



SEB Nordic Seminar 2023

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The Nordic online-first consumer electronics champion

- Proven scalability with superior cost positions
- Lower risk through multi-segment business model
- Attractive synergy potential and strengthened competitive position as a result of strategic combination with NetOnNet
- Private placement completed and new long-term credit facilities in place
- Well-positioned in large, structurally growing and attractive markets

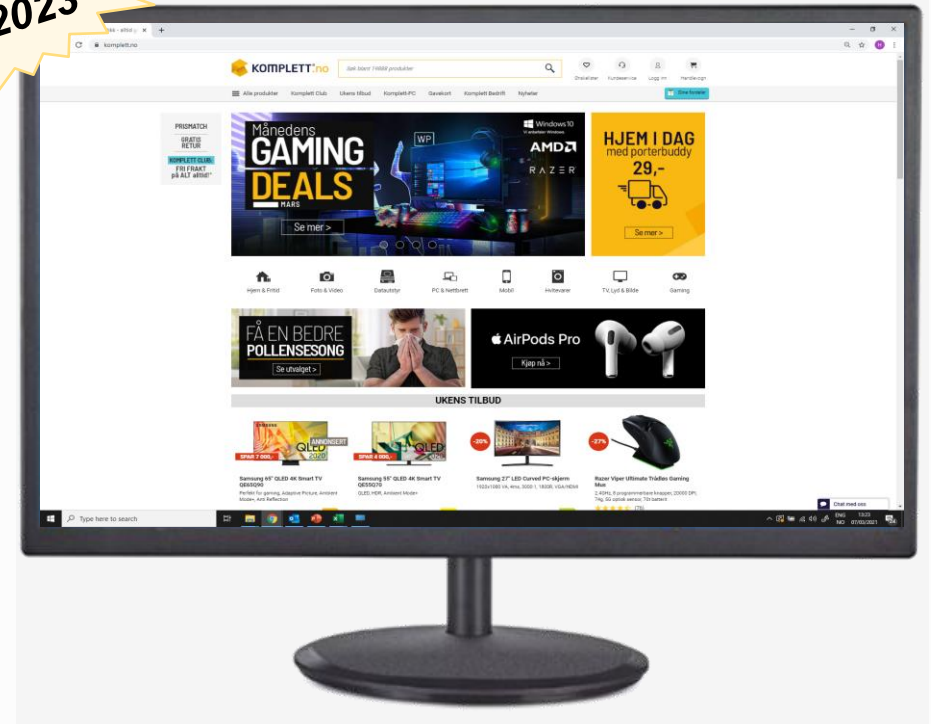


A true e-commerce pioneer

1996



2023



Established in 1996 –
100% e-com DNA

Continuously at the forefront of
online retail, developing the
e-com industry in the Nordics

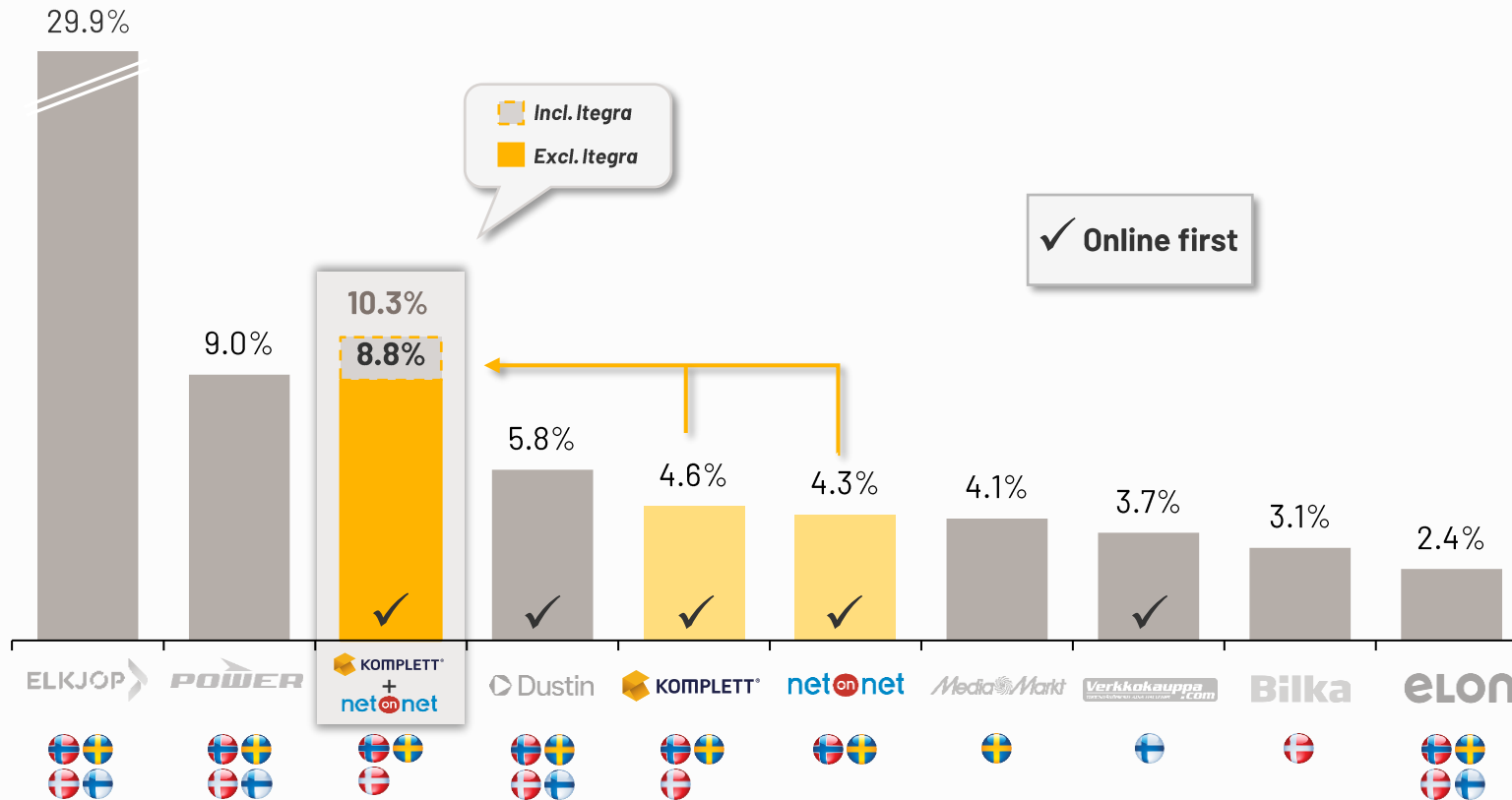
No brick-and-mortar
heritage

Market share doubled after strategic combination with NetOnNet

Significant benefits expected from combining sourcing

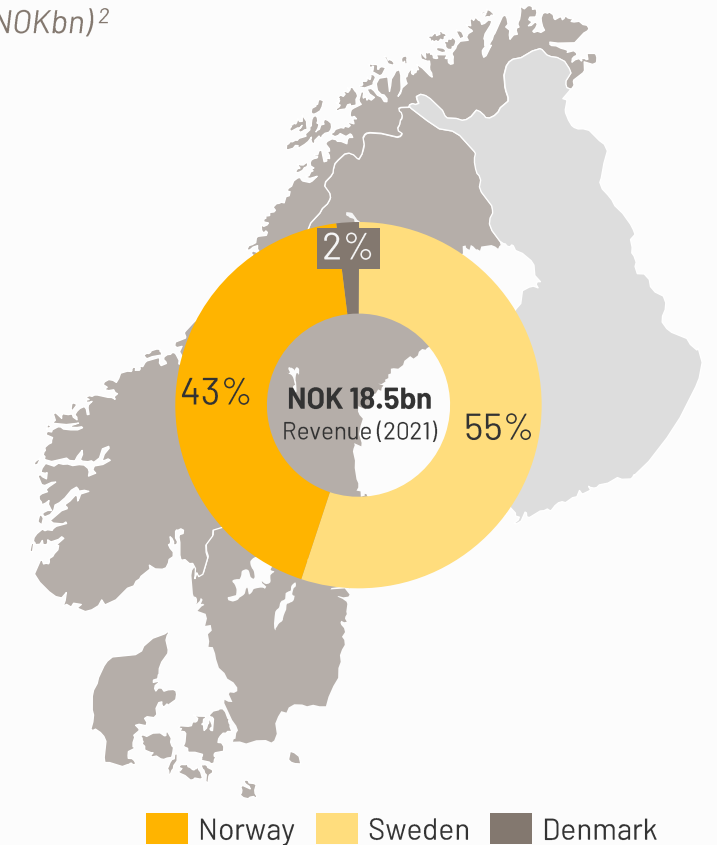
The largest online-first electronics retailer in the Nordic area

Electronics and appliance market share (Nordics)(2020)¹



Significantly expanded footprint in Sweden

Revenue (2021, NOKbn)²



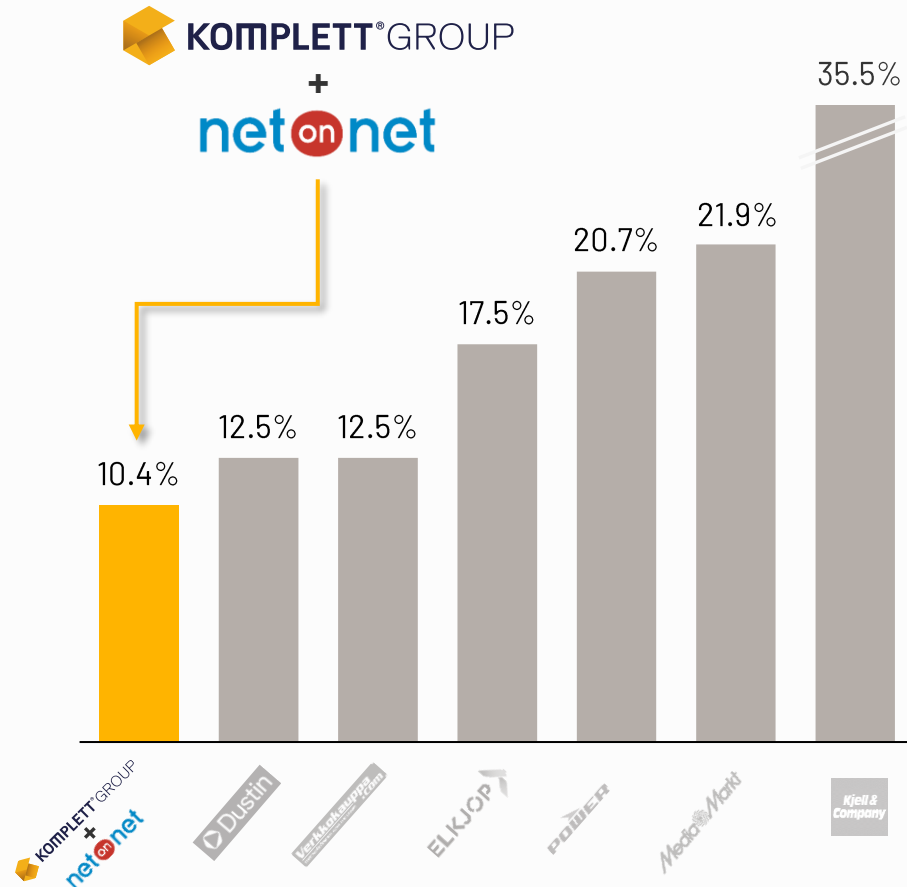
¹Based on reported B2C and B2B segment revenue for the companies as a share of the estimated total applicable market. Also including certain non-electronics categories (e.g. kitchen solutions)

²Based on unaudited figures and with a SEK/NOK exchange rate of 1.0. Preliminary aggregated financials may differ from final combined pro forma figures i.a. due to potential differences in accounting policies

Proven scalability with superior cost positions

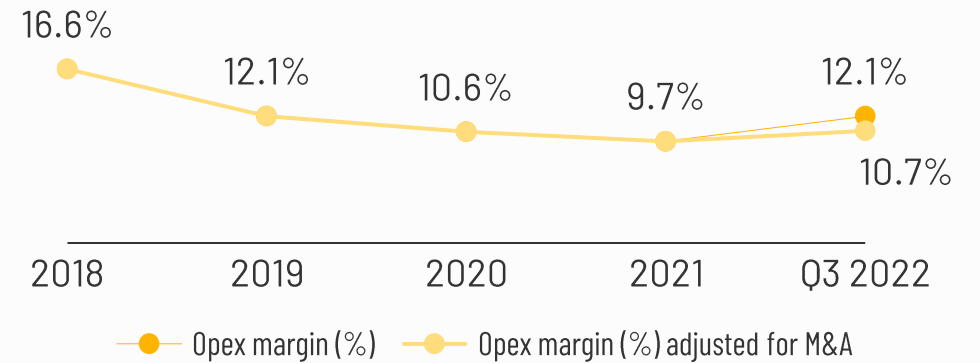
Superior cost positions

Operating expenses % of revenue ¹



Scalable business model throughout the market cycle

Operating cost percentage including depreciation and excluding one-offs

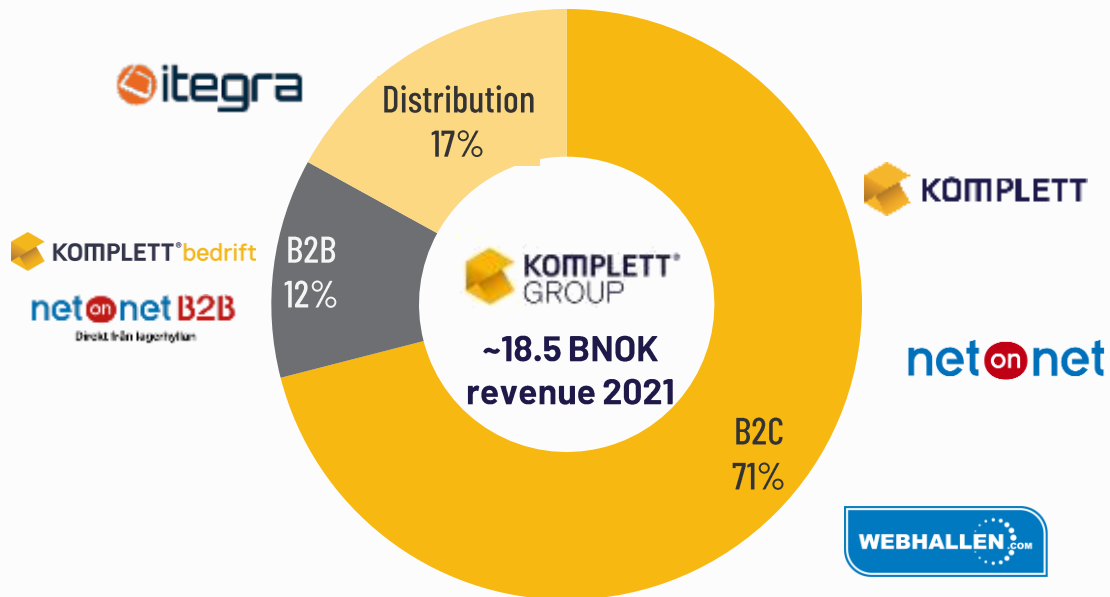


Measures taken to sustain cost leadership position

- Successful reduction in net working capital from factoring
- Flexible cost structure allows for postponing and reducing capex investments
- Cost synergies from NetOnNet combination expected at NOK >200m p.a.
- Cost initiatives with gross impact of SEK 70-90 million launched in NetOnNet with effect from 2023

Lower risk through multi-segment business model

Three different business units addressing differing customer needs



A combination that creates clear synergies



Lower COGS



Lower risk through multi-segment exposure



Great access to producers / products



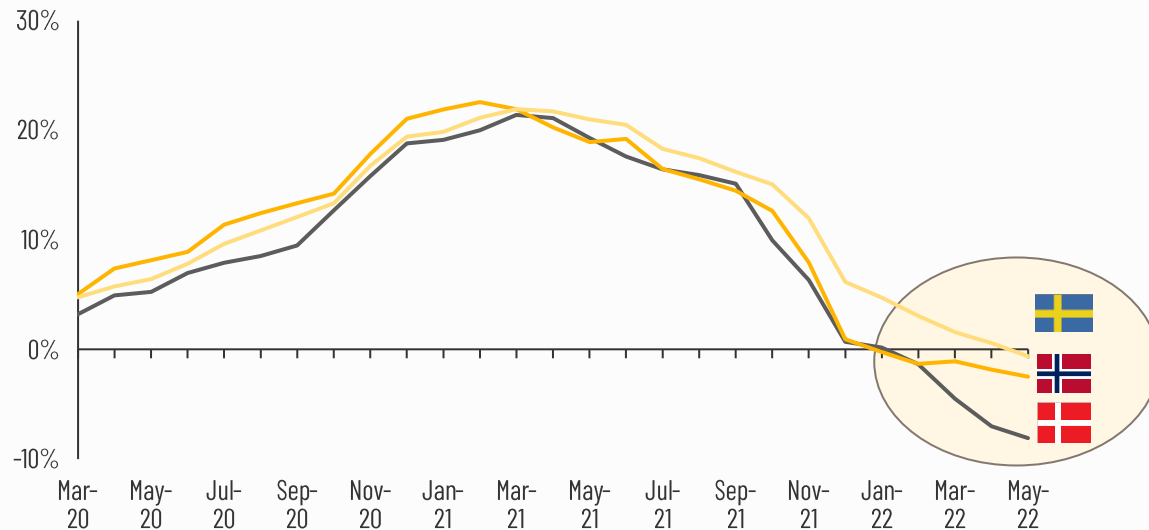
Shared infrastructure with overlapping SKUs and reduced operating cost percentage

Period of historic growth followed by challenging market conditions – driven by a shift back from goods to services...

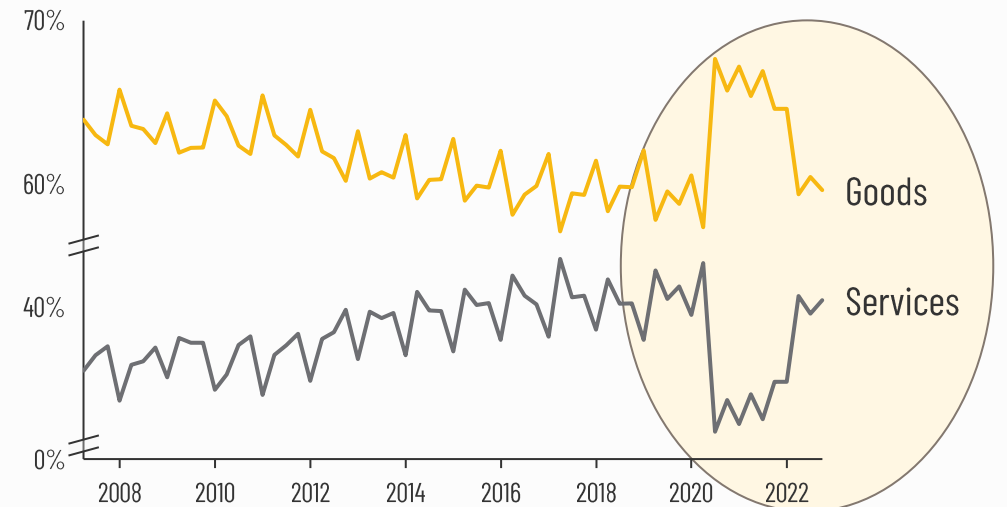
Market development for consumer electronics (B2C) has been challenging across Scandinavia during 2022...

..partly driven by a shift back from goods to services, which has stabilised at pre-covid levels in recent months

LTM YoY growth in sales value local currency (%)



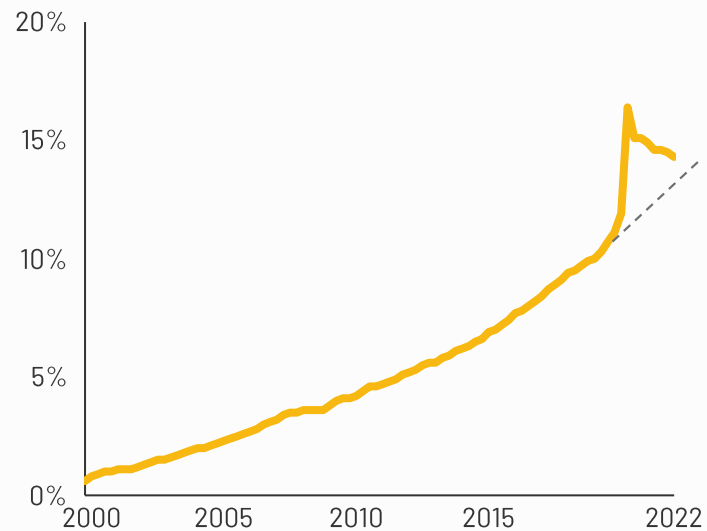
Household consumption in Norway (%)



... online share normalising to historic growth trajectory and a weaker overall consumer confidence

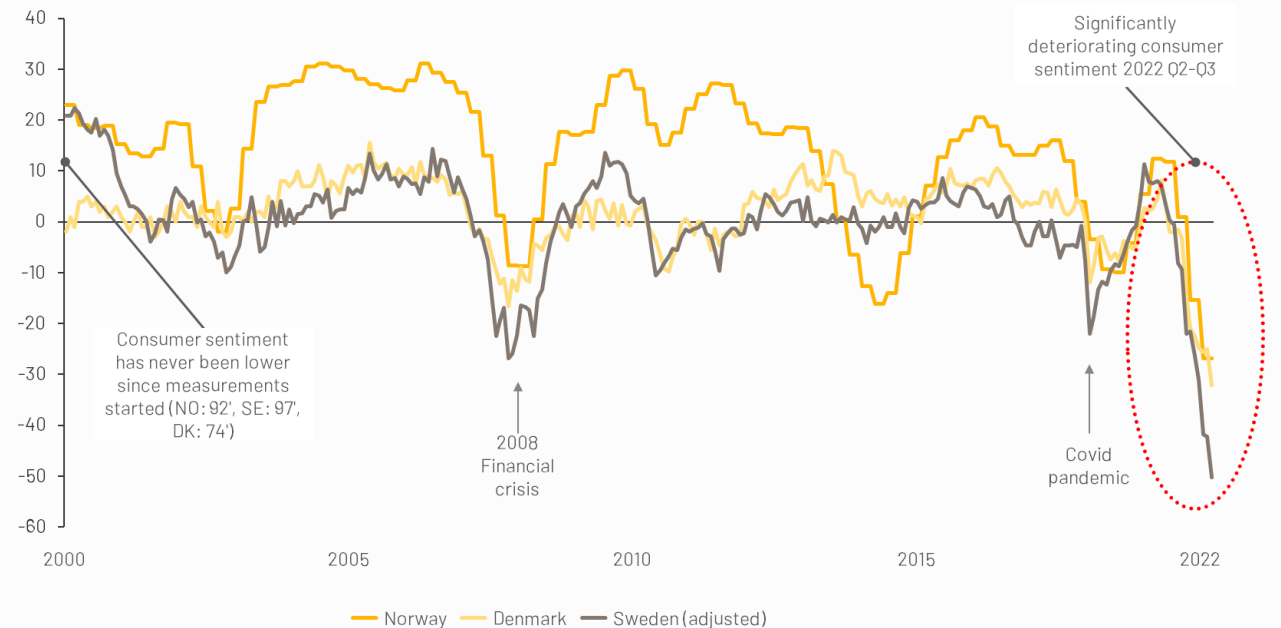
Online share normalising to historic trajectory as consumers return to stores...

Online share of total retail trade in the US (estimated)



Source: U.S. Census Bureau, SSB, Komplett analysis.

... and reduced consumer confidence due to high inflation, higher energy costs and increasing interest rates

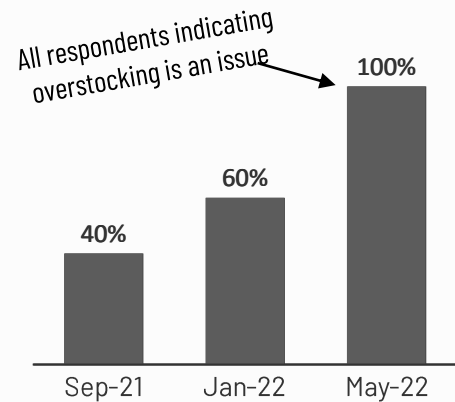


Aggregated Scandinavian consumer sentiment indices 2000 - 2022. Swedish index adjusted to base level 0 for comparison (from base 100)
Sources: Boston Consulting Group, finansnorge.no, statbank.dk, konj.se

Weaker market led to higher inventory levels and price pressure

Inventory levels are high across the industry...

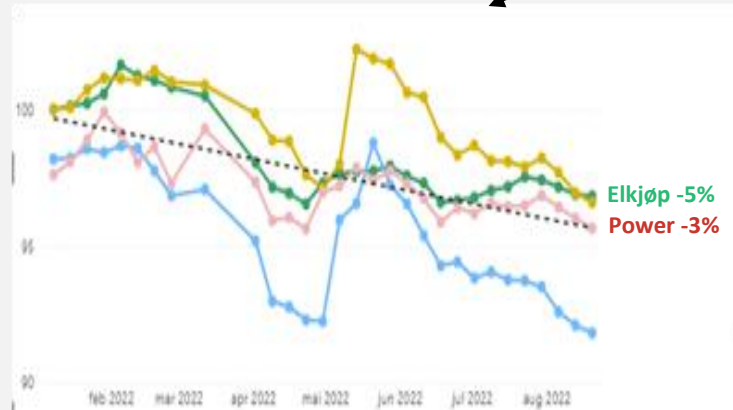
Share of electronics retailers with overstocked inventories (SE)



...leading to industry price pressure

Norway

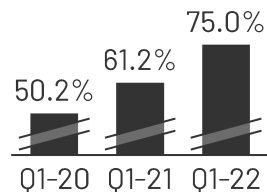
Price index change since Jan'22



Case example: Verkkokauppa

Q1 ending inventory vs. Q2 revenue (%)

Q2 2022 = consensus estimate 7th June 2022



“

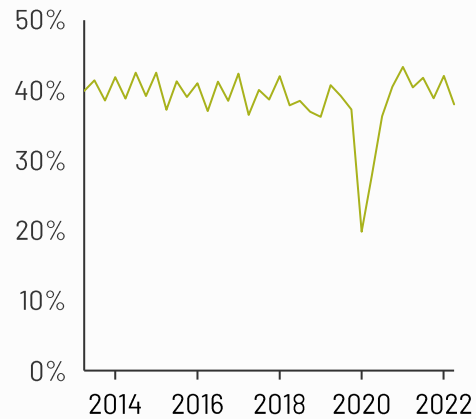
Lower demand has left domestic competitors with excess stock, which they're now heavily discounting. This has substantially disrupted the market and required margin investment to keep our sales strong. We expect these pressures, intense though they are, to be temporary - demand will normalize, excess stock will wash through, and competitors will find unprofitable aggression hard to sustain.

Alex Baldock, Group Chief Executive, Currys plc

Retail margins typically recover quickly

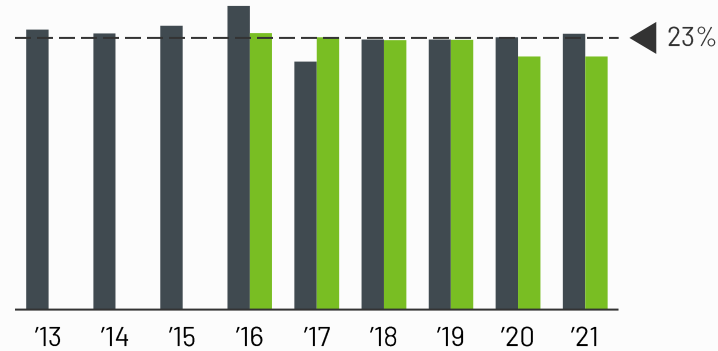
Crisis return – GM return to normal level after clean-up

XXL GMs relatively stable over time – returning to pre-crisis level after inventory clean-up in 2020 (%)



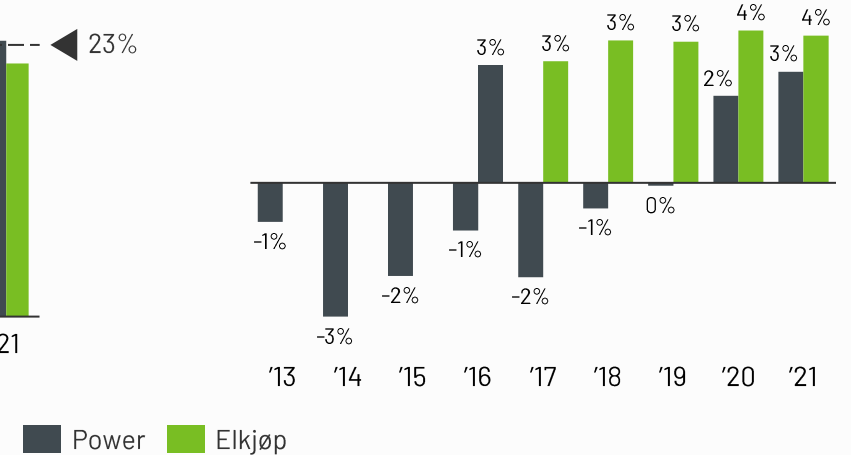
GMs are historically very stable across the industry

GMs of Nordic electronic retailers (%)

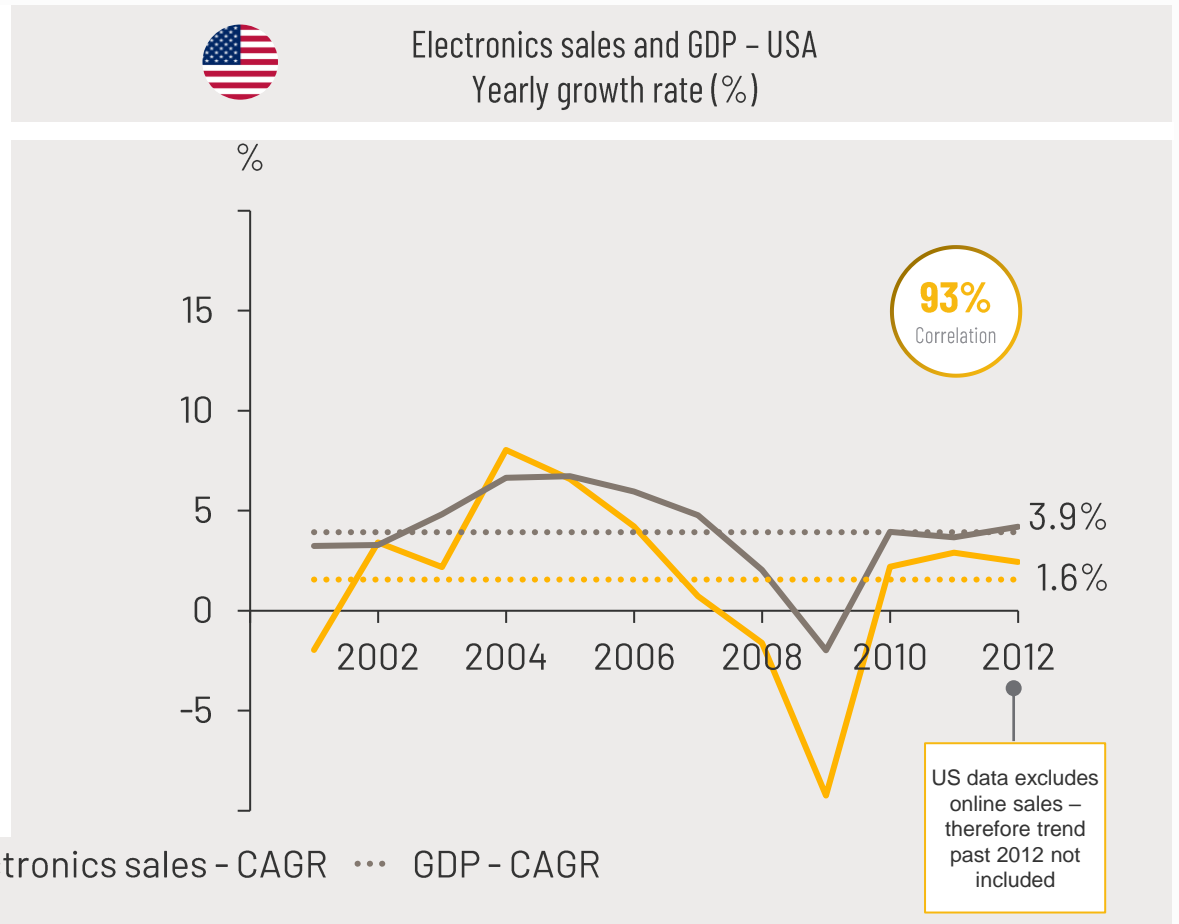
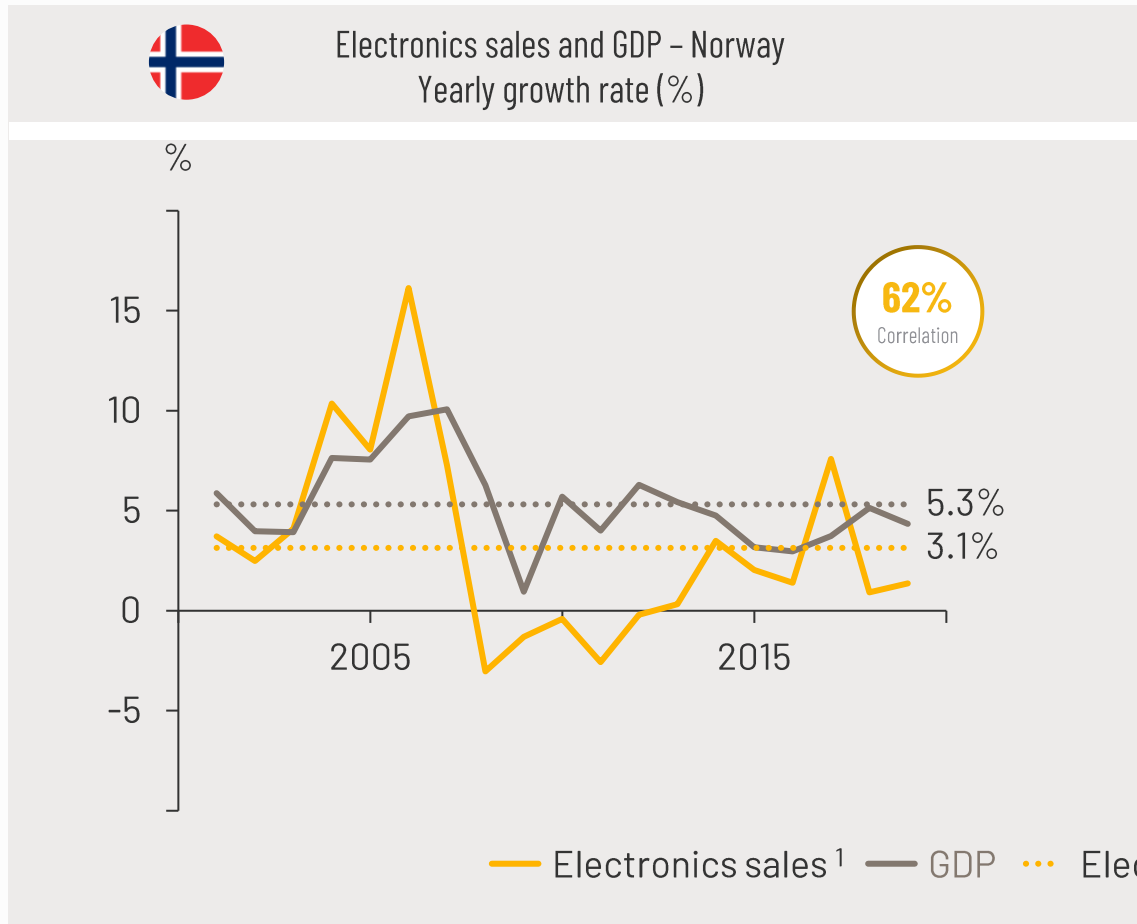


Industry margins do not allow for sustained GM squeeze

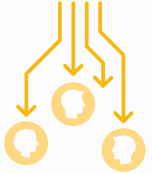
EBIT-margin of Nordic electronic retailers (%)



Electronics market typically grow in line with GDP, with online trade outpacing market growth



Attractively positioned for the long-term – but recent performance has been hampered by challenging markets



Competitive position strengthened through combination with NetOnNet



Private placement completed and new long-term credit facilities in place



Realisation of **cost synergies on track** expected at NOK >200m p.a.



Material reduction in operating expenses, inventory control and working capital improvements in light of challenging market conditions, and further initiatives planned for the coming quarters



Resilient long-term market prospects despite temporary market headwinds

