per cent.

In Norway, the gross margin was 34.4 per cent (38.2 per cent). Increased share of B2B sales with lower margin compared to sales B2C (1.0 per cent), exchange rate effects on Namron products (1.5 per cent) and inventory counting and provisions (1.0 per cent) had a negative effect on the gross margin. Adjusted for the effects above, gross margin in Norway would be 37.9 per cent Q4 2023.

Operating expenses in sales channels

Operating expenses in sales channels are reduced compared to last year, even with general salary increase, inflation adjustment of costs and one new store in Sweden. The group maintains a rigid cost control and has implemented new cost reductions in November in Norway with a full year effect of NOK 13 million, which will take effect from January 2024.

Other operating expenses

Other operating costs increased by NOK 5 million in the quarter due to the new store and organisation in Elbutik compared to last year. In Norway the other operating expenses is reduced because of the cost reduction in May coming through in terms of lower personnel cost.

EBITDA reported

EBITDA for the quarter was NOK 46 million, down from NOK 70 million last year. EBITDA reported decreased by NOK 24 million due to lower sales and gross margin.

Net financial expenses

Net financial expenses of NOK 18 million relate to net interest expenses of NOK 9 million, fair value movement of derivatives of NOK 5 million, net other financial expenses of NOK 2 million and IFRS 16 expenses of NOK 2 million. Average interest rate is 8.3 per cent in the quarter.

Liquidity and borrowings

The revolving credit facility of NOK 120 million was utilised by NOK 3 million at the end of the quarter.

Excluding IFRS 16 effects, net interest-bearing debt was NOK 310 million at the end of the quarter, corresponding to 3.7x of the LTM EBITDA. The LTM EBITDA covenant measure consist of Group EBITDA (NOK 136 million) adjusted for IFRS16 effects (NOK 80 million) and Easee adjustment (NOK 27 million). The NIBD/EBITDA (NGAAP) covenant should not be higher than 4.0 for Q4 2023. Q1 2024 is the last quarter with the Easee covenant adjustment.

Alternative Performance Measures, Norway

Amounts in NOK million	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	451	464	1462	1517
Cost of goods sold	-296	-286	-937	-945
Gross profit	155	177	524	572
Gross margin (%)	*34.4 %*	*38.2 %*	*35.9 %*	*37.7 %*
Operating expenses in sales channels	-63	-65	-229	-232
Other operating expenses	-39	-41	-141	-134
OPEX	-102	-106	-370	-366
OPEX to sales margin (%)	*-22.6 %*	*-22.8 %*	*-25.3 %*	*-24.1 %*
Adjusted EBITDA	53	71	154	206
Adjusted EBITDA margin (%)	*11.8 %*	*15.4 %*	*10.5 %*	*13.6 %*
Adjustments	0	0	0	-1
EBITDA reported	53	71	154	204
EBITDA reported margin (%)	*11.8 %*	*15.4 %*	*10.5 %*	*13.5 %*
Depreciation	-18	-21	-88	-89
Adjusted EBIT	35	51	66	117
Adjusted EBIT margin (%)	*7.9 %*	*10.9 %*	*4.5 %*	*7.7 %*
Adjustments	0	0	0	-1
Amortisation intangible assets	0	0	0	0
EBIT reported	35	50	66	116
EBIT reported margin (%)	*7.8 %*	*10.9 %*	*4.5 %*	*7.6 %*
Net financial expenses	-15	-21	-52	-45
Profit before tax	20	29	14	70
Net income	16	24	11	55

Financial review Sweden

Total revenue in Sweden increased by 14 per cent in Q4 2023 compared to Q4 2022. The increase was driven by revenue of NOK 8 million from the new store. Online sales declined by NOK 3 million. B2B sales in the quarter is NOK 5 million.

Gross margin of 16.1 per cent is significantly lower than for the Norwegian operations. Higher purchase prices and more aggressive campaigns in Black Week are the main reason for lower margin. In addition, inventory counting had a negative effect on the gross margin in Q4 2023 (4.6 per cent) as part of moving into a new automated warehouse.

Operating expenses increased by NOK 3 million compared to last year and is driven by the new store and the new organization in the head office.

Note that there is a change of classification between operating expenses in sales channels and operating expenses from Q4 2022 to Q4 2023. The classification in Q4 2023 is in line with same department classification as in Norway.

Alternative Performance Measures, Sweden

Amounts in NOK million	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenue	43	38	142	108
Cost of goods sold	-36	-28	-114	-74
Gross profit	7	10	29	34
Gross margin (%)	*16.1 %*	*26.0 %*	*20.2 %*	*31.9 %*
Operating expenses in sales channels	-5	-9	-13	-26
Other operating expenses	-10	-3	-33	-6
OPEX	-15	-12	-46	-33
OPEX to sales margin (%)	*-33.9 %*	*-30.9 %*	*-32.3 %*	*-30.3 %*
Adjusted EBITDA	-8	-2	-17	2
Adjusted EBITDA margin (%)	*-17.8 %*	*-4.9 %*	*-12.1 %*	*1.5 %*
Adjustments	0	0	-1	0
EBITDA reported	-8	-2	-18	2
EBITDA reported margin (%)	*-17.8 %*	*-4.9 %*	*-12.8 %*	*1.5 %*
Depreciation	-2	-1	-7	-3
Adjusted EBIT	-9	-3	-24	-1
Adjusted EBIT margin (%)	*-21.8 %*	*-7.8 %*	*-17.0 %*	*-1.1 %*
Adjustments	0	0	-1	0
Amortisation intangible assets	0	-1	-1	-1
EBIT reported	-9	-4	-26	-2
EBIT reported margin (%)	*-21.8 %*	*-9.8 %*	*-18.4 %*	*-1.8 %*
Net financial expenses	-2	-1	-1	-1
Profit before tax	-12	-5	-27	-3
Net income	-9	-6	-23	-5

Events after the period and outlook

Market conditions have remained challenging at the beginning of 2024 due to low consumer spending and reduced demand. Both new housing projects and real estate transactions are at a 25-year low in Norway, and we expect this weak demand environment to continue for the coming months. Despite these challenges, there is some positive news as the number of store visits has slightly increased compared to last year. Additionally, our concept of providing cost-efficient ways to upgrade homes has proven attractive to consumers. Despite the current challenges, we are confident in our ability to navigate these difficult market conditions and position ourselves for future success.

Although 2023 saw a significant drop in EV charger sales, we anticipate sales to gradually recover after Q1 2024 and follow a more normal trajectory moving forward. We have normalised stock levels of EV chargers by the end of 2023, eliminating the risk of bad stock related to Easee.

Looking at the bigger picture, we believe market fundamentals remain strong long-term. Factors such as digitalisation, increasing energy prices, actions against climate change, and new EU regulations for energy efficiency are expected to drive demand growth in the future.

We have taken various initiatives to position our group for a future market recovery, such as opening a new warehouse in Sweden, further developing SpotOn, and expanding our product range. Additionally, we have implemented cost reduction measures, including relocation of our head office and central logistics facilities in Sweden as well as personnel cost reductions in Norway.

Elektroimportøren announced in January 2024 that, as a consequence of the prevailing market conditions and outlook, the group had initiated a dialogue with DNB in order to obtain waivers from existing covenants or, alternatively, to refinance existing facilities as the current financing and loan agreement is due to end of March 2025.

Please refer to a separate stock exchange announcement issued on Newsweb today for updated information about the contemplated private placement and refinancing process.

Elektroimportøren maintains a rigid cost control and balance sheet focus and remains committed to being the preferred supplier for both consumers and professional customers also when market conditions improve.

Oslo, 14th February 2024
The board of Elektroimportøren AS

Vegard Søraunet

Vegard Søraunet

Eja Tuominen

Gaute Gillebo

Kjetil Garstad

Kjersti Helen Krokeide Hobøl

Consolidated statement of profit and loss

		Unaudited			Audited
Amounts in NOK million	*Note*	**Q4 2023**	**Q4 2022**	**FY 2023**	**FY 2022**
Revenue		**495**	*502*	**1604**	*1 626*
Cost of goods sold		**-332**	*-315*	**-1051**	*-1 019*
Employee benefits expenses		**-77**	*-74*	**-272**	*-255*
Depreciation and amortisation expenses	7	**-19**	*-23*	**-95**	*-92*
Other operating expenses		**-40**	*-43*	**-145**	*-146*
Total operating expenses		**-468**	*-455*	**-1563**	***-1 512***
Operating profit		**27**	*47*	**41**	***114***
Net financial income (+)/expenses (-)		**-18**	*-23*	**-56**	*-46*
Profit before tax		**9**	*25*	**-15**	***67***
Income tax expense		**-2**	*-7*	**3**	*-15*
Net profit (loss) for the period		**7**	*18*	**-12**	***52***
Basic and diluted earnings per share (EPS)		**0,26**	*0,82*	**-0,44**	***2,41***

Other comprehensive income

Amounts in NOK million	*Note*	**Q4 2023**	**Q4 2022**	**FY 2023**	**FY 2022**
Profit for the period		**7**	***18***	**-12**	***52***
Items that may be reclassified to profit or loss in subsequent periods		**0**	*0*	**0**	*0*
Items that will not be reclassified to profit or loss in subsequent periods		**0**	*0*	**0**	*0*
Other comprenhensive income for the year, net of tax		**0**	*0*	**0**	*0*
Total comprehensive income for the period net of tax		**7**	**18**	**-12**	**52**
Attributable to:					
Non-controlling interests		**0**	***0***	**0**	***0***
Equity holders of the parent		**7**	***18***	**-11**	***52***

Consolidated statement of financial position

Amounts in NOK million	Note	Unaudited FY 2023	Audited FY 2022
Goodwill	7	**432**	*432*
Trademark and other intangible assets	7	**21**	*22*
Deferred tax asset		**16**	*8*
Total intangible assets		**469**	***463***
Property, plant and equipment	**7**	**497**	***463***
Inventories		**357**	*319*
Trade receivables		**66**	*70*
Other current assets		**23**	*40*
Cash and bank deposits		**0**	*3*
Total current assets		**446**	***432***
TOTAL ASSETS		**1412**	***1 358***
Total paid-in-equity		**196**	*78*
Retained earnings		**234**	*253*
Total Equity		**429**	***331***
Non current lease liabilities		**340**	*306*
Non current liabilities to financial institutions	4	**255**	*295*
Other non current liabilities		**43**	*42*
Total non current liabilities		**638**	***643***
Current lease liabilities		**72**	*72*
Liabilitites to financial institutions	4	**43**	*44*
Trade creditors		**126**	*154*
Taxes payable		**3**	*21*
Dividends payable		**0**	*0*
Public duties payable		**55**	*46*
Other current liabilities		**47**	*47*
Total current liabilities		**345**	***383***
TOTAL EQUITY AND LIABILITIES		**1412**	***1358***

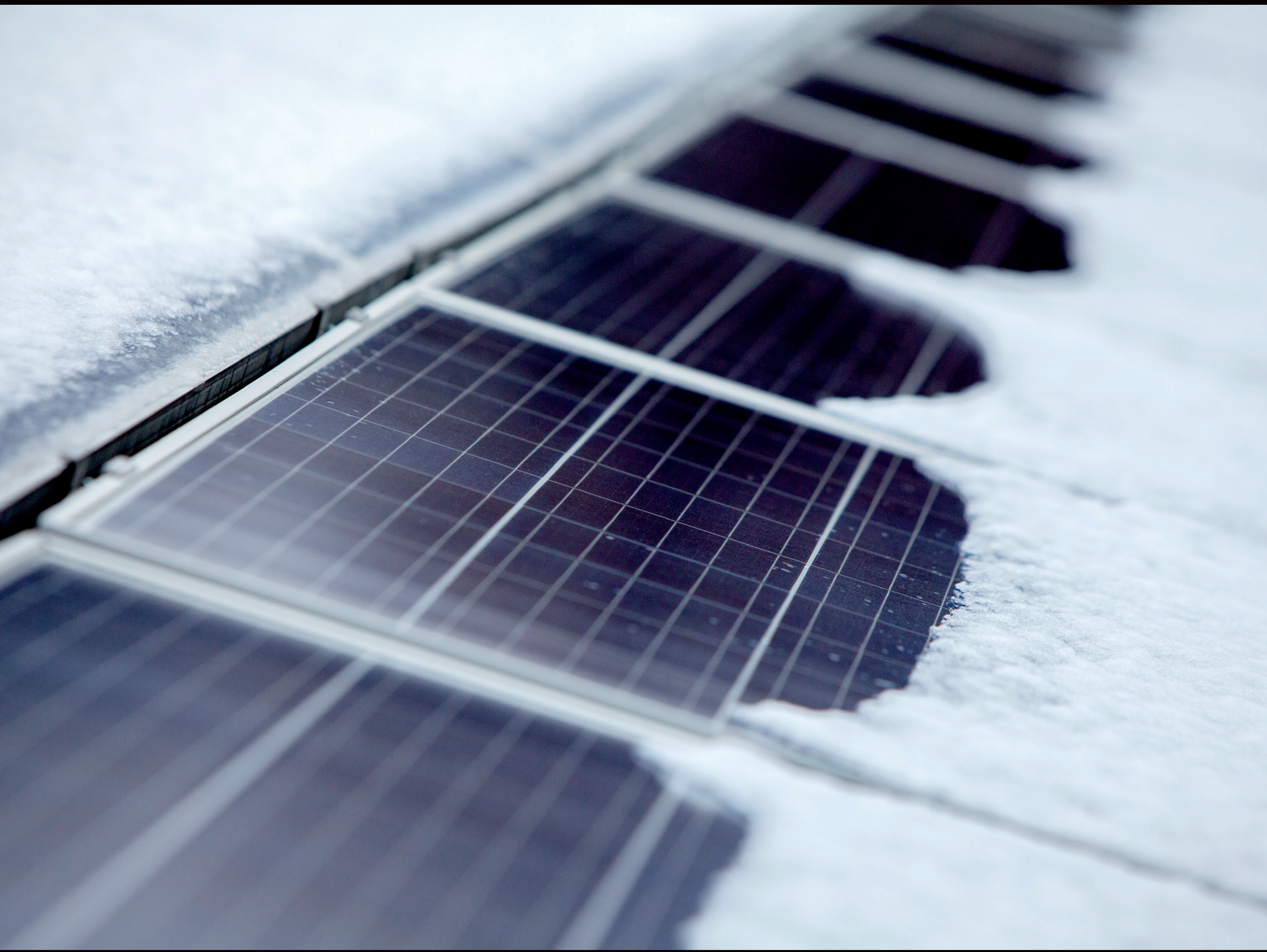
Consolidated statement of cash flows

		Unaudited			Audited
Amounts in NOK million	*Note*	**Q4 2023**	**Q4 2022**	**FY 2023**	**FY 2022**
Profit before income taxes		**9**	*25*	**-15**	*67*
Taxes paid		**5**	*-14*	**-18**	*-28*
Depreciation and impairment	7	**19**	*23*	**95**	*89*
Interest		**18**	*23*	**56**	*47*
Change in inventory		**53**	*-21*	**-37**	*-38*
Change in trade receivables		**30**	*32*	**4**	*-7*
Change in trade creditors		**-70**	*17*	**-27**	*-5*
Change in other current assets and liabilities		**31**	*-8*	**23**	*-11*
Net cash flow from operations		**95**	***76***	**80**	***114***
Cash flow from investments					
Purchase of fixed assets		**-7**	*-8*	**-17**	*-35*
Acquisition of Elbutik		**0**	*0*	**-4**	*-153*
Net cash flow from investments		**-7**	***-8***	**-21**	***-188***
Cash flow from financing					
Repayment of long-term borrowings	4	**-40**	*-40*	**-40**	*150*
Change in liabilities to financial institutions	4	**-14**	*0*	**-12**	*0*
Proceeds from issue of shares		**0**	*0*	**117**	*0*
Change in non-controlling interest share purchase		**3**	*0*	**3**	*0*
Net interest paid		**-16**	*-8*	**-37**	*-27*
Lease payments		**-21**	*-20*	**-82**	*-62*
Dividends paid to equity holders of the parent		**0**	*0*	**-11**	*-60*
Net cash flow from financing		**-88**	***-68***	**-62**	***1***
Cash and cash equivalents at the beginning of the period		**0**	***0***	**3**	***76***
Net change in cash and cash equivalents		**0**	***0***	**-3**	***-74***
Cash and cash equivalents at the end of the period		**0**	***0***	**0**	***3***

Consolidated statement of changes in equity

Amounts in MNOK	*Note*	Paid in Equity	Other Equity	Total majority shares	Non-controlling interests	Total Equity
January 1st. 2022		13	*261*	274	0	***274***
Profit for January-December 2022		0	*52*	52	0	***52***
Increase in shares - market value acquisition of Elbutik		65	*0*	65	0	***65***
Approved dividend		0	*-60*	-60	0	***-60***
Balance at 31 December 2022		**78**	***253***	***331***	***0***	***331***
Balance at 1st. January 2023		78	*253*	331	0	*331*
Profit for January-December 2023		0	*-11*	-11	0	*-12*
Increase in Equity		117	*0*	117	0	*117*
Approved dividend		0	*-11*	-11	0	*-11*
Change in non-controlling interest share purchase		0	*1*	1	2	*3*
Balance at 31 December 2023		**195**	**232**	**427**	**2**	429

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 31st December 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 Q4 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 has a revolving credit facility of NOK 120 million.

Liabilities to financial institutions are NOK 295 million as of Q4 2023.

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	Q4 2023	Q4 2022	FY 2023	FY 2022
Number of ordinary shares	26 782 200	21 582 200	26 782 200	21 582 200
Net profit	7	18	-12	52
Earnings per share	**0.26**	**0.82**	**-0.44**	**2.41**

Note 7 Fixed assets and intangible assets

(amounts in NOK 1000)	Right of use asset	PPE	Other intangibles	Goodwill
Balance 30.09.22	329 080	130 345	22 556	432 168
Additions, disposals and adjustments	17 395	9 590	0	0
Depreciation and amortization	-15 028	-8 268	-141	0
Balance 31.12.22	**331 447**	**131 667**	**22 415**	**432 168**

(amounts in NOK 1000)	Right of use asset	PPE	Other intangibles	Goodwill
Balance 30.09.23	317 724	132 421	21 210	432 168
Additions, disposals and adjustments	55 289	7 528	0	0
Depreciation and amortization	-9 938	-7 887	-253	0
Foreign exchange	844	600	0	0
Balance 31.12.23	**363 920**	**132 662**	**20 957**	**432 168**

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 income is profit (loss) for the period.

Elektroimportøren AS

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