

Elektroimportøren AS

Quarterly report Q2 2021



elektroimportøren



elektroimportøren

[#QuarterlyreportQ22021](#) [#elektroimportøren](#)

To our shareholders

We are pleased with the development in the second quarter with sales growing 18% compared to a record Q2 last year. We had like-for-like growth of 13%, and compared to 2019 we grew sales with 65%.

Going into the second quarter we knew we were facing tough comparable numbers. In 2020 we grew sales with 40% in the quarter and this year parts of our store network were closed for B2C.

Sales to B2B continued on its growth track whilst we did not manage to grow sales to B2C. Lack of growth to B2C customers was caused by partial close down of 13 of our stores through April and the beginning of May, and facing tough comparables from last year. All stores were open as normal from May the 6th.

We opened our store number 24 at Jessheim north of Oslo on the 14th of June. Both B2C and B2B customers have given the store a good welcome. We have also signed a contract for a new store in Stavanger which will open in Q4 2021.

Spoton, our digital electrician service, is now rolled out in all of our stores. First half this year we have, together with our partners, made more than 500 installations with a total turnover of MNOK 4. We are pleased with the development and throughout the fall and winter we will increase marketing and sales activities to continue to grow awareness about this new offering.

We have delivered a record first half of 2021 with 26% growth in sales and 27% growth in EBITDA. This is the result of the dedication and hard work being done by all our employees across the country. Securing that our customers get the products, the support, and the service that they need to make their businesses and homes work better.

Yours sincerely

Andreas Niss, CEO Elektroimportøren

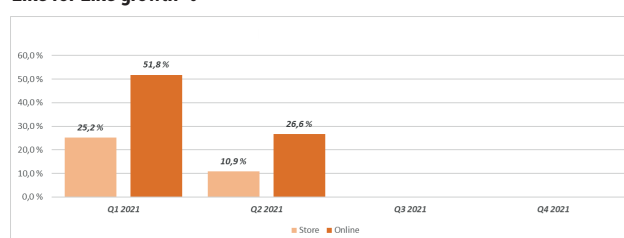
Summary of key financials Q2

- Revenue of 320.8 MNOK (271.9 MNOK) up 18.0%.
- Online share of total sales (excluding pick up in store) 13.9% (13.0%).
- B2B sales have increased with 49.0% compared to last year, while B2C sales had a decrease with 2.0%. B2B share of total sales have increased to 53.1% (42.6%).
- Total like for like sales growth of 13.0% driven by 26.6% online and 10.9% physical stores.
- Sale of electrical Vehicle chargers have continued to increase significantly compared to last year. Total sales in Q2 was 34 MNOK (5.9 MNOK). Even though this is a profitable product category, the margin percentage is significantly lower compared to other product groups.
- The overall gross margin percentage of 37.4% was down from 39.8% last year. The percentage margin for B2C and B2B customers excluding electrical vehicle chargers is at the same level as last year. Key drivers for reduced margin year on year are the significant sales increase of EV chargers and increased sale to B2B customers.
- Opex to sales ratio 25.0% (24.9%). For this financial year we have started to make provisions for expected year end bonuses. In 2020 we started to make provisions from Q3. Taken this into consideration we are still increasing cost efficiency year on year, even when we compare against Q2 2020 where we had "positive" effects on total cost because of Covid.
- Adjusted EBITDA of 39.6 MNOK (40.7 MNOK). Adjusted EBITDA margin percentage is 12.4% (15.0%)
- Net cash as of June 2021 is 65.5 MNOK (2.8 MNOK). In addition we have a overdraft facility of 120 MNOK not utilized. This is a significant improvement year on year.

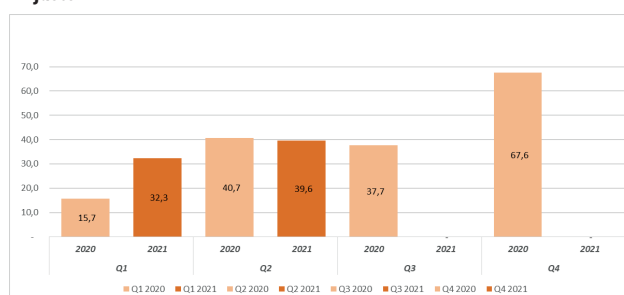
Summary of Q2

- 18% revenue growth in Q2 despite facing tough comparables from last year (40 % growth in Q2-20).
- Growth is driven by great sales to B2B where we have outperformed the market and grown with almost 50%.
- Electrical vehicle chargers continue to be the fastest growing category
- B2C sales have a slight decline of 2.3% where April and May were affected by store closures. June had good growth supported by a good opening campaign of our new store in Jessheim.

Like for Like growth %



Adjusted EBITDA



- We opened store number 24 in Jessheim on the 14th of June and it has been well received by our customers.
- Spoton has now been rolled out in all of our 24 stores and we can now offer Spoton services to more than 70% of Norwegian households. Sales of MNOK 2.7 in Q2 and MNOK 4 first 6 months.
- Signed a contract for one more store opening in Q4 2021.
- We have continued to analyze the Swedish market and reviewing strategic options. We will conclude on strategy during the year.

Financials

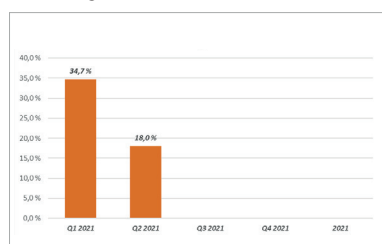


Foto: @medandreord

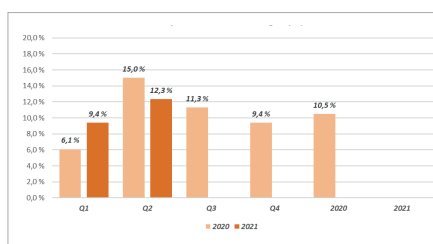
Alternative Performance Measures

(Amounts in NOK million)	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
Revenue	320,8	271,9	666,5	528,6	1 314,9
COGS	-201,0	-163,6	-417,8	-320,8	-792,5
Gross Profit	119,8	108,3	248,7	207,8	522,5
Gross margin (%)	37,4 %	39,8 %	37,3 %	39,3 %	39,7 %
Operating expenses in sales channels	-50,5	-44,0	-112,8	-99,5	-225,9
Other operating expenses	-29,8	-23,6	-63,8	-51,9	-134,9
OPEX	-80,2	-67,6	-176,6	-151,3	-360,8
OPEX to sales margin	-25,0 %	-24,9 %	-26,5 %	-28,6 %	-27,4 %
Adjusted EBITDA	39,6	40,7	72,1	56,4	161,7
Adjusted EBITDA margin (%)	12,3 %	15,0 %	10,8 %	10,7 %	12,3 %
Adjustments	0,3	0,0	-0,5	0,0	-7,0
EBITDA reported	39,9	40,7	71,6	56,5	154,7
EBITDA reported margin (%)	12,4 %	15,0 %	10,7 %	10,7 %	11,8 %
Depreciation	-6,7	-5,4	-12,8	-10,8	-23,3
Adjusted EBIT	33,0	35,3	59,3	45,6	138,4
Adjusted EBIT margin (%)	10,3 %	13,0 %	8,9 %	8,6 %	10,5 %
Adjustments	0,3	0,0	-0,5	0,0	-7,0
Amortisation intangible assets	-2,5	-2,5	-4,9	-4,9	-9,8
EBIT reported	30,8	32,8	53,8	40,8	121,6
EBIT reported margin (%)	9,6 %	12,1 %	8,1 %	7,7 %	9,2 %
Net financial expenses	-1,8	-3,5	-4,2	-7,3	-14,4
Profit before tax	29,0	29,3	49,7	33,5	107,2
Net Income	22,1	22,4	37,6	25,0	81,3
Liabilities to financial institutions	- 205,0	-205,0	- 205,0	-205,0	-205,0
Leasing liabilities (Autostore)	- 19,3	-10,7	- 19,3	-10,7	-20,6
Cash/Overdraft facility	65,5	2,8	65,5	2,8	94,1
Net interest bearing debt	- 158,8	-212,9	- 158,8	-212,9	-131,6

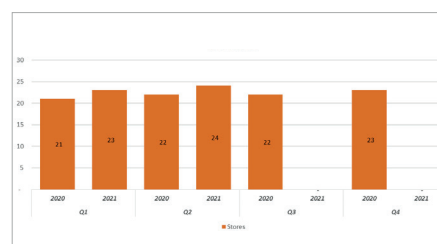
Revenue growth %



Adjusted EBITDA margin (%)



of stores



Financial review

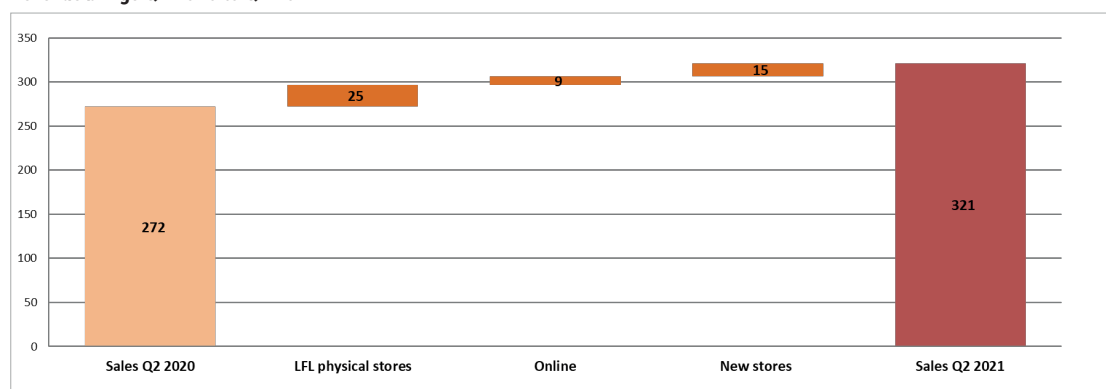
In Q2 we were facing extraordinary strong figures from 2020. In addition some of our stores have been partially closed for B2C customers during this quarter.

Based on this we are satisfied with the performance for the second quarter of 2021.

Revenues

- Total revenue in Elektroimportøren for Q2 was 321 MNOK, increasing from 272 MNOK in Q2 last year (18 % growth), with all growth being organic). All growth is organically. Like for like growth in physical stores was 10.9%, while growth in online sales channel was 26.6% (collect in store is reported as part of sales in physical stores).
- B2B sales have increased with 49.0% compared to last year, while B2C sales had a decrease with 2.0%. Largest driver for B2B growth is sales of EV chargers to installers.
- Some negative impact from some of our stores being closed for B2C customers during parts of Q2

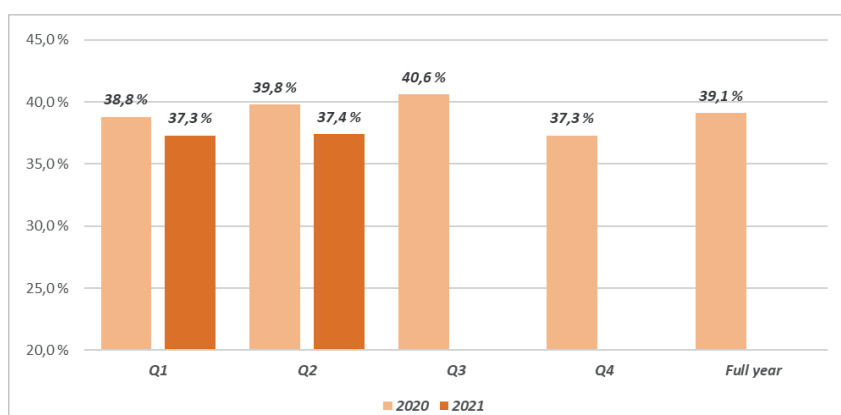
Revenue bridge Q2 2020 to Q2 2021



Gross margin

- Gross margin percentage of 37.4% was down from 39.8% last year. The percentage margin for B2C and B2B customers excluding electrical vehicle chargers is at the same level as last year. Compared to Q1 the margin percentage is slightly improved.
- Key drivers for reduced margin year on year are the significant sales increase of EV chargers and increased sale to B2B customers.

Gross margin (%)



Operating expenses in sales channels

Operating expenses in sales channels includes employee benefit expenses, rent for physical stores, bonuses to store employees and other store costs. They also include costs for online store department and the B2B organization.

Compared to Q2 last year we have two more stores, Klepp and Jessheim. Tønsberg opened in May last year. Costs have increased from 44.0 MNOK to 50.5 MNOK. Costs as percentage of sales have a slight improvement from 16.2% to 15.7%.

Other operating expenses

Other operating expenses were 29.8 MNOK an increase from 23.6 MNOK.

Other operating expenses include marketing activities, distribution costs, head office functions, non sales channel costs and bonuses to management and employees at head office and central warehouse.

Compared to last financial year we have started to make provisions for year end bonuses earlier in the year. As a result of this Q2 figures include a provision for 3.0 MNOK, with no provision in the Q2 figures for 2020.

Adjusted EBITDA

- Adjusted EBITDA for Q2 was 39.6 MNOK compared to an extraordinary good Q2 last year with 40.7 MNOK
- Physical stores, online and new stores contribute with a year on year improvement in EBITDA compared to Q2 2020, while we have a negative impact from other costs, where the provision for year end bonuses of 3.0 MNOK is the largest driver. We have also increased marketing costs with 0.9 MNOK.

Adjusted EBITDA bridge Q2 2020 to Q2 2021



EBITDA reported

Reported EBITDA was 39.9 MNOK, down from 40.7 MNOK last year.

Adjustments

We make adjustments for non recurring elements, as we believe that Adjusted EBITDA gives a more accurate picture of the underlying development of Elektroimportøren.

For this quarter we have received 0.3 MNOK related to finders fee to a store location that will not be opened. As we originally paid this in previous financial year we have not included this positive EBITDA element as part of Adjusted EBITDA.

No adjustments for Q2 last year.

Tax expenses

We have not calculated split between deferred tax and payable tax, so net tax expense has been classified as payable taxes.

Liquidity and borrowings

Elektroimportøren has long-term loans of 205 MNOK (first installment of 20 MNOK in dec. 21), and an undrawn credit facility of 120 MNOK.

Consolidated statement of profit and loss

<i>Amounts in nok 1000</i>	<i>Note</i>	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue		320 804	271 919	666 496	528 601	1 315 894
Cost of goods sold		-200 959	-163 615	-417 815	-320 832	-798 389
Employee benefits expenses		-42 913	-34 024	-102 062	-82 599	-219 294
Depreciation and amortisation expenses		-9 108	-7 883	-17 720	-15 686	-33 118
Other operating expenses		-37 026	-33 551	-75 158	-68 757	-143 491
Total operating expenses		-290 005	-239 072	-612 755	-487 874	-1 194 292
Operating profit		30 798	32 847	53 741	40 727	121 602
Net financial income (+)/expenses (-)		-1 819	-3 504	-4 109	-7 293	-14 446
Profit before tax		28 980	29 344	49 632	33 435	107 156
Income tax expense		-6 924	-7 001	-11 998	-8 403	-25 885
Net profit (loss) for the period		22 055	22 343	37 634	25 032	81 271
Earning per share (EPS)		1,06	1,08	1,82	1,21	3,92

Consolidated statement of financial position

Amounts in nok 1000	Note	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Goodwill		118 747	128 006	118 747	128 006	122 606
Other intangible assets		6 310	6 859	6 310	6 859	7 356
Total intangible assets		125 057	134 865	125 057	134 865	129 962
Fixtures and fittings, office machinery and equipment		147 050	129 094	147 050	129 094	142 778
Inventory		219 258	192 122	219 258	192 122	208 160
Trade receivables		73 891	51 316	73 891	51 316	54 386
Other receivables		13 526	15 002	13 526	15 002	28 251
Cash and bank deposits		65 523	2 838	65 523	2 838	94 080
Total current assets		372 198	261 278	372 198	261 278	384 877
Total assets		644 305	525 237	644 305	525 237	657 617
Amounts in nok 1000	Note	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Share capital		13 011	13 011	13 011	13 011	13 011
Other Equity		150 169	106 297	150 169	106 297	112 535
Total Equity		163 180	119 308	163 180	119 308	125 546
Deferred tax		44	676	44	676	43
Lease liabilities		19 281	10 702	19 281	10 702	17 923
Other long term liabilities		0	30 000	0	30 000	0
Liabilities to financial institutions		185 000	205 000	185 000	205 000	185 000
Total long term liabilities		204 325	246 378	204 325	246 378	202 966
Liabilities to financial institutions		20 188	1 063	20 188	1 063	22 702
Trade payable		102 030	91 334	102 030	91 334	120 798
Tax payable		30 526	11 928	30 526	11 928	26 518
Dividends payable		50 000	0	50 000	0	50 000
Public duties payable		35 165	31 335	35 165	31 335	50 559
Other short term liabilities		38 891	23 891	38 891	23 891	58 528
Total short term liabilities		276 800	159 551	276 800	159 551	329 105
Total Equity and Liabilities		644 305	525 237	644 305	525 237	657 617

Consolidated statement of cash flow

Amounts in nok 1000	Note	Q2 2021 Unaudited	Q2 2020 Unaudited	H1 2021 Unaudited	H1 2020 Unaudited	2020 Audited
Cash flow from operations						
Operating profit		30 798	32 847	53 741	40 727	121 602
Taxes paid		-3 995	0	-7 990	-4 509	-7 990
Depreciation and amortisation		9 108	7 883	17 720	15 686	33 118
Change in inventory		13 308	6 615	-12 306	12 371	-3 605
Change in trade debtors		-10 341	-4 382	-22 917	-13 887	-13 815
Change in trade creditors		13 821	17 396	-14 146	3 593	29 849
Change in other provisions and receivables		-31 174	-15 562	-19 982	1 816	10 906
Net cash flow from operations		21 525	44 797	-5 880	55 798	170 065
Cash flow from investments						
Net capital expenditures		-12 829	-4 847	-17 058	-15 328	-41 570
Net cash flow from investments		-12 829	-4 847	-17 058	-15 328	-41 570
Cash flow from financing						
New Loans		0	0	0	0	215 800
Repayment of loans and interest		-2 614	-3 504	-5 619	-38 526	-251 109
Net cash flow from financing		-2 614	-3 504	-5 619	-38 526	-35 309
Cash and cash equivalents at the beginning of the period		59 441	-33 608	94 080	894	894
Net change in cash and cash equivalents		6 082	36 446	-28 557	1 944	93 186
Cash and cash equivalents at the end of the period		65 523	2 838	65 523	2 838	94 080

Consolidated statement of changes in equity

<i>Amounts in nok 1000</i>	<i>Paid in Equity</i>	<i>Other Equity</i>	<i>Total Equity</i>
January 1st. 2020	13 011	81 265	94 276
Profit for January-June 2020	0	25 032	25 032
Balance at 30th. June 2020	13 011	106 297	119 308
Balance at 1st. January 2021	13 011	112 535	125 546
Profit for January-June 2021	0	37 634	37 634
Balance at 30th. June 2021	13 011	150 169	163 180

Events after the period and outlook

Going into the 2nd half of the year with peak season coming up we have never been better prepared. Campaign planning, sales strategies and supply chain management is of most importance in delivering a good performance in the busiest part of the year. We have throughout the spring and summer made the preparations that we believe should enable us to continue to grow also in the last 6 months of the year.

In September the expansion of our central warehouse will be ready. This is doubling our warehouse capacity and will secure good availability of products for the foreseeable future.

In Q4 we will open our 25th store and we continue to look for attractive locations across Norway. We are in negotiations for 2 more locations that we will possibly open in 1H 2022.

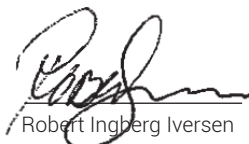
We are finalizing our strategic analysis of the Swedish market and expect to conclude during 2021.

Oslo, August 18 2021

The board of Elektroimportøren AS



Amund Skarholdt



Robert Ingberg Iversen



Gaute Gillebo



Ronny Blomseth



Kjersti Helen Krokeide Hobøl



Fredrik Toft Bysveen

Notes and Definitions



Notes

Note 1 Corporate information

Elektroimportøren AS and its subsidiaries (the Group) operating activities are related to the resale of electro materials, lighting, heating and ventilation, cables and wires as well as smart home products in Norway through physical stores and online business.

All amounts in the financial statements are presented in NOK 1000' unless otherwise stated

Due to rounding's there may be smaller differences in the summation columns.

Note 2 Basis of preparation and accounting policies

These financial statements for the second quarter of 2021 have been prepared in accordance with NGAAP, consistent with those applied in the preparation of the annual financial statements for the year ended 31st. December 2020.

There have not been any changes in accounting principles over the last year.

The Group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is measured at fair value, as are the net assets acquired. Any goodwill that arises will be amortised.

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, revenue 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 2020.

Note 4 Loans and borrowings

In December 2020 Elektroimportøren AS renewed the financing structure with DNB, increasing the Revolving credit facility. At 31st. March 2021 Elektroimportøren has the following borrowing facilities;

(Amounts in 1000 NOK)	Unlised	Total Facility
Term loan A	205 000	205 000
Revolving Credit Facility	–	120 000
	205 000	325 000

The facilities have a three year maturity, and term loan A have yearly installments with 20 MNOK.

The facilities are secured by inventory, receivables and operating equipment in Elektroimportøren AS.

Note 5 Related party transactions

The Groups related parties transactions includes 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

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Number of ordinary shares	20 732 200	20 732 200	20 732 200	20 732 200	20 732 200
Net profit	22 055	22 343	37 634	25 032	81 271
Earnings per share	1,06	1,08	1,82	1,21	3,92

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 Q2 2021

