

Second quarter 2024

Jaan Ivar Semlitsch, CEO

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18 July 2024



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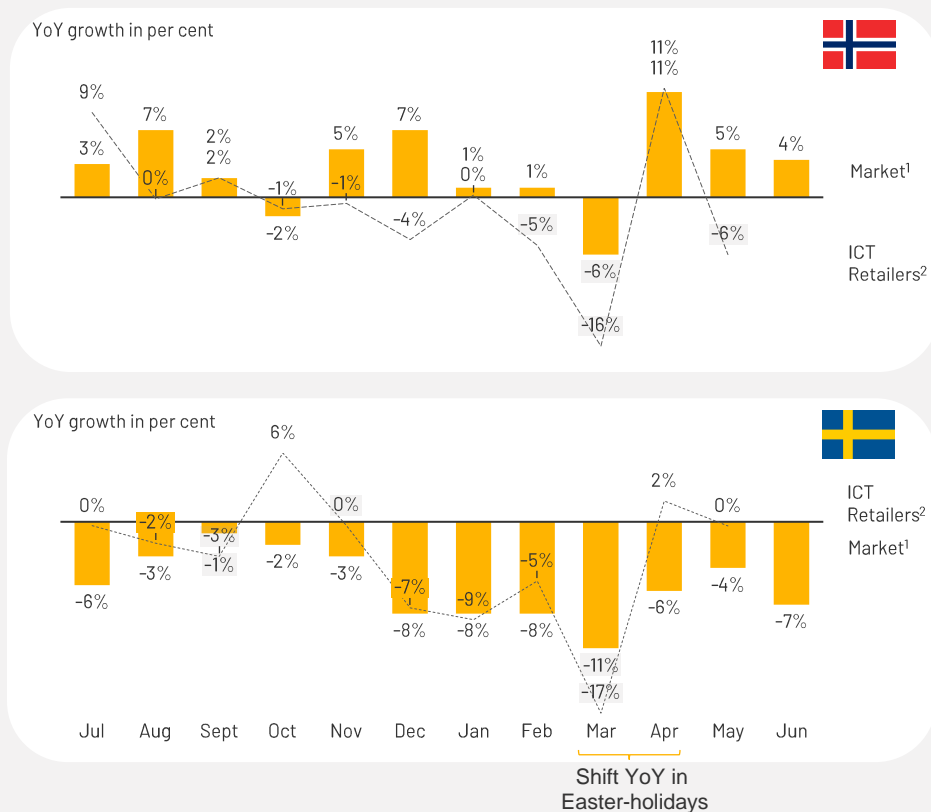
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Q2-24 Highlights

Core categories remain weak, improvements expected for H2

Continued difficult environment in key markets and categories

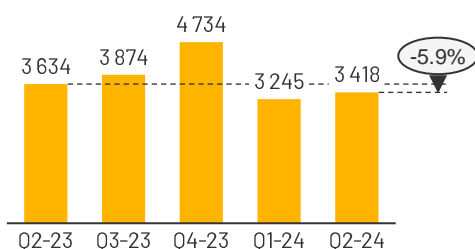


- **Continued market challenges**, also driven by innovation-led demand-cycles in gaming and IT categories
- **Increased price investments** and **campaign activity** to actively meet strong competition
- **Gradual build-down of inventory** during recent periods and a well-managed stock situation.
- **Financial position remains controlled**, with healthy liquidity and increased covenant headroom
- **Improving consumer confidence**, product cycles and ongoing initiatives going into second half of the year

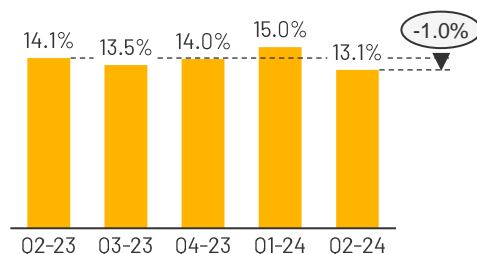
Q2-24 Key financials

Lower sales and margins, partly compensated by cost savings in Q2

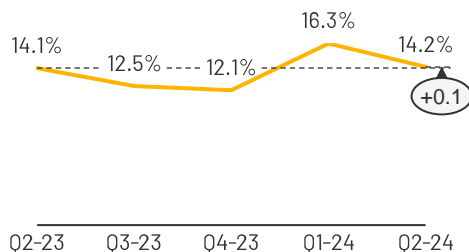
Revenue



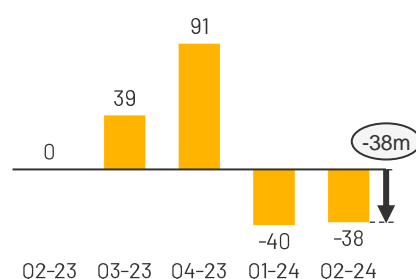
Gross margin



Opex share incl. depreciation



EBIT (adj.)



- **Weak demand, led by core gaming and IT categories** led to a revenue decline of 5.9 per cent
- **Increased price investments and campaign activity** defending market shares with a gross margin decline
- **Continued strong brand recognition** and high customer satisfaction
- **Operating costs (excl. depreciation) reduced by 7.8 per cent (LFL)**, despite inflation and store expansions
- **Difficult market conditions and price investments** resulted in an EBIT adj. of negative NOK 38 million
- **Ongoing commercial initiatives and cost measures** are progressing as planned

Q2-24 Key initiatives

Commercial initiatives moving ahead as planned in all brands

Good traction

Successful store opening in Stavanger in April, with good traction

Two large cities, Bergen and Södertälje, signed to be opened in H2

Improved conversion, online check-out, more active price management and improved basic retailing

Strengthened assortment in select core and adjacent categories

net on net

Extended product range and cost programme

Mobile with subscriptions and wider private label range from H2

Extended components range to be launched in Q3

Extended cost program

Refined concept rolled out during H2:

“Sveavägen” with the new concept off to a good start. Gothenburg in August

webhallen

On track for H2 after a challenging H1

Computing market set to improve as new models will launch in Q4-24/Q1-25

Komplett PC roll-out working well with new market segments targeted for H2

Strong momentum in MDA & SDA continues as supplier and product offerings expand

Continued spend on top-of-mind marketing

Improved customer journey and new B2B loyalty programme launch in Q3

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Improved commercial terms

Commercial team in place and key suppliers agreed with extended payments terms

Key suppliers already closed to secure the right brands and better terms

Back to school (Q3) and Peak planning (Q4) on track

Financial performance

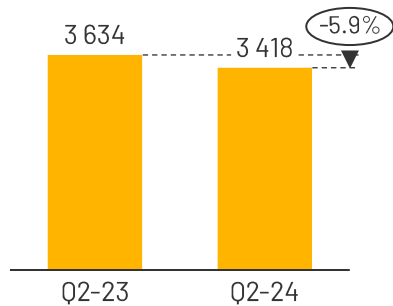
Thomas Røkke, CFO



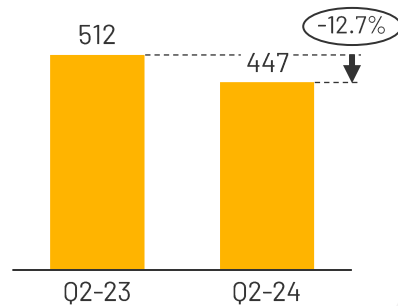
Key financials

Results impacted by product cycles, weak markets and strong competition

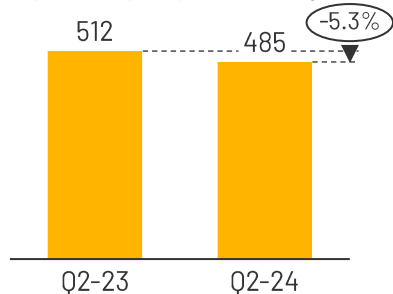
Revenue



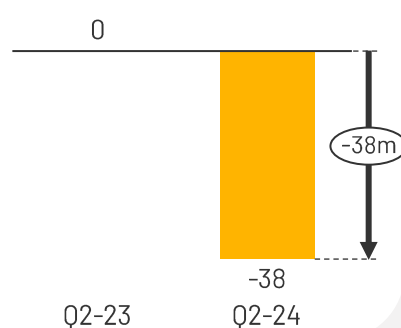
Gross profit



Operating expenses (adj.)



EBIT (adj.)

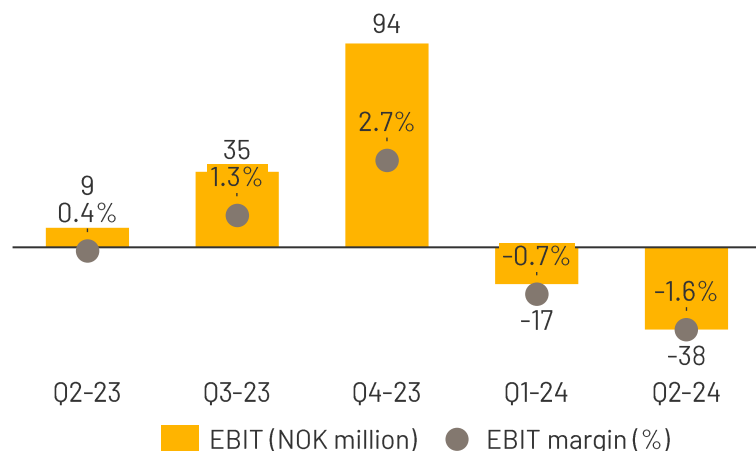
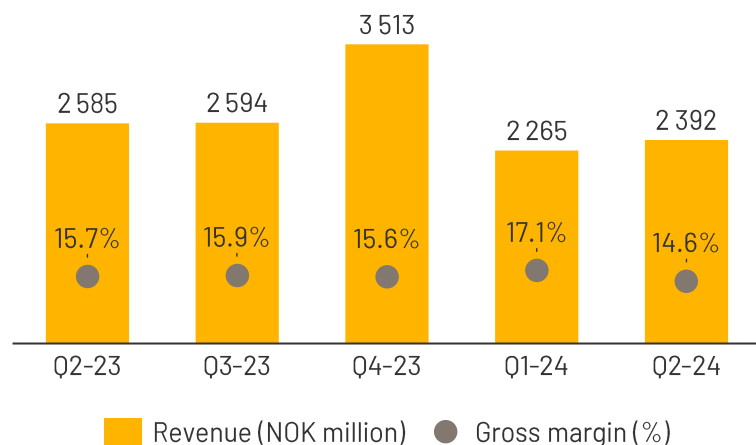


- **5.9 per cent revenue decline driven by weak demand in core categories**
 - Adjusted for currency effects, revenue declined by 5.3 per cent YoY
 - Impacted by adverse product related innovation cycles in core categories and continued challenging markets
- **Gross margin impacted by intensified price competition (-1.0 pp YoY)**
 - Price investments and campaign activities to face competition
 - Inventory management contributes to softness while commercial efforts continue generating positive results
- **Good cost control resulted in lower operating costs**
 - Measures to offset cost increases from inflation and growth gave a NOK 27 million reduction in operating expenses (incl. depreciation)
 - YoY progress partly supported by project related costs in Q2-23 but negatively affected by increased depreciations on IT-roll out '23
- **Sales decline resulted in negative EBIT adj. of NOK 38 million**
 - Driven by lower sales and margins, partly compensated by cost savings

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

B2C

Controlled cost base in a challenging competitive environment



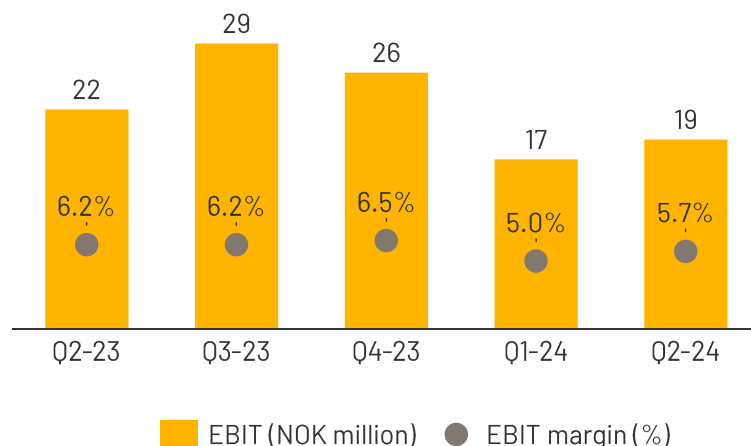
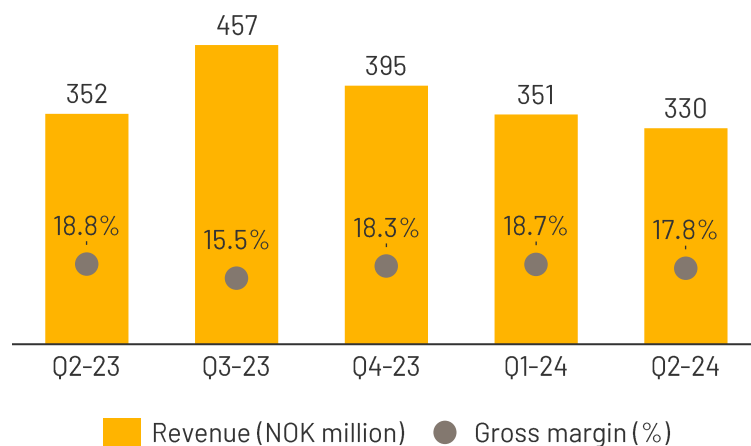
- **Revenue decline of 7.5 per cent YoY (-6.7 per cent LFL)**
 - Norway -1.7 per cent, Sweden -10.0 per cent and Denmark +29.1 per cent (LFL, YoY)
 - Better overall markets in Norway, but with significant category variations; persistent demand challenges in Sweden
 - Core categories subject to particularly weak demand and negative YoY effects from product launches in H1-23
- **Gross margin decline driven by measures to face off competition**
 - Gross profit amounted to NOK 349 million, compared with NOK 406 million in Q2-23
 - Increased campaign activity and partly measures to manage inventory impacted margins negatively
- **EBIT margin ended at negative 1.6 per cent**
 - Cost increases related to store openings and expansions have been effectively countered by measures to reduce cost
 - The operating cost percentage increased to 16.2 per cent due to lower sales volumes, from 15.3 per cent in Q2-23

net on net

KOMPLETT®

webhallen

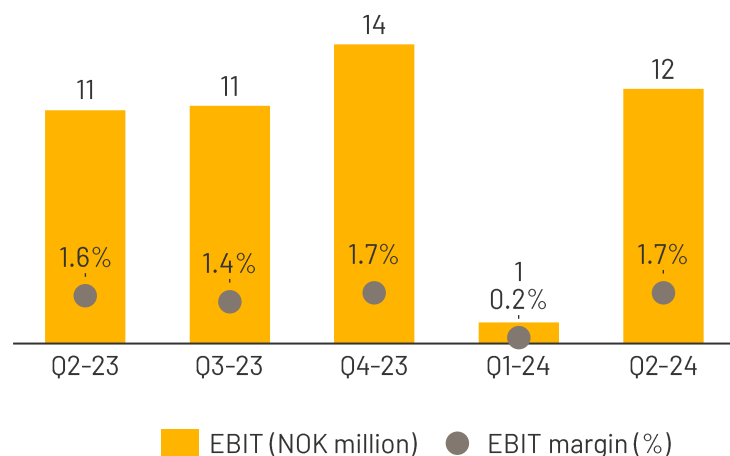
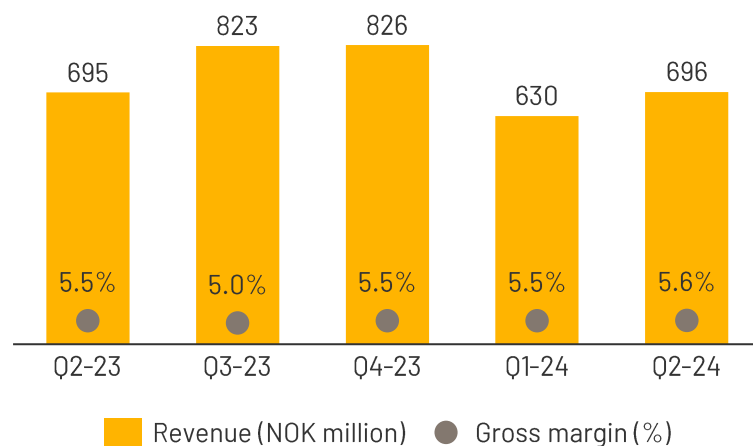
Performance impacted by cautious spending among SMEs



- **Revenue decline of 6.2 per cent (-6.0 per cent LFL)**
 - Norway -4.9 per cent and Sweden -13.7 per cent LFL
 - Cautious spending patterns continued to impact demand from smaller SME customers
- **Gross margin impacted by price competition (-1.0 pp)**
 - Sourcing initiatives and commercial efforts positively impacted the year-over-year performance
 - Underlying progress was offset by increased price competition, campaign activity and product mix
- **EBIT decline of NOK 3 million despite cost savings**
 - Effective measures to counter cost inflation resulted in reduced operating expenses (-NOK 4 million YoY)
 - YoY EBIT decline driven by lower revenues, but improvement from the previous quarter

Distribution

Stable YoY performance with improved trajectory from Q1



Stable revenue development year-over-year

- The operations in Norway had a revenue increase of 2.1 per cent, while Sweden had a 24.6 per cent revenue decline LFL
- Growth driven by large enterprises and public entities; still cautious spending among smaller SME's
- No material billing day impact on YoY performance, but some positive phasing effects from Q1

Gross margin progress of 0.1 pp reflecting:

- Better sourcing terms, inventory quality and operational efficiencies, partly offset by product and customer mix

EBIT increased to NOK 12 million driven by:

- Stable revenues, positive margin development and good cost control

Profit and loss

Operating performance main driver for decline in profit for the period

	Q2-24	Q2-23	YTD-24	YTD-23	FY-23
Operating revenue	3 418	3 634	6 664	7 253	15 861
Depreciation and amortisation	-95	-86	-189	-167	-335
EBIT (adj.)	-38	0	-78	9	139
One-off costs	-1	-3	-7	-16	-41
Impairments	-	-	-	-	-983
EBIT	-39	-3	-85	-7	-885
Net financials	-44	-36	-88	-84	-164
Profit before tax	-83	-38	-172	-91	-1 050
Tax expense	16	11	33	21	11
Profit for the period	-67	-27	-139	-70	-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 1 million**, mainly related to organisational changes and restructuring, partly offset by a reversed provision (positive NOK 2.8 million)
- **Net financials of NOK 44 million**, of which interest on debt facilities was the main component
- **Tax income of NOK 16 million**, compared with a tax income of NOK 11 million in the same period last year
- **Loss for the period of NOK 67 million**, compared with a loss of NOK 27 million in the same period last year

Cash flow & working capital

Net working capital reduction contributing to positive cash flow

Cash flow	Q2-24	Q2-23	YTD-24	YTD-23	FY-23
Net cash flow from operating activities	283	240	136	428	866
Net cash used in investing activities	-30	-40	-72	-85	-208
Net cash (used in)/from financing activities	-260	-344	-186	-151	-578
Net change in cash and cash equivalents	-7	-144	-122	192	81

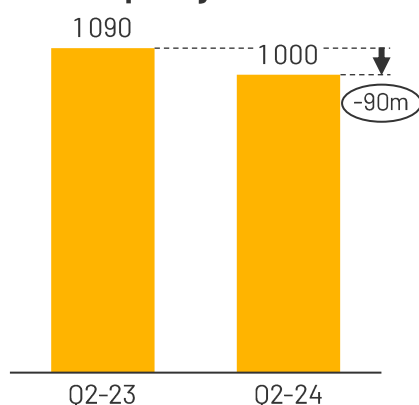
Net working capital	Q2-24	Q2-23	FY-23
Inventory	1 903	1 897	2 194
Trade receivables – regular	153	249	245
Trade payables	-1 324	-1 131	-1 563
Other assets and liabilities	-477	-620	-623
Net working capital	255	394	253

- **Net operating cash flow** in the period reflecting a decrease in inventory of NOK 159 million and a decrease in trade receivables of NOK 11 million, and further supported by an increase in accounts payable of NOK 109 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 repayments of loans and borrowings, as well as reduced utilisation of bank overdraft facilities
- **Inventory levels** on par with last year's levels but reduced by NOK 291 million since year-end. Increase in payables reflecting improvement payment terms as well as month-end effects
- **Net working capital** reduced by active inventory control, while supported by improved supplier payment terms

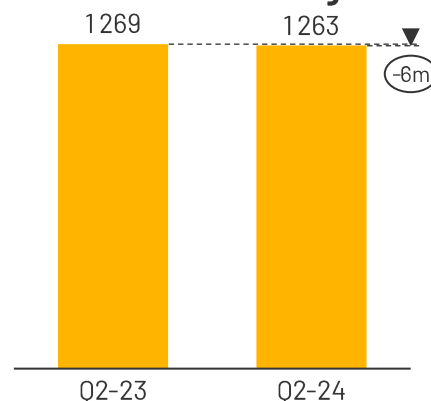
Financial position

Healthy liquidity and increased covenant headroom

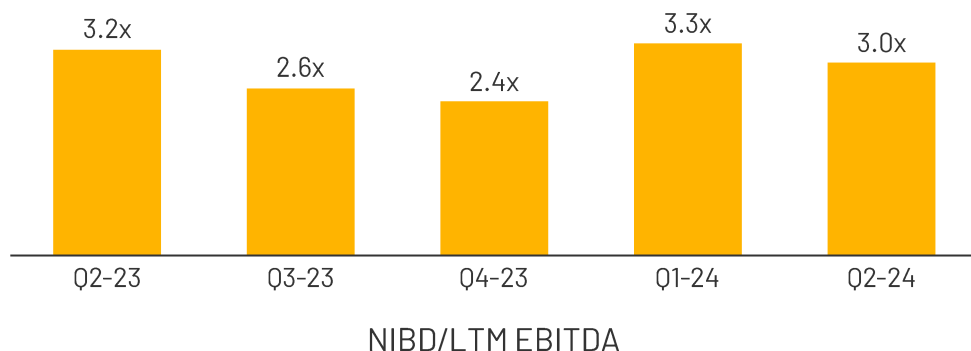
Liquidity reserve



Net interest-bearing debt



Leverage ratio



- **Healthy liquidity reserve** at NOK 1 billion, up NOK 153 million since Q1 and in line with 2023
 - At the end of Q2 2023, the reported liquidity reserve included a discontinued facility of NOK 100 million
 - Continued utilisation of Swedish tax deferral scheme
- **Net interest-bearing debt relatively stable YoY**
 - Reduction of NOK 215 million from NOK 1 478 million at Q1, mainly reflecting less utilisation of facilities
- **Leverage ratio of 3.0x, with solid headroom to covenants Q2**
 - Revised covenants allowing for a leverage ratio up to 4.5x at the end of Q2 and Q3, and 4.0x at year-end
- **Equity ratio of 38.5 per cent at the end of the second quarter**
 - Compared with 46.8 per cent one year earlier; mainly due to impairments and de-risking of balance sheet in Q4-23

Summary and outlook

Jaan Ivar Semlitsch, CEO



Key takeaways

Markets remain challenging, but progress on commercial and cost initiatives



- **Weak markets and innovation cycles in in core categories** continued to impact revenues
- **Gross margin impacted by price investments**, campaign activities and inventory management
- **Reduced cost base** in the quarter driven by measures to counter cost inflation
- **Gradual build-down of inventory** over recent periods, and assortment managed for renewal and peak season
- **Controlled financial position** with healthy liquidity and revised covenant trajectory with increased headroom

Measures taken to improve performance in a challenging market



- **Preparations for Q3 and for Q4 and peak** well progressed with strong commercial plans
- **Competition expected to remain hard**, yet with an easing negative impact on gross margins
- **Commercial initiatives** will continue to support assortment improvement and sourcing terms
- **Cost base and financial position** well controlled to handle cost inflation and other uncertainties
- **Improved consumer confidence** as well as innovation cycle expected to gradually become more supportive
- **Initiatives to drive growth and profitability** towards 2026-2028 are well underway

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 efficiency of gross profit generation of the group's operations as a percentage of total operating revenue.

Reconciliation

Amounts in NOK million	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Total operating revenue	3 418	3 634	6 664	7 253	15 861
- Cost of goods sold	(2 972)	(3 122)	(5 729)	(6 230)	(13 650)
= Gross profit	447	512	935	1 023	2 211
Gross margin	13.1 %	14.1 %	14.0 %	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	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Total operating revenue	3 418	3 634	6 664	7 253	15 861
Total operating expenses	3 457	3 637	6 748	7 260	16 746
- Cost of goods sold	(2 972)	(3 122)	(5 729)	(6 230)	(13 650)
- One-off cost	(1)	(3)	(7)	(16)	(41)
- Impairment	-	-	-	-	(983)
= Total operating expenses (adj.)	485	512	1 013	1 014	2 073
Operating cost percentage	14.2 %	14.1 %	15.2 %	14.0 %	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	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
EBIT	(39)	(3)	(85)	(7)	(885)
- EBIT impact of IFRS 16	(5)	(4)	(8)	(8)	(16)
+ Dep B2C, B2B, Dist. Other	44	38	87	73	1 120
= EBITDA excl IFRS 16	1	31	(6)	58	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	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Total operating revenue	3 418	3 634	6 664	7 253	15 861
EBIT	(39)	(3)	(85)	(7)	(885)
+ One-off cost	1	3	7	16	41
+ Impairment	-	-	-	-	983
= EBIT adjusted	(38)	0	(78)	9	139
EBIT margin adjusted	(1.1%)	0.0 %	(1.2%)	0.1 %	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	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Total operating revenue	3 418	3 634	6 664	7 253	15 861
EBIT	(39)	(3)	(85)	(7)	(885)
EBIT margin	(1.1%)	(0.1%)	(1.3%)	(0.1%)	(5.6%)

Net working capital: Working capital assets, comprising inventories, trade receivables, trade payables and other current assets and liabilities. The deferred Swedish tax liability is classified as other current liability in accordance 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	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Inventory	1 903	1 897	1 903	1 897	2 194
+ Trade receivables - regular	153	249	153	249	245
- Trade payables	(1 324)	(1 131)	(1 324)	(1 131)	(1 563)
+/- Other assets and liabilities	(477)	(620)	(477)	(620)	(623)
= Net working capital	255	394	255	394	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	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Long-term loans	800	998	800	998	800
+ Short-term loans	8	52	8	52	-
- Cash/cash equivalents	(108)	(341)	(108)	(341)	(230)
= Net interest-bearing debt	700	709	700	709	570
+ IFRS 16 liabilities	563	560	563	560	608
= Net int. bear. debt incl. IFRS 16	1 263	1 269	1 263	1 269	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	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
EBITDA excl IFRS 16	1	31	(6)	58	218
- Investments	(36)	(40)	(77)	(89)	(212)
+/- Change in net working capital	217	15	(3)	250	392
+/- Change in deferred payment	16	7	39	(7)	12
= Operating free cash flow	198	154	(47)	212	410

