KOMPLETT GROUP

First quarter 2024

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24 April 2024

KOMPLETT netonnet webhallen

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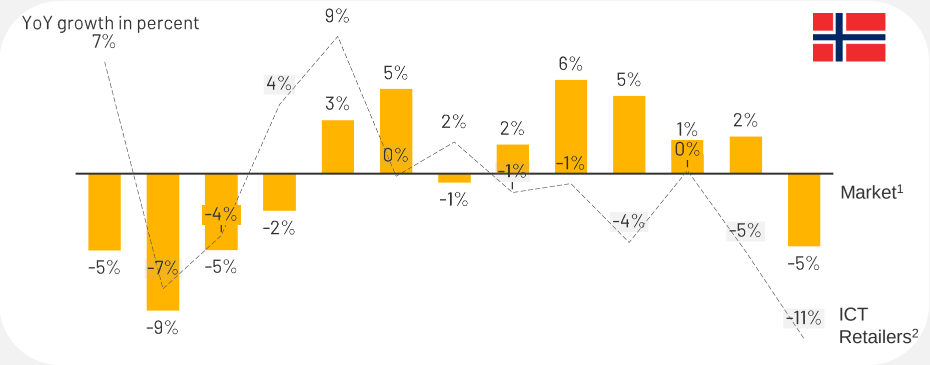
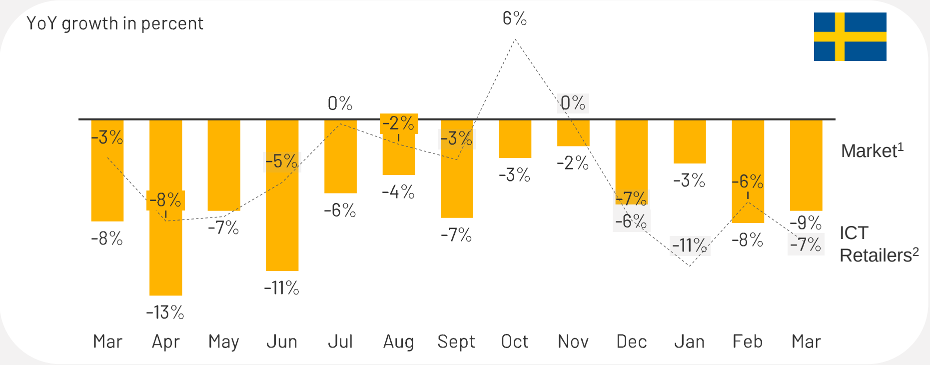
A difficult start to the year, with unchanged long-term potential

Continued difficult market environment in key markets





Challenging markets with limited growth potential in H1 2024

More intense competition in the quarter
both from traditional incumbents and pure-players

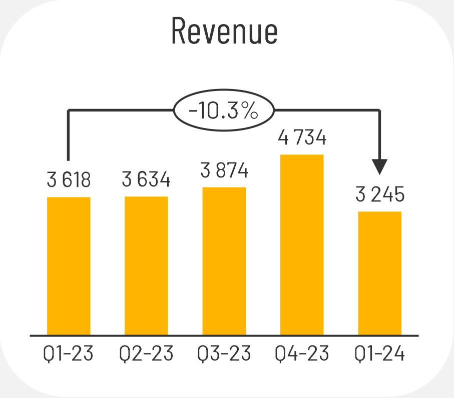
Reinforced commercial efforts emphasising purchasing and payment terms coupled with cost reduction initiatives

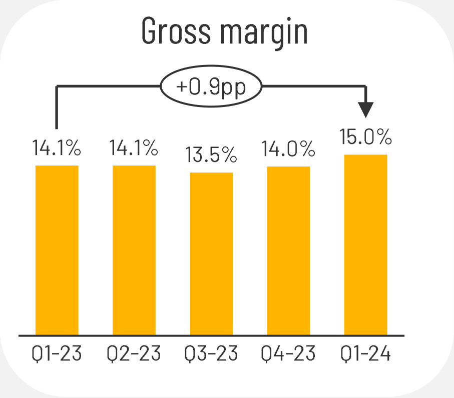
Controlled liquidity and financial position

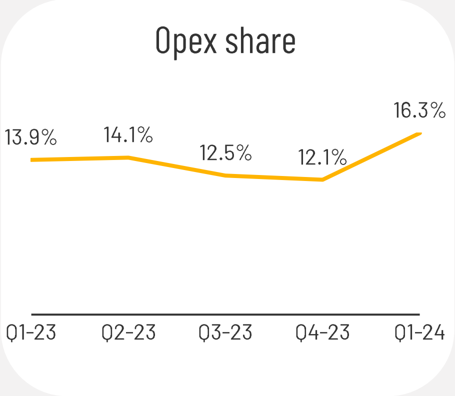
Attractive medium to long-term potential

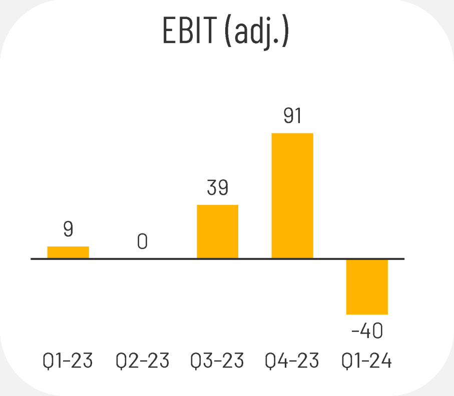
Note: 1) GFK Panelmarket excl. IT resellers, invoiced figures with adjusted time periods (full weeks), 2) SSB/SCB category 47.4 with estimates for March 2024

Q1-24 Highlights









- **Continued challenging markets** with deterioration in core categories led to a revenue decline of 10.3 per cent
- **Sustained gross margin progress (+0.9 pp)** despite intensifying price competition in the quarter
- **Cost inflation largely counteracted** by cost measures leading to relatively stable operating costs year-over-year
- **Difficult start to the year** resulted in an EBIT adj. of negative NOK 40 million
- **Weaker sales led to prolonged, yet positive, build-down of elevated inventories**
- **Good progress on commercial efforts and cost reduction** initiatives, expected to have an increasingly positive effect throughout the year

Note: All figures are presented as reported and in NOK million unless otherwise stated.

Actions to secure financial, commercial and operational benefits

Store expansions in NetOnNet Norway

Successful store opening in Stavanger

Another large city signed to be opened before peak

Improved online check-out and more active price management

Local team fully in place from 1 April

Extended product range and cost programme in Webhallen

Mobile with subscriptions and wider private label range from H2

Extended cost program

Refined concept rolled out during H2

Improving market share with leaner set-up in Komplett

New store front and improved delivery options from August

Quicker response to price

More tactical marketing

Cost reductions within logistics, IT and overall spend

Improved commercial terms

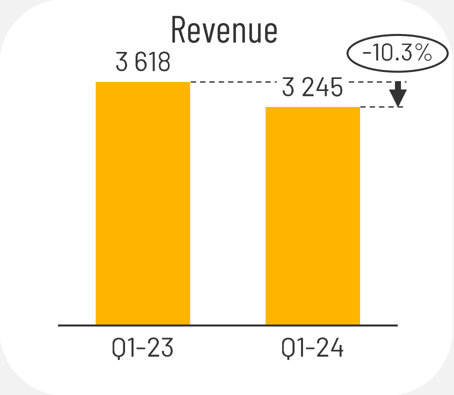
Commercial team in place and key suppliers agreed with significantly extended payments terms.
Key suppliers already closed to secure the right brands and the right assortment for Back to School and for Peak.

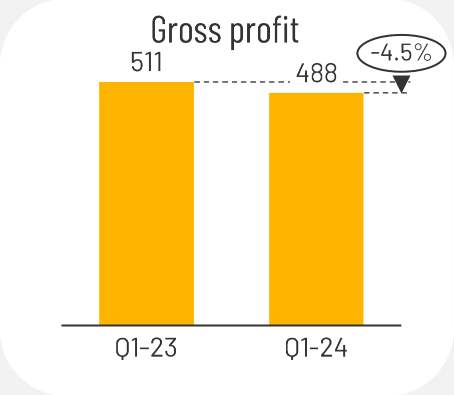
Financial performance

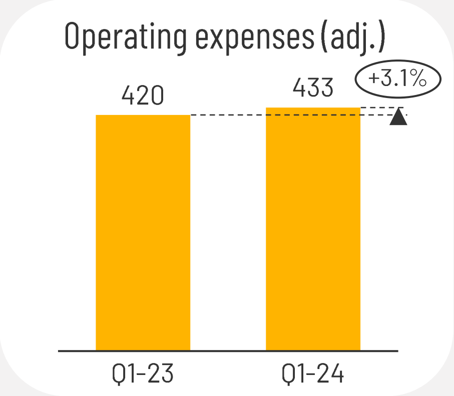
Thomas Røkke, CFO

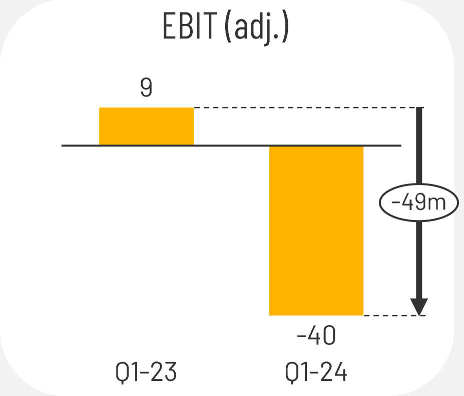
Key financials

Sales-driven fall in profitability year-over-year in challenging market with continued inflationary pressure









- **Revenue decline of 10.3 per cent in a continued difficult market**
  - Adjusted for currency translation effects, revenue declined by 11.8 per cent year-over-year
  - Muted demand in the group's core categories in the Swedish and Norwegian markets
- **Gross margin progress despite intensified competition (+0.9 pp YoY)**
  - Succeeded in sustaining positive margin trend, despite increased industry price pressures in the quarter
  - Sourcing and commercial efforts have been reinforced by the establishment of a central commercial team as of 1 March
- **Good cost control with relatively stable operating costs**
  - The operating expenses remained relatively stable adjusted for currency effects
  - Higher marketing investments and cost inflation largely counteracted by cost mitigation measures
- **Sales decline resulted in negative EBIT adj. of NOK 40 million**
  - A combination of challenging markets and a cost inflationary environment were the main drivers of the decline

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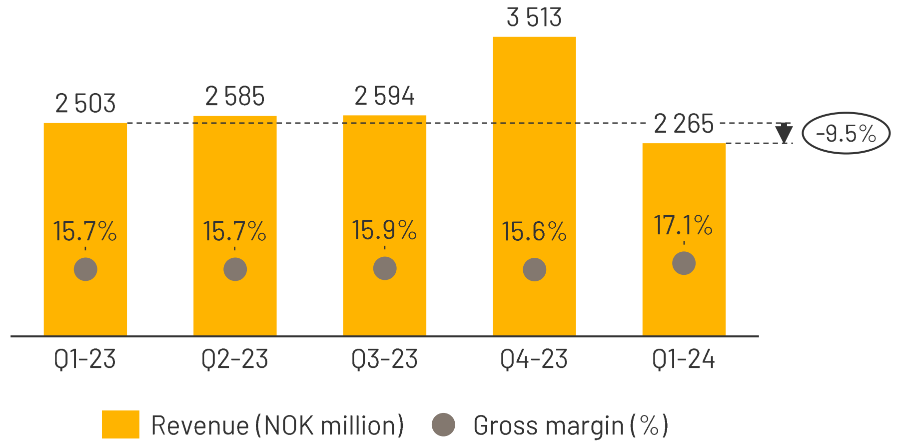
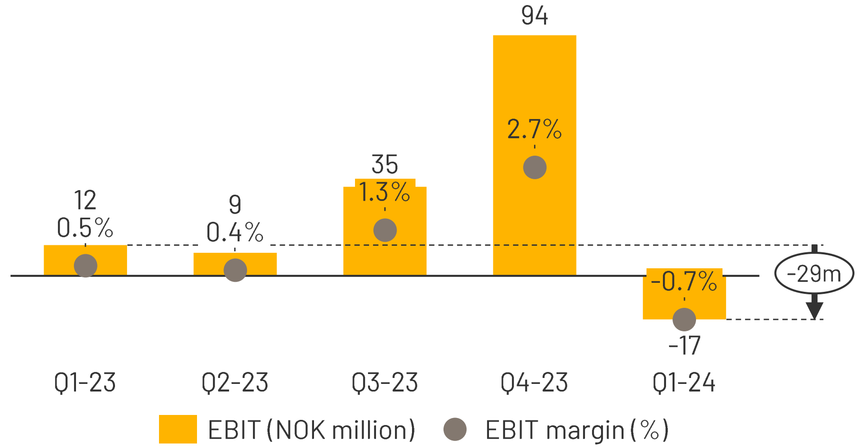
B2C

Gross margin improvement in a challenging demand and competitive environment

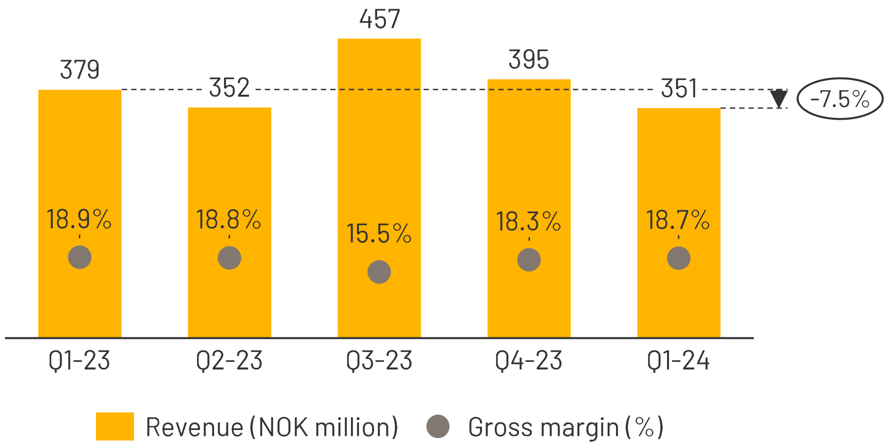


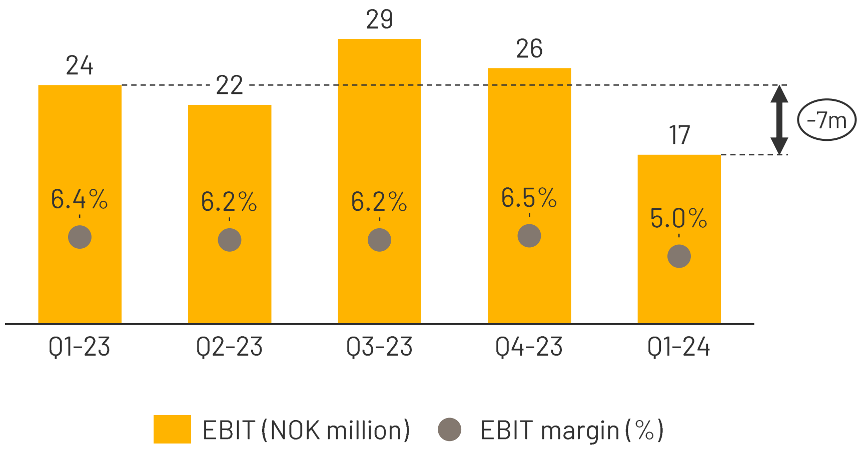


- **Revenue decline of 9.5 per cent YoY (-11.5 per cent LFL)**
  - Norway -9.4 per cent, Sweden -12.5 per cent and Denmark -9.5 per cent (LFL, YoY)
  - Persistent demand challenges in Sweden; Norway shows slight market improvement with significant category variations
  - Core categories subject to YoY effects, less innovation and shift in customer demand
- **Gross margin uplift (+1.4 pp) in face of competitive pressures**
  - Gross profit amounted to NOK 387 million in Q1-24, compared with NOK 392 million in Q1-23
  - More intense price competition in the quarter mainly offset by commercial efforts and good supplier partnerships
- **EBIT margin ended at negative 0.7 per cent**
  - Additional measures to reduce cost introduced across the markets in addition to started initiatives
  - The operating cost percentage increased to 17.8 per cent, from 15.2 per cent in the same quarter of last year

B2B

Gross margin maintained in a challenging market

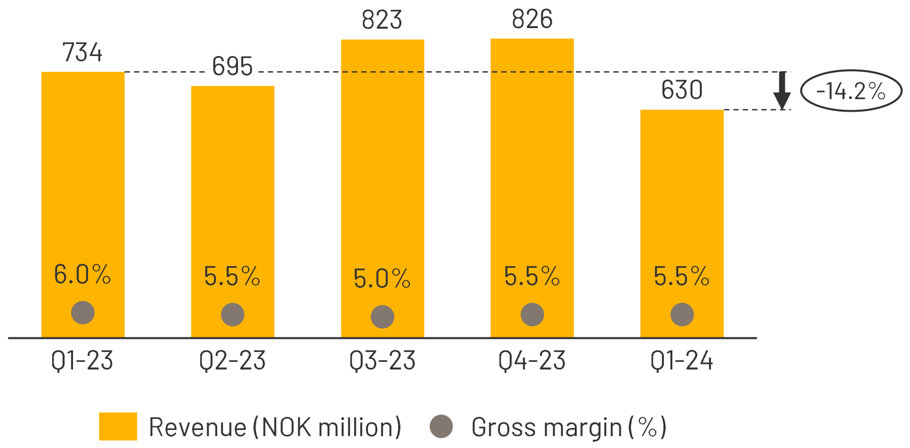


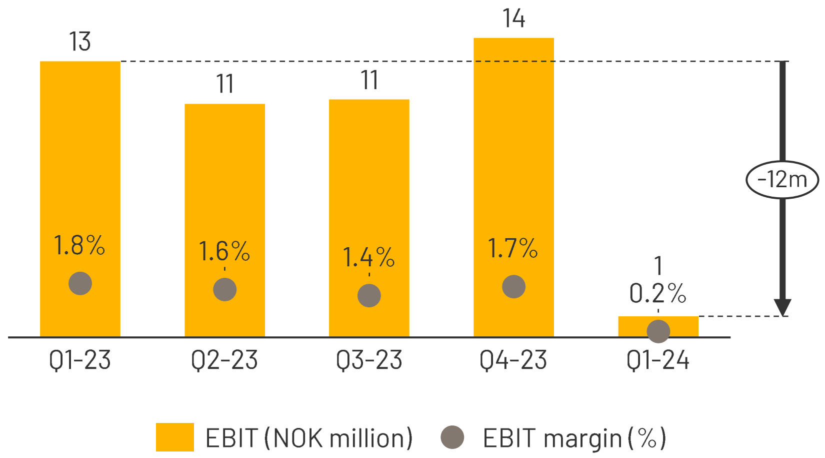


- **Revenue decline of 7.5 per cent (-7.9 per cent LFL)**
  - Norway -5.5 per cent and Sweden -24.2 per cent LFL
  - Weak macroeconomic environment and cautions spending patterns impacting demand from smaller SME customers
  - Competitive pressures in key categories in Sweden coupled with some Easter-related billing day effects affecting sales
- **Stable gross margin despite strong competition (-0.2 pp)**
  - Sourcing initiatives and commercial efforts positively impacted the year-over-year performance
  - Partly offset by increased price competition, campaign activity across the industry and product mix
- **EBIT decline of NOK 7 million, mainly due to volume decline**
  - Increased marketing expenses, depreciation from new infrastructure and cost inflation
  - Measures to counter-impact cost inflation and marketing led to stable operating expenses

Distribution

Resellers impacted by weaker consumer spending





- **Revenue decline of 14.2 per cent year-over-year**
  - The operations in Norway had a revenue decline of 13.9 per cent, while Sweden had a 19.5 per cent revenue decline LFL
  - Cautious consumer spending, especially among smaller SME's, leading to softer demand among resellers
  - Phasing of contract roll outs last year and Easter-related billing day effects affecting sales development YoY
- **Gross margin reduction of 0.5 pp reflecting:**
  - Volume shortfall and development of freight costs in the period
  - Negative product and sales customer composition affecting margins
- **EBIT down NOK 12 million mainly due to lower gross profit, driven by:**
  - Revenue decline combined with general inflation

Profit and loss

Operating performance in the quarter causing a decline in profit for the period of NOK 29 million

	Q1-24	Q1-23	FY-23
Operating revenue	**3 245**	**3 618**	**15 861**
Depreciation and amortisation	-95	-81	-335
EBIT (adj.)	**-40**	**9**	**139**
One-off costs	-6	-13	-41
Impairments	-	-	-983
EBIT	**-46**	**-4**	**-885**
Net financials	-43	-48	-164
Profit before tax	**-89**	**-53**	**-1 050**
Tax expense	17	10	11
Profit for the period	**-72**	**-43**	**-1 038**

- **Depreciation and amortisation of NOK 95 million**, of which:
  - NOK 13 million linked to amortisation of acquired customer value
  - YoY increase mainly driven by depreciation on new IT-systems as well as right-of-use assets
- **One-off costs totalled NOK 6 million,** related to organisational changes and restructuring in some of the business units
- **Net financials of NOK 43 million.** Interest on the group's debt facilities was the main components of the financial expenses. Q1-23 included NOK 10 million in one-off costs
- **Tax income of NOK 17 million**, compared with a tax income of NOK 10 million in the same period last year
- **Loss for the period of NOK 72 million,** compared with a loss of NOK 43 million in the same period last year

Cash flow & working capital

Net working capital optimisation maintained

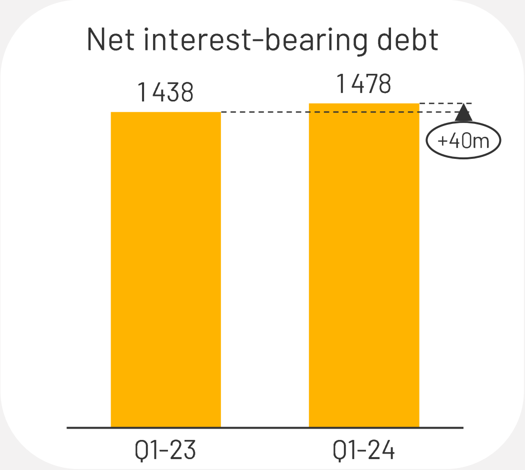
Cash flow	Q1-24	Q1-23	FY-23
Net cash flow from operating activities	**-147**	**189**	**866**
Net cash used in investing activities	**-42**	-45	-208
Net cash (used in)/from financing activities	**74**	193	-578
Net change in cash and cash equivalents	**-115**	**336**	**81**

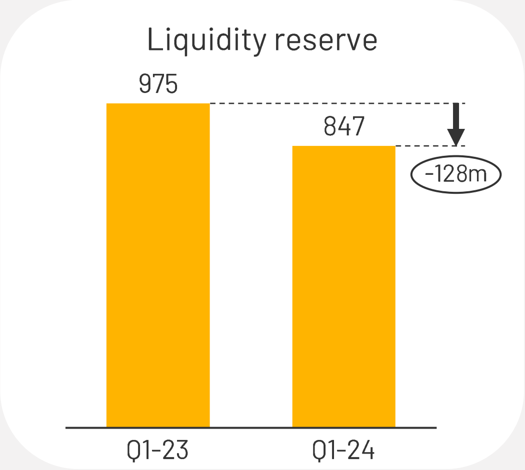
Net working capital	Q1-24	Q1-23	FY-23
Inventory	**2 062**	2 129	2 194
Trade receivables – regular	**164**	189	245
Trade payables	**-1 215**	-1 468	-1 563
Other assets and liabilities	**-540**	-300	-623
Net working capital	**472**	**551**	**253**

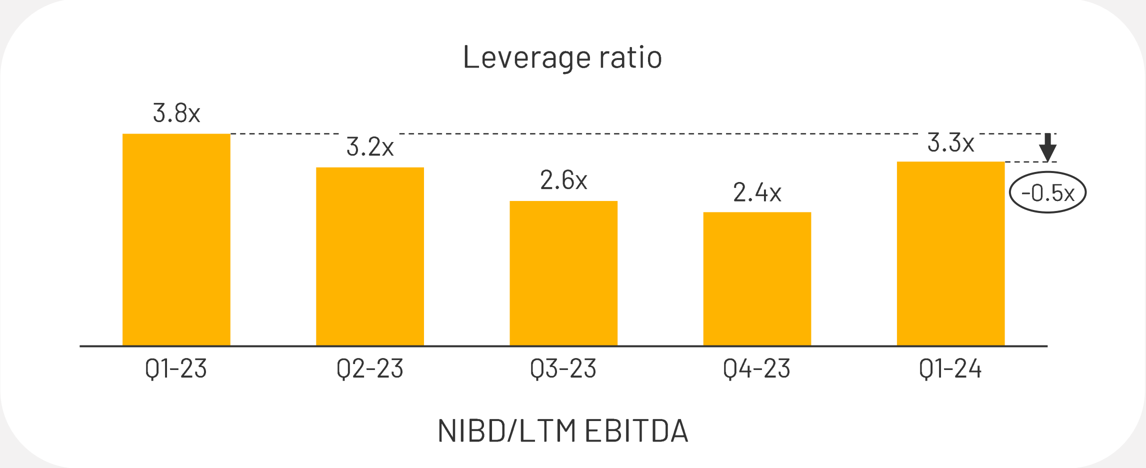
- **Net operating cash flow** in the period reflecting a decrease in inventory of NOK 131 million and a decrease in trade receivables of NOK 81 million, countered by a reduction in accounts payable of NOK 349 million
- **Net cash flow used in investing activities** during the period mainly related to property, plant and equipment for a new store and improvements of the IT infrastructure
- **Net cash used in financing activities** mainly related to rebalancing of liquidity facilities, principals on lease repayments and interest charges
- **Build-down of elevated inventory levels** prolonged due to weak sales, yet down NOK 67 million year-over-year and NOK 131 million in the quarter. Reduction in payables reflecting phasing of inventory and seasonal effects
- **Net working capital** reduced year-over-year but affected by the tax deferment scheme in Sweden

Financial position

Financial position and liquidity remain controlled, yet with a temporarily elevated leverage ratio





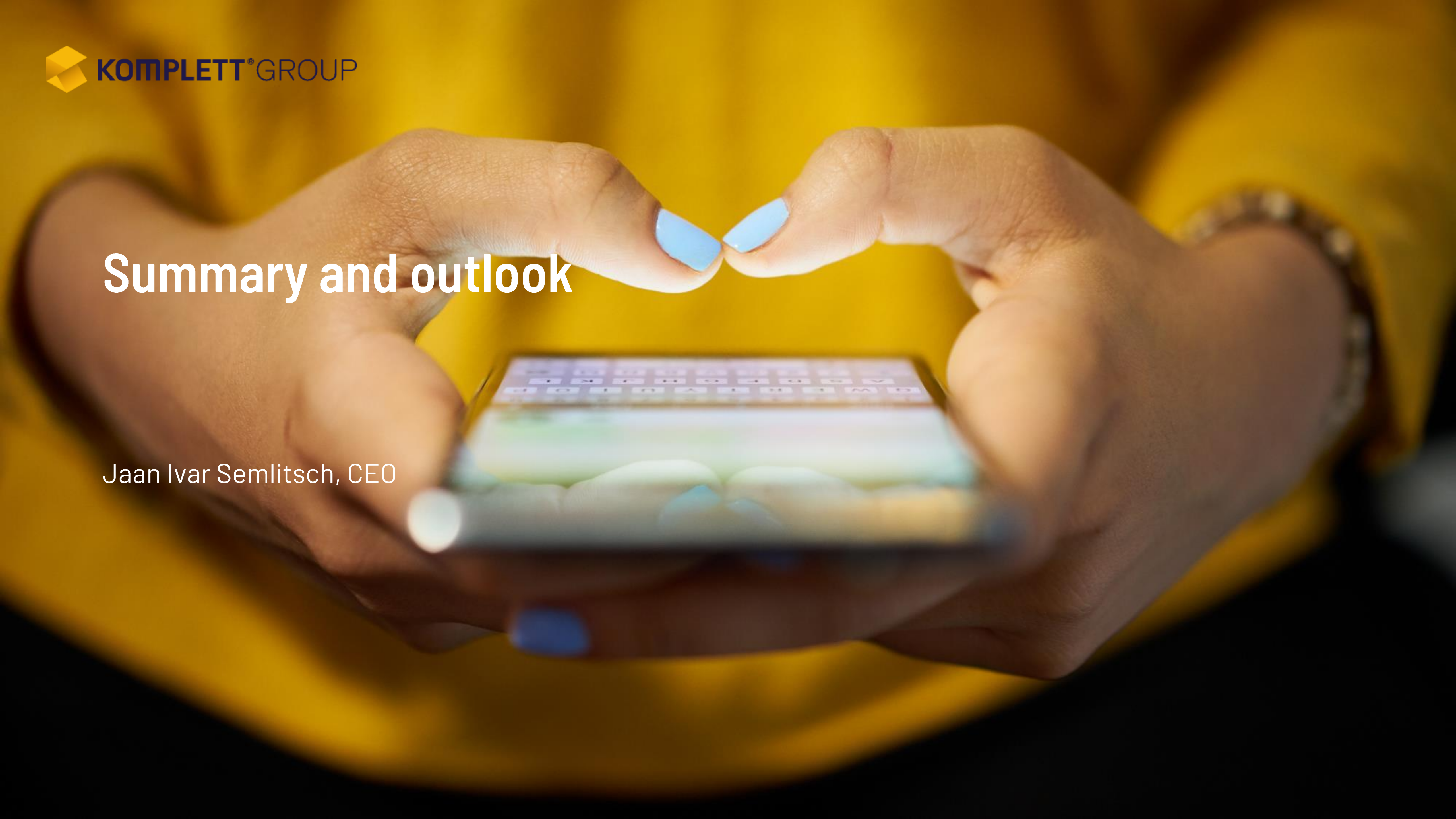


- **Equity ratio of 38.7 per cent at the end of the first quarter**
  - Compared with 45.5 per cent one year earlier; mainly due to impairments and de-risking of balance sheet
- **Net interest-bearing debt relatively stable YoY**
  - Slight increase of NOK 40 million YoY compared with level one year earlier
- **Liquidity reserve** solid and in line with last year at NOK 847m
  - At the end of Q1 2023, the reported liquidity reserve included a discontinued facility of NOK 100 million
  - Positively affected by the Swedish tax deferral
- **Temporarily elevated leverage ratio of 3.3x, below revised covenants**
  - Revised covenant trajectory for the year, allowing a leverage ratio up to 3.5x for the first quarter due to seasonal profile and challenging market conditions

KOMPLETT GROUP

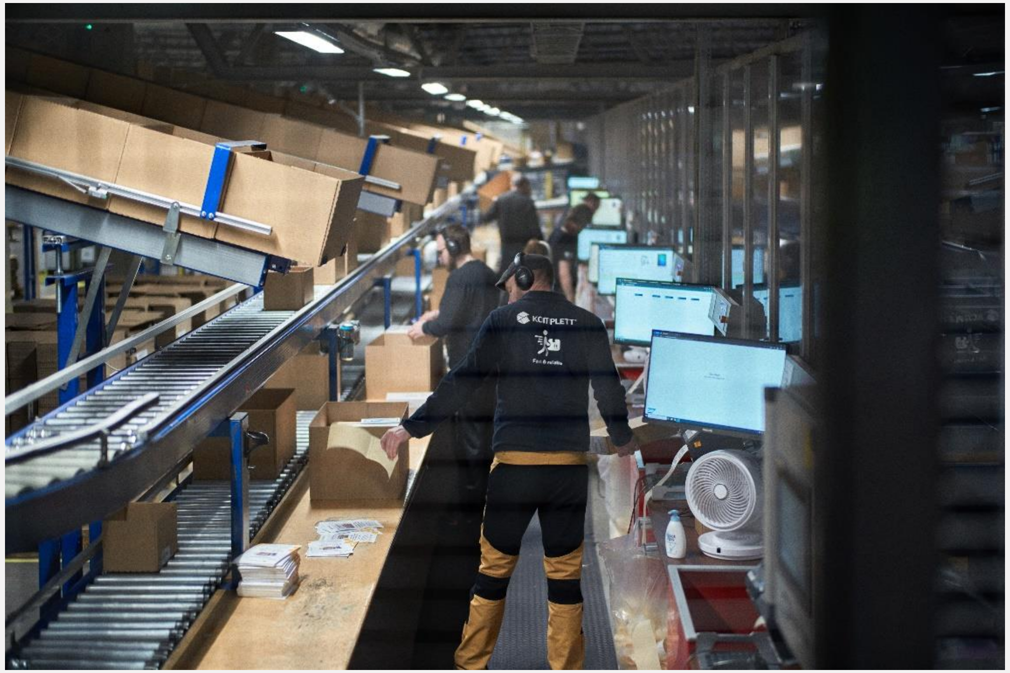
Summary and outlook

Jaan Ivar Semlitsch, CEO



Key takeaways

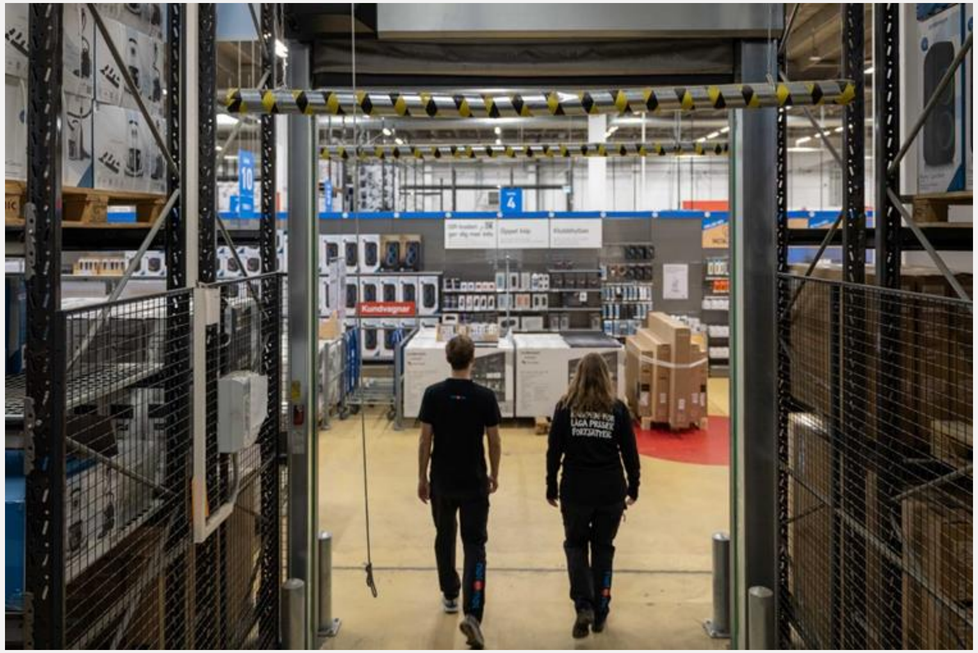
A difficult start to the year, but effective measures taken



- Continued challenging demand environment especially in core categories
- Gross margin progress despite intensifying price competition in the quarter
- Good progress on existing cost measures and commercial initiatives
- Further actions taken to secure financial, commercial and operational benefits with direct effect from H2
- Financial position and liquidity controlled, with temporary rise in leverage ratio

Outlook

Strong underlying market fundamentals for consumer electronics and appliances



- Limited growth potential in H1 2024 coupled with tough competition
- Commercial and cost initiatives expected to have an increasing positive impact in H2 2024
- Indications of improved consumer confidence are expected to have a growing positive impact in H2 2024
- Strong underlying market fundamentals for consumer electronics and online retail
- Initiatives to drive growth and profitability towards 2026-2028 are well underway

Our medium- to long-term targets remains

Recap from CMD

Strong strategic platform for further expansion

- **Fundamentally attractive** market
- Positioned in the fastest growing **online segment**
- **Cost leadership** position and **scalable** platform
- Retail brands with industry **leading customer satisfaction**

A clear growth plan

Sales
2026-28
18-20+ BNOK
Organic growth higher than underlying market

EBIT
2026-28
3-4%+
Among the most profitable in our industry

NIBD/EBITDA
2-3x
Balanced and controlled capital structure

Cash conversion
2026-28
>70%
High rotation of capital and NWC efficiency

Alternative Performance Measures (APMs)

The APMs used by Komplett Group are defined as set out below:

Gross profit: Total operating revenue less cost of goods sold. The group has presented this item because it considers it to be a useful measure to show the management's view on the overall picture of profit generation before operating costs in the group's operations.

Gross margin: Gross profit as a percentage of total operating revenue. The group has presented this item because it considers it to be a useful measure to show the management's view on the overall picture of gross profit generation of the group's operations as a percentage of total operating revenue.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
Total operating revenue	**3 245**	3 618	15 861
- Cost of goods sold	**(2 757)**	(3 108)	(13 650)
= Gross profit	**488**	511	2 211
Gross margin	**15.0 %**	14.1 %	13.9 %

Total operating expenses (adjusted): Total operating expenses less cost of goods sold and one-off cost. The group has presented this item because the management considers it to be a useful measure of the group's efficiency in operating activities.

Operating cost percentage (adj.): Total operating expenses less cost of goods sold and one-off cost as a percentage of total operating revenue. The group has presented this item because the management considers it to be a useful measure of the group's efficiency in operating activities.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
Total operating revenue	**3 245**	3 618	15 861
Total operating expenses	**3 291**	3 623	16 746
- Cost of goods sold	**(2 757)**	(3 108)	(13 650)
- One-off cost	**(6)**	(13)	(41)
- Impairment	**-**	-	(983)
= Total operating expenses (adj.)	**528**	502	2 073
Operating cost percentage	**16.3 %**	13.9 %	13.1 %

EBITDA excl. impact of IFRS 16: Derived from financial statements as the sum of operating result (EBIT) plus the sum of depreciation and amortisation for the segments B2C, B2B, Distribution and Other. The group has presented this item because it considers it to be a useful measure to show the management's view on the overall picture of operational profit and cash flow generation before depreciation and amortisation in the group's operations, excluding any impact of IFRS 16.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
EBIT	**(46)**	(4)	(885)
- EBIT impact of IFRS 16	**(4)**	(4)	(16)
+ Dep B2C, B2B, Dist. Other	**43**	35	1 120
= EBITDA excl IFRS 16	**(7)**	27	218

EBIT adjusted: Derived from financial statements as operating result (EBIT) excluding one-off costs. The group has presented this item because it considers it to be a useful measure to show the management's view on the efficiency in the profit generation of the group's operations before one-off items.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
Total operating revenue	**3 245**	3 618	15 861
EBIT	**(46)**	(4)	(885)
+ One-off cost	**6**	13	41
+ Impairment	**-**	-	983
= EBIT adjusted	**(40)**	9	139
EBIT margin adjusted	**(1.2%)**	0.3 %	0.9 %

EBIT margin adjusted: EBIT adjusted as a percentage of total operating revenue. The group has presented this item because it considers it to be a useful measure to show the management's view on the efficiency in the profit generation of the group's operations before one-off items as a percentage of total operating revenue.

EBIT margin: Operating result (EBIT) as a percentage of total operating revenue. The group has presented this item because it considers it to be a useful measure to show the management's view on the efficiency in the profit generation of the group's operations as a percentage of total operating revenue.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
Total operating revenue	**3 245**	3 618	15 861
EBIT	**(46)**	(4)	(885)
EBIT margin	**(1.4%)**	(0.1%)	(5.6%)

Net working capital: Working capital assets, comprising inventories, trade receivables, trade payables andt other current assets and liabilities. The deferred Swedish tax liability is classified as other current liability in accorance with local accounting principles. The management considers it to be a useful indicator of the group's capital efficiency in its day-to-day operational activities.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
Inventory	**2 062**	2,129	2 194
+ Trade receivables - regular	**164**	189	245
- Trade payables	**(1 215)**	(1,468)	(1 563)
+/- Other assets and liabilities	**(540)**	(300)	(623)
= Net working capital	**472**	551	253

Net interest-bearing debt: Interest-bearing liabilities less cash and cash equivalents. The group has presented this item because the management considers it to be a useful indicator of the group's indebtedness, financial flexibility and capital structure. As mentioned above interest-bearing debt does not include the deferred Swedish tax liability. The net interest-bearing debt incl. IFRS 16 is a useful measure as indebtedness, including the lease liabilities from IFRS 16, is relevant for the covenants of the group's credit facilities.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
Long-term loans	**900**	1 255	800
+ Short-term loans	**67**	56	-
- Cash/cash equivalents	**(114)**	(485)	(230)
= Net interest-bearing debt	**853**	826	570
+ IFRS 16 liabilities	**625**	612	608
= Net int.bear. debt incl. IFRS 16	**1 478**	1 438	1 178

Operating free cash flow: EBITDA excl. impact of IFRS 16 less investment in property, plant and equipment, less change in net working capital less change in trade receivable from deferred payment arrangements. The group has presented this item because the management considers it to be a useful measure of the group's operating activities' cash generation.

Reconciliation

Amounts in NOK million	Q1 2024	Q1 2023	FY 2023
EBITDA excl IFRS 16	**(7)**	27	218
- Investments	**(42)**	(49)	(212)
+/- Change in net working capital	**(219)**	94	392
+/- Change in deferred payment	**23**	(14)	12
= Operating free cash flow	**(245)**	57	410


KOMPLETT®
Wallpaper by 2022 winner Alexander "alek777" Swahn