

# ANNUAL REPORT AND ACCOUNTS

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ELKJØP NORDIC AS 2021/2022

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Elgiganten Gallerian Stockholm - Opened April 2022



# HIGHLIGHTS OF THE YEAR



Turnover

**48.7 BNOK<sup>1</sup>**



Profits

**1.692 MNOK<sup>1</sup>**

KUNDEKLUBB

Customer club members

**6.8 MILLION**



Customer satisfaction

**93.9%**



Collection of electronic waste

**31.411 TONS**

<sup>1</sup> Figures according to 445-calendar as reported to Currys.

# CEO COMMENTS

## DEAR COLLEAGUES, THANK YOU FOR YOUR GREAT CONTRIBUTION IN A VERY DIFFERENT AND CHALLENGING YEAR. TRULY AMAZING PERFORMANCE!

Despite these uncertain times, we are continuing to perform strongly and together we have delivered our next best result ever in our 60-year history! The spirit and commitment shown by all of you in helping our customers every day is the key to our success – this is the soul of our Elkjøp family.

Dear customers, thank you for choosing to shop with us. We are humble and proud to be able to continue welcoming you back, and to have the chance to make your life easier and more fun through our products and services.

It has been a very challenging year for the world and our industry, with COVID, lockdowns and the Ukraine war. This obviously affects all of us as humans, as well as causing disruptions in our supply chain, impacting our customers and our business. The pandemic accelerated the importance of technology, and together with the knowledge and adaptability of our colleagues we really helped our customers with their technology throughout the pandemic. Despite continued challenges in the markets and high inflation this year, we delivered a very strong performance, standing tall in these headwinds.

As humans, we are forward-thinking, and in a world that is rapidly coming back to normal, it is easy to forget what we have been through. But with our markets and borders fully opening again late this winter, most of our financial year still suffered under the influence of COVID-19 and various limitations and concerns. Our focus has been on performing, delivering technology, knowledge, and services when our customers needed them the most. A strong performance through the COVID period shows that we have stepped up and succeeded.



"Our focus has been on performing, delivering technology, knowledge, and services when our customers needed them the most."

To stay ahead as a market leader, we also need to adapt and transform as a company. So this year we have completed our biggest ever IT transformation, implementing the Next Generation Retail (NGR) project, changing all our front-end systems, for all our colleagues and customers, launching our new B2X omnichannel platform. Seamless and integrated systems, designed around a truly omnichannel customer journey, will create an easier daily life both for our customers and employees. Our proven ability both to perform and transform in difficult times shows what we are made of and makes me, as a leader, especially proud this year.

In the past year, we have helped millions of customers, of which as many as 93.9% say they are happy with us. As many as 6.8 million have signed up to our Customer Club, allowing us to offer tailored offers and services to our most loyal customers. Since both the retail and consumer sectors continue their transformation and digitisation, the competition becomes even fiercer in all our markets. Competition sharpens us, but thanks to having the most visited e-commerce platform, along with over 420 stores and 11,000 knowledgeable colleagues across the Nordic countries, we have the upper hand. We are there when people need help with electronics. Together, we are able to find solutions and the best product match to customers' needs. This is how we stand out and hence also the core of our new brand platform and how we will communicate and meet our customers going forward. By putting our employees and their knowledge at the centre of what we do and how we communicate, we will deliver on our brand promises.

Industry insights, as well as our own experiences, show that customers are increasingly concerned about the climate. Electronics being the fastest growing waste stream in the world, we are part of a big problem, but we are working hard and consistently to be a part of the solution. With an ambitious sustainability strategy, we have clear goals and actions when moving our business towards the circular economy. The greatest effect of our climate actions will come through helping all our millions of customers to make greener choices. This year we have done so by handling more than 31,000 tons of e-waste for recycling. Elcare, our own repair company, has worked with our stores and partners to fix and

restore hundreds of thousands of items, giving them a new start and a longer product life. We are increasingly using EcoVadis, a transparent rating system, in our work with sustainability. Customers can now see for themselves the sustainability score suppliers have achieved when searching around for a product. Already today, nearly 50% of our revenue comes from an EcoVadis-rated supplier. This year we have also obtained ISO 14001 certification for our environmental management system, which demonstrates the high standards of our work on sustainability throughout our organisation. Certification also helps us establish clear goals and procedures to deliver to these standards.

Looking ahead, we continue our journey, driven by our experiences and commitment to helping our customers all the way. At the end of 2021/22, we decided to invest in our future growth with plans to expand our Nordic Distribution Centre (NDC) in Jönköping, Sweden. Today, the NDC occupies 107,000 square metres. It has its own railway track and 85 loading and unloading ports for trailers. But since its last expansion in 2016, Elkjøp Nordic's revenue has grown by more than 50%. To keep up with our growth, remain our logistics centre and the beating heart of our company, NDC is expanding, with a new warehouse across the road, which will make NDC one of Europe's largest warehouse facilities.

Despite challenging times, technology is fundamental in all aspects of life – and its importance is increasing. When building on our platforms and strategies, we believe no one is better positioned to help the customers all the way. By staying true to our vision of helping everyone enjoy amazing technology, we will win together.

Erik Gunset Sønsterud  
CEO Elkjøp Nordic AS



# ABOUT ELKJØP

## HOW WE BECAME A SOLID MARKET LEADER WITHIN CONSUMER ELECTRONICS AND HOME APPLIANCES IN THE NORDICS

At Elkjøp, we work hard every day to enrich the lives of consumers through technology, whether they come to us online or are visiting our stores. We do this by solving technology problems and addressing key human needs across a range of areas including entertainment, productivity, communication, food, security, and health. Elkjøp is the leading consumer electronics retailer in the Nordics.

Elkjøp was listed on the Oslo Stock Exchange in 1993. Throughout the 1990's, it expanded to the other Nordic countries in addition to establishing a joint Nordic central warehouse in Jönköping. In 1999, Elkjøp was acquired by Dixons Group plc (now Currys plc).

### Thor Bjarmann (1945-2001)

A prominent leader in Elkjøp Nordic through two decades, who served as the Elkjøp Group CEO for 13 years. Driven by his energy, charisma, courage and innovative mindset, Elkjøp revolutionized consumer electronics retailing. The company's turnover grew from 500 MNOK to over 5.5 BNOK, and the foundation for our current operating model was established under his leadership. Thor Bjarmann held a strong and clear belief in people as the enablers for success. With his characteristic energy, enthusiasm, and determination, he put people development and the importance of learning at the core of our culture.

We primarily sell consumer electronics, mobile phones, computers, white goods, domestic appliances, kitchens (Epoq), and services related to these products both directly to consumers and to businesses. We are an omnichannel retailer and serve our customers both online and through our over 420 stores.

The Group consists of around 11,000 engaged colleagues working under the brands Elkjøp and Elkjøp Phonehouse in Norway, Elgiganten and Elgiganten Phonehouse in Sweden, Elgiganten in Denmark, and Gigantti in Finland. It also includes Elko in Iceland, Elding in the Faroe Islands and Pisiffik in Greenland.

We offer a wide selection of well-known brands at the best prices in the market. We achieve this through a tireless focus on the customer, efficiency, and a strong company culture.

### Brief history

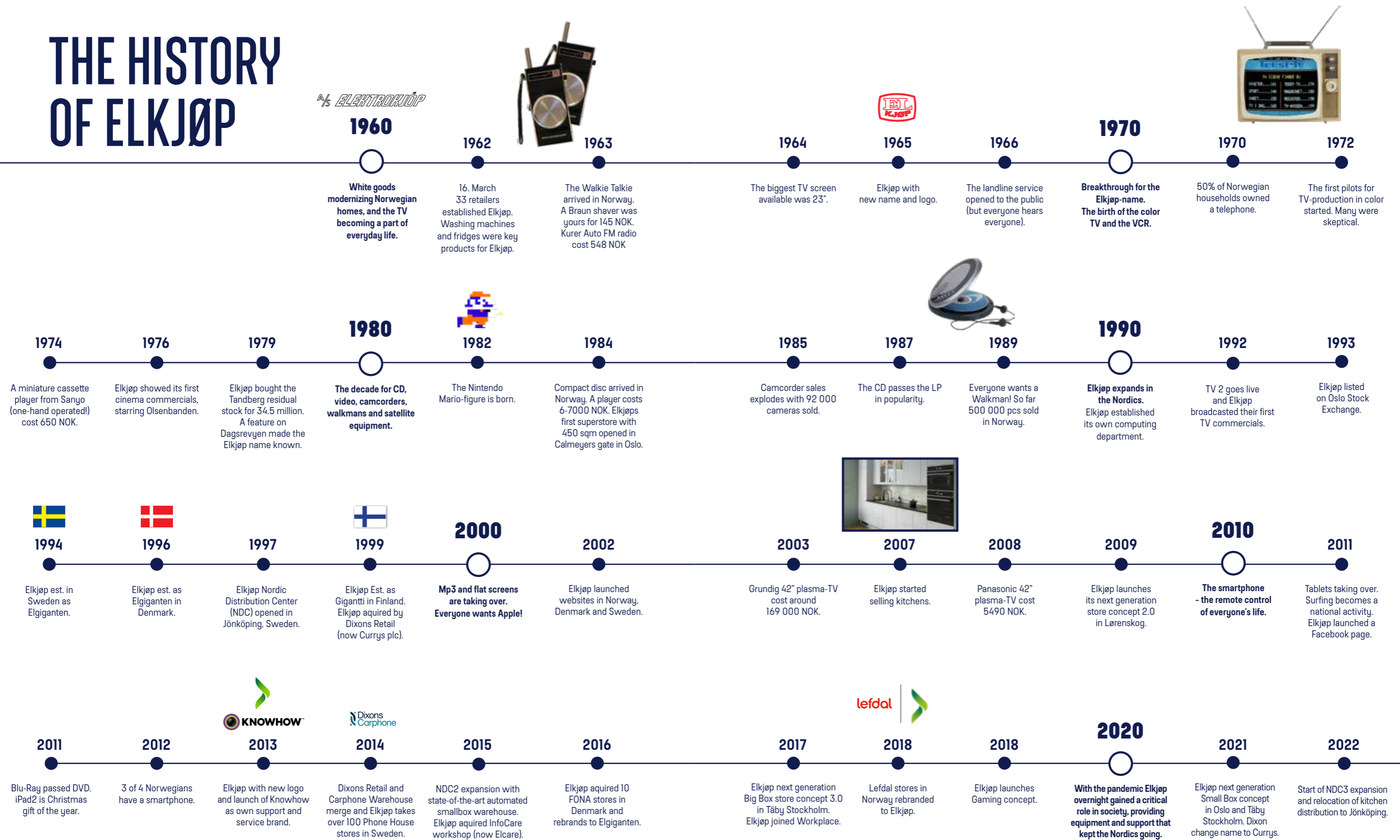
Elkjøp was founded in Norway in 1962 as a cooperation between 33 voluntary dealers seeking to buy larger volumes from suppliers at better prices. Since then, Elkjøp has grown to become a solid market leader in consumer electronics and home appliances in the Nordics.

[Continue to discover the full history of Elkjøp, combined with glimpse of the amazing development of technology.](#)



# THE HISTORY OF ELKJØP

ELKJØP



# OVERVIEW

The Elkjøp Group is by far the largest electronics retailer in the Nordic countries, with retail outlets established in Norway, Sweden, Denmark, and Finland, in addition to franchise operations in Greenland, Iceland, and the Faroe Islands. The Group operates through Elkjøp and Elkjøp Phonehouse in Norway, Elgiganten and Elgiganten Phonehouse in Sweden, Elgiganten in Denmark, and Gigantti in Finland. It also includes Elko in Iceland, Elding in the Faroe Islands, and Pisifikk in Greenland. Elkjøp Nordic has online stores in each country, 427 physical stores (including franchises), and 11.000 fantastic colleagues across the Nordics. All stores located in the Nordic countries are supplied by the Group's 107.000 m<sup>2</sup>, modern central warehouse located at the heart of the Nordics, Jönköping in Sweden. We have local back offices in each country, with Elkjøp Nordic's back office located in Nydalen, Oslo.



## NORWAY

**Elkjøp:** 52 stores  
**Elkjøp Franchise:** 67 stores  
**Elkjøp Phonehouse:** 34 stores  
 Revenue: 14.722 MNOK  
 Elkjop.no

## SWEDEN

**Elgiganten:** 45 stores  
**Elgiganten Franchise:** 41 stores  
**Elgiganten Phonehouse:** 57 stores  
**Phonehouse Franchise:** 37 stores  
 Revenue: 16.460 MNOK  
 Elgiganten.se

## DENMARK

**Elgiganten:** 40 stores  
 Revenue: 9.530 MNOK  
 Elgiganten.dk

## FINLAND

**Gigantti:** 20 stores  
**Gigantti Franchise:** 20 stores  
**Gigantti Phonehouse:** 1 stores  
 Revenue: 6.622 MNOK  
 Gigantti.fi

## GREENLAND

**Pisifikk Franchise:** 6 stores

## ICELAND

**Elko Franchise:** 5 stores

## FAROE ISLANDS

**Elding Franchise:** 2 stores

# ELKJØP NORDIC DISTRIBUTION CENTER

## THE HEART OF OUR LOGISTICS

Elkjøp Nordic Distribution Center (NDC) is located in Jönköping, Sweden, and is one of the keys to our low prices. With all our products centralised in one location, there are fewer stops along the way, ensuring more efficient transportation of products from factory to store, and to you, the customer.

The NDC was built in 1997 and was expanded in 2000, 2007 and 2016 to keep up with revenue growth, more direct deliveries (online), and to stay efficient through the automation of operations, which includes 220 robots that place and pick up goods with a capacity of 7000 boxes in and out per hour.

Today, the NDC houses 107,000 square meters. It has its own railway track and 85 loading and unloading ports for trailers, as well as 200 forklifts. On average, 75 fully loaded cars are used daily, and approximately 1.3 million m<sup>3</sup> of electronics are shipped yearly. During our peak season (around Christmas), a truck of goods from the central warehouse runs every 9 minutes - 24 hours a day!

"Today, the NDC holds 107 000 square meters. It has its own railway track and 85 loading and unloading ports for trailers".

Elkjøp NDC delivers these products to more than 420 stores, 85 hubs, and directly to customers throughout the Nordics. The location of the NDC is not accidental, as Jönköping is situated in the middle of the Nordics, allowing us to reach 80% of the population within 24 hours. Around 550 of our colleagues work at the NDC, but the numbers increase significantly during the peak season, when 700-800 people work on a 3-shift operation (day, evening, night) to ensure that we get Christmas presents home to people throughout the Nordic region.



Photo: Fredrik Syrén

# BUILDING ELKJØP FOR THE FUTURE

## NORDIC DISTRIBUTION CENTER 3.0

Elkjøp's Nordic Distribution Center (NDC) is the beating heart of our company. In 2016 we expanded NDC by investing in a fully automated plant that packages small products for shops and end consumers, increasing our overall efficiency. Since then, Elkjøp Nordic's revenue has grown by more than 50%. This means we need more capacity to keep up with our growth. To make sure NDC remains our logistics center, we are moving ahead with NDC 3.0 and expanding our warehouse in Jönköping again by building a new standalone

warehouse across the road. The new addition will house Epoq kitchens when its central distribution facility, currently located in Brno, Czech Republic, moves to Jönköping. The warehouse will initially be manually operated, but when volumes grow, we envisage potentially expanding it to a semi-automated solution. When opened, NDC will measure a total of 193.600 square meters and be one of Europe's largest warehouse facilities.



A mockup of the new warehouse and its location.







# OUR CULTURE

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We are proud of our strong culture, which was created through our history and which forms one pillar of our success. Working for Elkjøp Nordic should be fun and challenging. Our team spirit is high, and we both take pride and have great faith in what we can do and accomplish together. Our common goal is to always make sure our customers are happy, and that our values Responsible, Engaged and Efficient guide us, remaining the core of everything we do.

## RESPONSIBLE

**Responsibility is how we earn the trust of our co-workers, our customers and the community.**

That means truly listening to every customer and providing great advice, every time.

It means doing business in a manner that is in line with our policies and ethical standards. It is our responsibility to contribute to the quality of life of our customers, our employees, and society as a whole.

We have made it our business to help people live more sustainably through smart use of technology while simultaneously minimising our negative impact on the environment.

## ENGAGED

**Engagement creates great customer experiences as well as a great workplace.**

To fuel our engagement, we need to encourage each other by sharing, achieving, and celebrating.

Work is more fun and more meaningful when we make the effort to make a difference – for ourselves, our colleagues, and our customers.

It takes real dedication to grow, and real engagement to be truly dedicated. The drive to do our best is what makes our co-workers stay and our customers return. It is an attitude that is the very heart of our culture.

## EFFICIENT

**Efficiency holds our organization together from wing to wing and is what makes us move forward.**

It is the very foundation we need to achieve our goals, be they big or small, individual or collective. We are always looking for ways to improve our game through cost smartness and efficient teamwork.

We depend on each other for learning, support, and feedback, whether we work in the store, at the office, in customer care, or in distribution.

Helping each other be the best we can be allows us to adapt in times of change and provides us with a key competitive advantage.

# CORPORATE GOVERNANCE

## THE FOUNDATION OF LONG-TERM SUSTAINABLE SUCCESS

We believe that robust corporate governance is the foundation of long-term sustainable success of a business and helps us deliver the right outcomes for our shareholders, our customers, our colleagues, our suppliers and our communities.

Elkjøp Nordic AS reports to the following Currys Board committees, which are assisting the board in fulfilling its oversight responsibilities: the Audit Committee, Disclosure Committee, Nomination Committee, Remuneration Committee and Executive Committee. There are two additional committees, ESG and Group Risk & Compliance, that report to the Executive Committee. Day-to-day management is delegated to the Nordic CEO, supported by the Nordic Management team, which is made up of 12 senior managers in the Group.

### Audit and internal control

The Audit Committee is responsible for assessing reports from the external auditors as well as the work performed by internal audits. In addition, the Audit Committee reviews the effectiveness of internal controls and risk management systems.

This year's internal audit reviews have focused on the following Group risks: information security and data protection, IT resilience, integrity and disaster recovery, business transformation, people, sustainability, and product safety. A total of six reviews have been completed and presented to the Audit Committee.

The external auditor is appointed by shareholders to provide an opinion on the annual report and accounts and certain disclosures prepared by the Elkjøp Nordic Management. Deloitte acted as the external Auditor to the Group throughout the year. As part of its reporting of the half-year and full year results, the Audit Committee reviewed Deloitte's assessments



of the Group's significant accounting judgements and estimates and made a valuation of the quality of the work undertaken. As a result of an external audit tender process conducted by the Audit Committee, KPMG has been appointed as the external Auditor as of the next fiscal year.

There is a framework for internal controls tailored to the specific business processes, approx. 350 controls are reviewed on an annual basis across 12 business areas. The controls are a combination of financial, operational and compliance controls. The results of the review are assessed by the Audit Committee.

### Risk management

Elkjøp Nordic is committed to protecting the Elkjøp Brand, our co-workers, customers, business partners and assets. The risk management structure is centred on the risks facing the Group: data protection, information security, health & safety, supply chain resilience, people, our commitment to sustainability, business transformation, failure of IT systems, business continuity and product safety. These risks are reviewed and discussed by the Nordic Management, the Group Risk & Compliance Committee and the Audit Committee on a regular basis. Horizon scanings are performed twice a year.

### Anti-Bribery

The anti-bribery control environment is reviewed annually. Our policy states that we believe in operating our business ethically and with integrity and that we have a zero-tolerance approach to bribery and corruption. All individuals in our organisation are prohibited from giving a bribe, accepting a bribe or making facilitation payments or kickbacks.

Anti-bribery training is mandatory for all employees. In addition, a declaration of ethical behaviour is required from extended management on a yearly basis. To ensure transparency, gifts and hospitality are registered and reported to the Risk & Compliance Committee on a regular basis. To mitigate bribery and corruption risks, due diligence processes are in place for both suppliers and major B2B (Business-to-Business) customers.

### Whistleblowing

As a Company, we believe in being open, honest and transparent. If colleagues witness, become aware of, or suspect someone of malpractice, bribery, corruption or any breach of the Company's Code of Conduct or Company procedures, they are expected to report it to their manager. If they do not feel they can discuss the matter with their manager, or their manager is directly involved, they can use the externally hosted whistleblowing line.

### Data Protection

We take seriously our obligations to keep personal data secure and confidential and to act with integrity by ensuring that we at all times comply with data protection and privacy legislation.

Elkjøp Nordic has policies and procedures to ensure compliance with GDPR, the EU's General Data Protection Regulation. The Nordic compliance team maintains an internal procedure that ensures that personal data is processed in a lawful, fair, transparent, and secure manner. The procedure is used by business stakeholders with the support of the compliance team, legal counsel and IT. The main activities are legal assessments, risk assessments, data protection impact assessments and establishing data processing agreements.

Our privacy policy describes how we process customer data and has a detailed explanation of when and how we use segmentation and personalisation, and how our customers can enforce their rights. In the past year, we have improved the procedures to handle customers' GDPR requests, including a self-service delete function on the user's "My Page".

### Supplier governance

The contract framework for both branded suppliers and own label brands includes policies for Responsible Sourcing, Conflict Minerals, Modern Slavery and Child Labour Remediation. Elkjøp does not tolerate any form of modern slavery, not only because it is a criminal offence but also because it is unethical and dishonest.

Human rights due diligence assessments are performed according to the OECD framework. We consider risk factors such as production country, contact with conflict minerals, hazardous chemicals, and other relevant risk factors to determine the inherent risk of a product/service. Branded suppliers are followed-up through EcoVadis, where company ratings on environment, labour & human rights, ethics and sustainable procurement are available as well as action plans. For our own label and licensed brand operations, based in Hong Kong, auditing and risk assessments are integral to our supplier selection process.



# SUSTAINABILITY HIGHLIGHTS



# SUSTAINABILITY

## REPORTING 21/22

Elkjøp has been around for 60 years, and plans to be here for at least another 60! In order to do that, we acknowledge that no business is an island, and that the business-as-usual scenario needs to change to face climate and environment challenges, and that there is a requirement to contribute to the society of which we are a part.

We support the United Nations Development Goals, and as the undisputed market leader in consumer electronics in the Nordic region, Elkjøp Nordic has a great responsibility for how we conduct our business, contribute to society, treat our customers and employees and how we maintain our value chain. That is why we have made it our business to help people live more sustainably by encouraging smart use of technology. At the same time, we try to minimise our environmental footprint and influencing our suppliers.

Our strategy will help us take the lead on sustainability and corporate social responsibility in the electronics industry. We aim to be a leader in extending the life of technology through repair, recycling and re-use and we wish to offer customers products that help them save energy, reduce waste and which they can keep and use for as long as possible.

Elkjøp's sustainability strategy stems from an analysis of what we see as the most important challenges for our business. In 2020, we conducted an analysis on where we have the highest material impact. Not surprisingly, it is related to the products we sell, both in their effect on the climate and effect on the circular economy.

All our employees have mandatory training in our sustainability strategy, and we focus on communicating the way forward to all departments and employees. In 2021/22 we kicked off our internal engagement

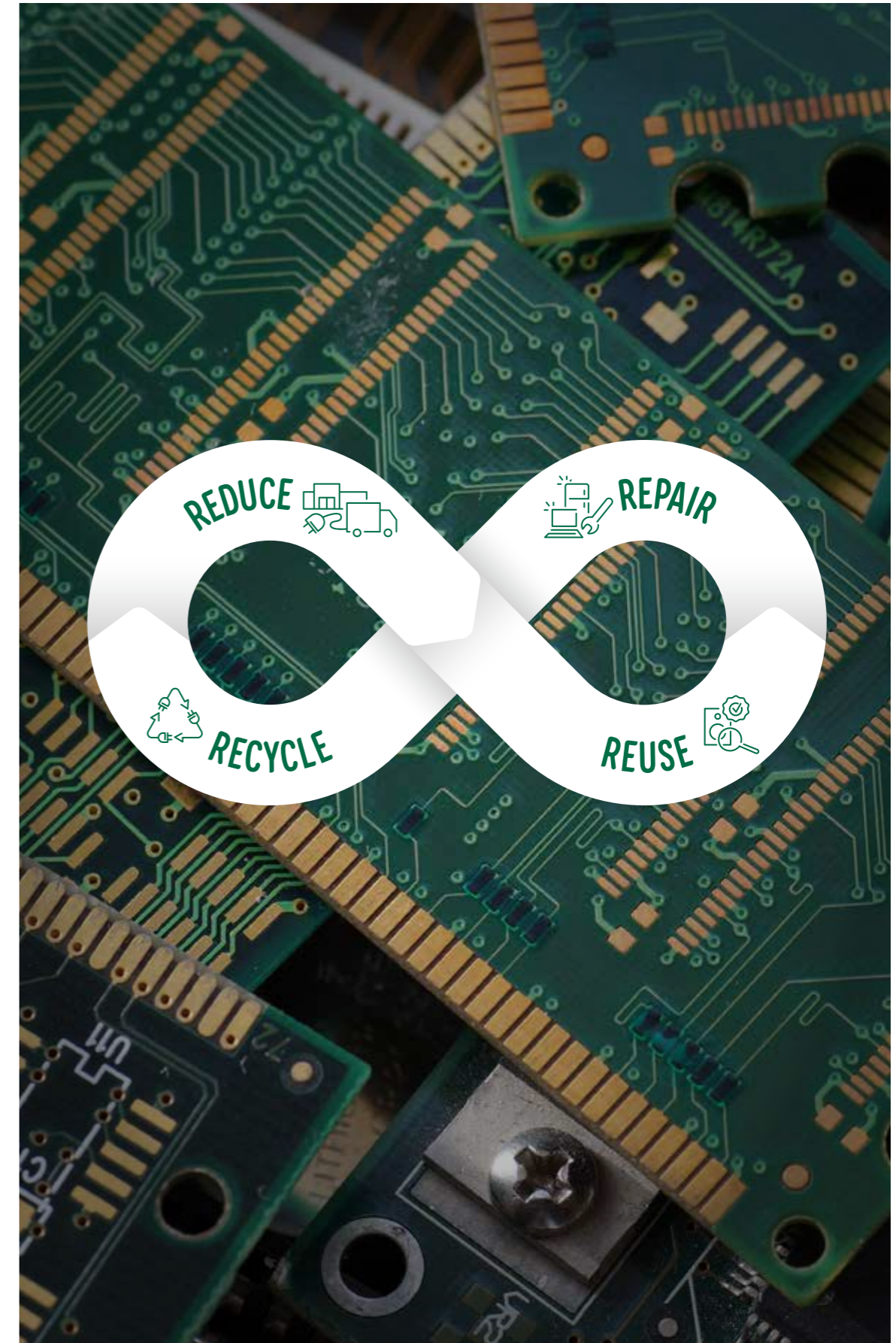
by placing sustainability on our Leadership Summit schedule, by incorporating it into our internal staff meetings, as well as integrating the topic into the workplace, our podcasts and live Q&A events. Internal training events on several topics related to the sustainability strategy have been launched, one example being the sale of spare parts.

Elkjøp wants a broad stakeholder dialogue to further enhance our sustainability strategy. Customers, suppliers, owners, and our colleagues all provide fruitful insights on how sustainable development can influence our business.

To gain insights into what customers expect from us, we are part of the Sustainable Brand Index, where consumers are asked which topics they expect Elkjøp to work with. These correlate highly with our sustainability strategy, focusing on products of high quality, energy efficiency, longer life cycles, access to repair services and responsible recycling services.

We see increasing customer awareness when it comes to the sustainability of products. In the Sustainable Brand Index Report 2022, between 70% and 74% of Nordic consumers say they take sustainability into account to some or to a great extent in purchasing decisions. Especially in the B2B market, we see increased focus on sustainability, both regarding minimum requirements to be able to compete for tenders, as well in some cases being the decisive factor in who wins the tender. In order to meet expectations from all our stakeholders, we will increasingly focus on sustainability in every part of the organisation.

We are convinced that our moves towards a circular economy, while reducing emissions and fighting digital poverty, are the most substantive topics in our business model.



We are also increasingly active participants in discussions on sustainability in media, seminars, and meetings with governments, politicians and activists at annual political events in Scandinavia such as the Arendal Week (Arendalsuka) in Norway and Almedalen Week (Almedalsveckan) in Sweden.

#### Sustainability Governance

A governance model based on the Elkjøp operating model has been put in place by the Group's Nordic Management. The philosophy is based on the principle of Sustainability being integrated in the daily business, following the general operating model. The local branches play key roles in fulfilling the sustainability strategy. Local networks have been set up, and the sharing of best practice across the countries is developing.

Elkjøp Nordic is also part of the Currys Group's Environmental, Social and Governance (ESG) Committee, which reports to the Group Board. Elkjøp's own sustainability strategy is aligned with the Currys strategy and work closely with them, sharing best practices. Topics such as climate, circular economy and digital inclusion are important shared priorities.

At Elkjøp Nordic, a broad sustainability network with regular meetings has also been formed with key stakeholders from different departments and chains in the various countries where we operate. The purpose of the sustainability network is to create transparency through discussions, which contributes to progress in important projects and activities. Many employees are in this way included in the sustainability agenda.

This work will continue in 2022/23, creating a wider governance framework, ensuring that responsibilities for targets, progress and reporting are clear for everyone.

Elkjøp Nordic is ISO 14001 (Environmental Management System) certified, and our environmental policy is signed off by Managing Director Erik Sønsterud. Both ISO 14001 and the sustainability strategy are assessed in management reviews that take place twice a year. The policy focuses on the following strategies: reducing own emissions, and making it easier for consumers to choose, maintain and ultimately recycle products. The internal audit regime follows ISO 14001 rules.



#### Climate and environmental risks

Our sustainability strategy is focused on the areas where we have greatest impact, but also where we see external factors that will affect our business model.

Climate change is one of the key challenges for humanity. Elkjøp recognises climate change and environmental challenges as a key risk for our company, and we are taking actions to reduce our impact on the environment and climate. The latest report from UN Intergovernmental Panel on Climate Change (IPCC) is yet another wake-up call for businesses. We also recognise the pressing need to improve our use of resources by creating circular business models, as e-waste is among the fastest growing environmental problems in the world.

Even though we see great opportunities for us in moving towards and participating in creating a low carbon and circular economy, we also acknowledge that the risks associated with sustainability are becoming more prominent. To remain a successful business with as small an environmental footprint as possible, and to ensure that colleagues, customers and all other stakeholders trust us, we have to prepare for lowering the risks and including them as important elements in every decision.

Our industry relies heavily on scarce metal and mineral resources. This theme is increasingly on the agenda, and we see our suppliers working to use more renewable and recycled materials. For various reasons, such as the COVID-19 pandemic and the war in Ukraine, we are seeing increased prices on several raw materials.

We also see theft from our recycling stations as a growing risk, due to high demand for e-waste. We will continue our focus on securing our recycling stations by improving surveillance and control.

Sustainability is added to the principal risk review and updated quarterly. Horizon scannings and closely watching external factors throughout the whole business are key. The ESG register is monitored by the Group ESG committee.

In collaboration with Currys, Elkjøp is actively engaged in understanding the various climate-related risks that affect us. Through concrete projects, we are gaining insight into our climate related physical risks such as flooding in our stores, extreme weather events that may interrupt supply chains and logistics, and transition risks such as increased prices on energy. Reporting on

TCFD (the Task Force on Climate Related Disclosures, the framework on the way companies must inform about climate change risks) is not mandatory in the Nordic countries as it is in UK. However, we adhere to the Group's commitment to assess the impact on climate risks and opportunities across our operations and supply chain.

Regulatory risks are increasingly becoming evident. Both at an EU-level and at the national level, we see political and regulatory changes that may affect our business, for example the Right to Repair, the Eco-Design Directive or the Green Labelling requirement. We know that electronics is high on the agenda in the EU's Circular Economy Action Plan and expect the EU's Sustainable product initiative launched in March 2022 to have an impact on our business.

All Nordic countries have ambitions and plans for how to move towards a more circular economy. Electronics and consumer goods will therefore be more prevalent and present in climate and environment-related discussions than before, and regulations will become even stricter. We see opportunities for government to create a level playing field and clear regulations that all relevant stakeholders must adhere to.

We welcome the increased attention from investors and the finance sector to be open and transparent about our environmental social risks, and how we plan for the move towards a circular economy. Sustainability was part of the agenda on Currys Capital markets day on 4 November 2021, and we see rising interest from investors.

The risk of being accused of greenwashing – trying to convey our business as being more sustainable than it really is – is something we are very aware of. Consumer authorities have, for example, intensified their work to stop greenwashing, and we expect audits and scrutiny in this area.

By signing the Norwegian Guidelines against Greenwashing, "Grønnvaskingplakaten" – an initiative aimed at raising awareness to avoid greenwashing and communicating trustworthiness about sustainability – Elkjøp intends to be a responsible player and sees opportunities in being perceived as a trusted and sustainable brand.

## WORKING WITH OUR SUPPLIERS

Elkjøp has a close relationship with our suppliers. Our responsible sourcing policy provide clear guidelines on the high standards and common values we expect from our suppliers. These standards set out minimum requirements across human rights, labour, environment, anti-corruption, integrity, business ethics, data security and social impact, and they apply on top of all the relevant national and international legislation that Elkjøp also complies with. Our responsible sourcing policy encourages our suppliers to reduce their own environmental impact, while developing products that are not overpackaged, that are easy to repair, energy efficient and easy to recycle at the end of their lifecycle.

To stimulate our suppliers even further, we are continuing our partnership with EcoVadis, which provides a third-party view of how our suppliers work within the broader spectrum of sustainability, including environment, human- and workers' rights. This gives us as a retailer much better insight, as well as the ability to share more information with our customers in a transparent and straightforward manner. It also makes it easier for consumers to make informed choices.

EcoVadis is designed with continuous improvement in mind, giving us a tool to help suppliers become more sustainable. Their ranking uses medals to indicate what level the different suppliers are on with regard to sustainability. A list of EcoVadis-certified suppliers is available on our website, and we continue to challenge our suppliers to improve their sustainability efforts. 46% of the revenues in the Financial Year 2021/22 comes from suppliers that are certified. As of May 2022, 224 suppliers are certified, and 50 are in the process of becoming so.

By the end of 2022, our target is for more than 50% of revenues to come from suppliers with an EcoVadis medal.

As a part of the Currys Group, Elkjøp adheres to the Group's policy on slavery and human trafficking, and supports the Modern Slavery Act 2015. Together with our parent company, we will continue to improve communication on this topic with our supply chain.

In preparation for the Norwegian Transparency Act, which will enter into force in July 2022, and the upcoming EU Regulation on Corporate Due Diligence, we are in 2022 performing a due diligence procedure on human- and labour rights in our supply chain. The project aims to assess the product categories and the countries where the risks are most serious, to enable us to take action, as well as provide information to our customers about relevant risks in our supply chain.

This year has shown that risks of breaches on these clauses may happen both abroad and closer to home. The Swedish media, for example, has exposed abuses in the steel industry. In that particular case, Elkjøp entered into dialogue with our relevant suppliers and was reassured by how they handled the situation.

Another example of labour rights breaches has been seen in our own supply chain for transport services. We supported this third party during an onboarding and audit process for sub-contractors, to ensure their compliance with relevant regulations.

Elkjøp will continue with training and increased focus on risks and knowledge of our policies in close relation with our suppliers.

### Own Brands

Together with Currys, we offer a selection of own brands. Especially for our own brands, auditing and risk assessments are a governing part of our brand supplier selection process and ongoing relationships. Suppliers must comply with our rigorous terms and operational procedures, implementing and enforcing effective systems and controls to meet our minimum standards in respect of health and safety, wages, working hours, equal opportunities, freedom of association, collective bargaining and disciplinary procedures. Employing forced or child labour is strictly against our terms of operation. Ethical audits on our own label and licensed brand suppliers are well established.

## PLANET

### WE WILL IMPROVE OUR USE OF RESOURCES AND CREATE CIRCULAR BUSINESS MODELS

As part of becoming ISO 14001 certified, a new environmental policy came into force, focusing on reduced emissions from own operations, selling more environmentally friendly products and making it easier to choose, helping prolong the life of products, and making sure products are re-used and recycled.

Our sustainability strategy has the consumer in focus, as the largest part we can play is to enable consumers to live more sustainable lives. However, we are also working on reducing our own impact.

In the future we expect to build our whole business strategy around sustainability. We expect even more focus on how to finance the transition, and what kind of skills and competence is required for all our employees.

#### Reducing the footprint from own operations

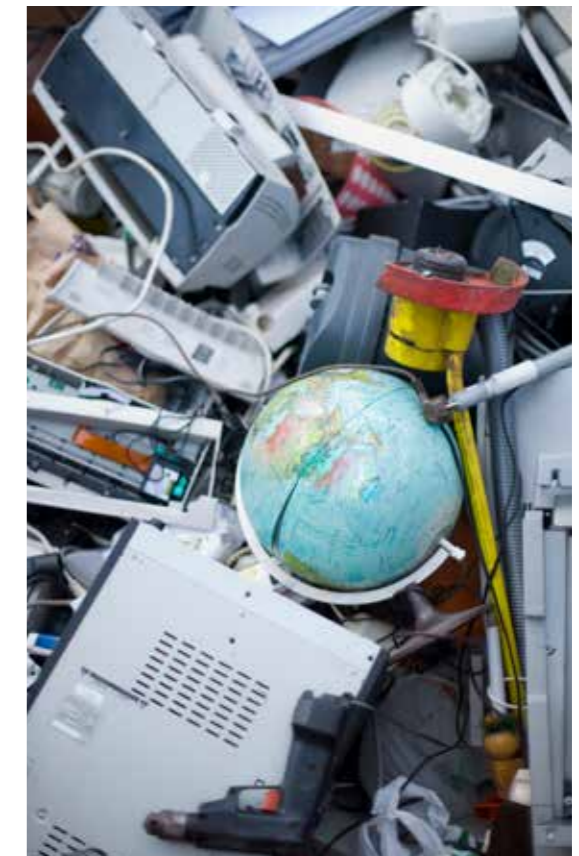
As a company, we are committed to reducing our carbon footprint throughout our own operations.

As part of the Currys Plc Group, Elkjøp is committed to reducing emissions from absolute Scope 1 and Scope 2 GHG (Greenhouse Gas) emissions by 50% by 2029/30, from a 2019/20 base year. The company is also committed to reducing absolute Scope 3 GHG emissions from purchased goods and services and use of sold products by 50% within the same timeframe. Our Scope 3 emissions account for over 90% of our total emissions. We will achieve reductions in these emissions through a programme of efforts involving our suppliers, our manufacturers and through colleague engagement. The most material impacts are within purchased goods and services and the use of sold products. Currys has had its emissions reduction targets approved by the Science Based Targets initiative, an international collaboration, which greenlights Curry's effort as consistent with levels required to meet the goals of the Paris Agreement.



### EMISSION FREE OPERATIONS

Our vision is zero emissions from our own stores and transport.





## WE HELP CUSTOMERS REDUCE THEIR ENVIRONMENTAL IMPACT

As retailers, we are uniquely positioned to help consumers live more sustainably and help them make simple green choices. The key in the circular economy is to keep resources in use for as long as possible. We are leaders in extending the life of technology through repair, recycling and re-use and we offer customers products that help them live more sustainably.

Our greatest footprint comes from the products we sell. The products and services we offer is the area in which we can make the biggest difference. We know that many consumers want to live in a more environment- and climate-friendly way but think that choosing sustainability is difficult. At Elkjøp, we want to make it easier to see how our products have been produced and the environmental and climate impact they have.

As trusted advisors, we want to help our customers make the best and greenest choices given each customer's needs. The development of more energy-efficient products is ongoing and helps our customers save energy and money. The biggest environmental impact from electronics however, does not always come from use, but from production.

In 2021/22 we have worked with a project called Environmental Parameters, aimed at making it easier for customers to make informed choices. We have asked all our suppliers to provide us with information on a product level, and we plan to launch by the end of 2022.

Another example is the campaigns aimed at helping consumers take care of their products. In the case of Electrolux, the campaign "Make it Last" encouraged consumers to take better care of their clothes when doing the laundry so the items would last longer. In the case of home appliance company BSH, the message was how to avoid food waste.

We also seek to offer the most sustainable alternatives in different product categories. That is why we started selling Fairphone – known as the most sustainable choice for mobile phones. Another example is the Acer Vero PC, which contains a lot of extraordinary sustainability features and consists of a high percentage of recycled plastic.



### WE WILL SELL MORE ENVIRONMENTALLY FRIENDLY PRODUCTS

We want to make it easier to understand how products are made, and what kind of environmental footprint they have.

In the past year, we have published a lot of editorial content to help consumers take care of their electronics. Advice on how to clean the filter of one's washing machine is just one example. Through our continuous dialogue with loyalty club members, through newsletters and other communication channels, we encourage consumers to give their technology longer life.



We keep reducing our energy consumption in stores. We monitor energy consumption throughout the year and map our stores on consumption per square metre. All the electricity we buy is renewable, and new stores have LED lighting and smart management of energy use.

Earlier this year, a new network of facility managers was set up, and a cross-business electricity group was created to reduce energy consumption. LED-lighting is just one example of how the energy management system and improved control are working both to reduce costs and energy consumption.

There are several small and larger initiatives to reduce impact from own operations: reusing shop fittings is one of them; better waste handling from back-offices in stores is another.

#### Transport

Safe and efficient logistics is essential for the group to run its business. Our main warehouse in Jönköping, Sweden, is the hub of our entire group's goods transport. Several measures have been implemented to ensure that transport services are carried out in a

responsible and environmentally effective manner. In our transport agreements, strict environmental and safety standards and good working conditions are essential.

For the last mile part of the home delivery of postal packages, we have, in the last 6 months, introduced, together with the Bring delivery company, 100% fossil-free home deliveries to the customer in 15 cities/areas in Sweden and 3 cities/areas in Denmark. This concept will continue to be implemented in all countries where Bring operates on our behalf. We will also introduce new Last Mile Partners in the coming months, who also will have solutions with fossil-free deliveries. The sustainability focus is an important part of all our contracts, as are environmental, safety and good working conditions.

In all our internal hubs, we use the SAP Transport Management System, which enables us to create efficient routes and consolidate orders to the End Customer for the Big Box (MDA) segment. We use a mix of diesel, HVO100 and gas (CNG), and we now focus on monthly reporting and demand our suppliers to report on efforts to reduce the use of diesel.



### EPOQ - Swan labelled kitchen - Hard to get - easy to choose

Elkjøps own Epoq kitchen has launched several eco-labelled products, like kitchen fronts. The ecolabel the Swan is the official Nordic ecolabel, with strict criteras and requirements throughout a products life cycle. In addition to the extended warranty of 35 years, Epoq is reducing the use of chemicals, using certified wood, and high degree of renewable materials. The kitchen is also designed to be easy to repair and redesign.

### Sustainability ambassadors!

To ensure employee engagement around our Green Deal strategy and achievements, an internal campaign was rolled out in all 39 stores in Denmark. Through quizzes, competitions, tips, inspiration and sustainable merchandise, all employees were inspired to contribute to "a greener future" - on the job and in private. The campaign was also carried out to help employees advise customers make more sustainable choices via the many services and products Elgiganten (the name of the chain in Denmark) provides. During 2022, to ensure a thorough roll-out and activation of Elgiganten's Green Deal, selected staff from all stores will receive full-day sustainability training. This will help them advise customers and new employees locally on Elgiganten's ambitions, achievements, services and products.



## REPAIR, REUSE AND RECYCLE: WE GIVE TECH LONGER LIFE

Our work is not done when a customer leaves the store. That is when the task of ensuring that the customer gets the most use out of the products starts. We help to install, use, update and repair technology.

Did you know that Elkjøp offers the largest electronics repair service in the Nordic countries? We and our partners repair over 860.000 products every year and more than 200 employees are working at Elcare, our repair service for electronic products. We know how important your handheld device, your tablet or mobile phone, is to you. That is why we have built up a network of OnDemand workshops in our stores all over the Nordic countries, where many types of repairs can be completed while you wait! We look forward to rolling out this service to even more locations.

The average European household has 72 electronic products. Of these, 11, on average, are broken and no longer in use. Far too many products have a shorter life than they were designed for due to accidents, faults, or incorrect use. Nordic consumers produce more electronic waste than consumers in many other countries. Therefore, Elkjøp has launched an internet spare parts store, offering several million spare parts for customers to order online. In 2022/23 we will increase visibility for this spare parts service, and many activities are planned to make it easier for customers to repair their products. E-learning lessons for all employees about spare parts is just one example.

We offer a range of services to enable a longer life for technology products: extended warranties, technical support subscriptions, online tips and tricks enable you to take care of your product. We are creating a whole digital universe to make it easy for customers to give their tech a longer life. On product insurance, we make repair the first choice offered to consumers, ensuring that a damaged or malfunctioning product is repaired in the first instance rather than replaced.

On October 15 last year we marked International Repair Day by communicating in various channels the importance of repairs. However, we do see that to make consumers pay for repairs, as opposed to using their warranties and claims, will require greater efforts.



### HELPING PROLONGING THE LIFE OF OUR PRODUCTS

**All products should be repairable to extend its lifetime and usage.**

Elkjøp believes in making it easy for consumers to take care of products. However, we know that many find it too expensive, and not worthwhile. That is why Elkjøp has taken a position on and raised our voice on the topic of removing VAT on repair work and spare parts. This would give consumers a real alternative. Elkjøp has raised this topic in the media and with politicians, sometimes in collaboration with our industry association.

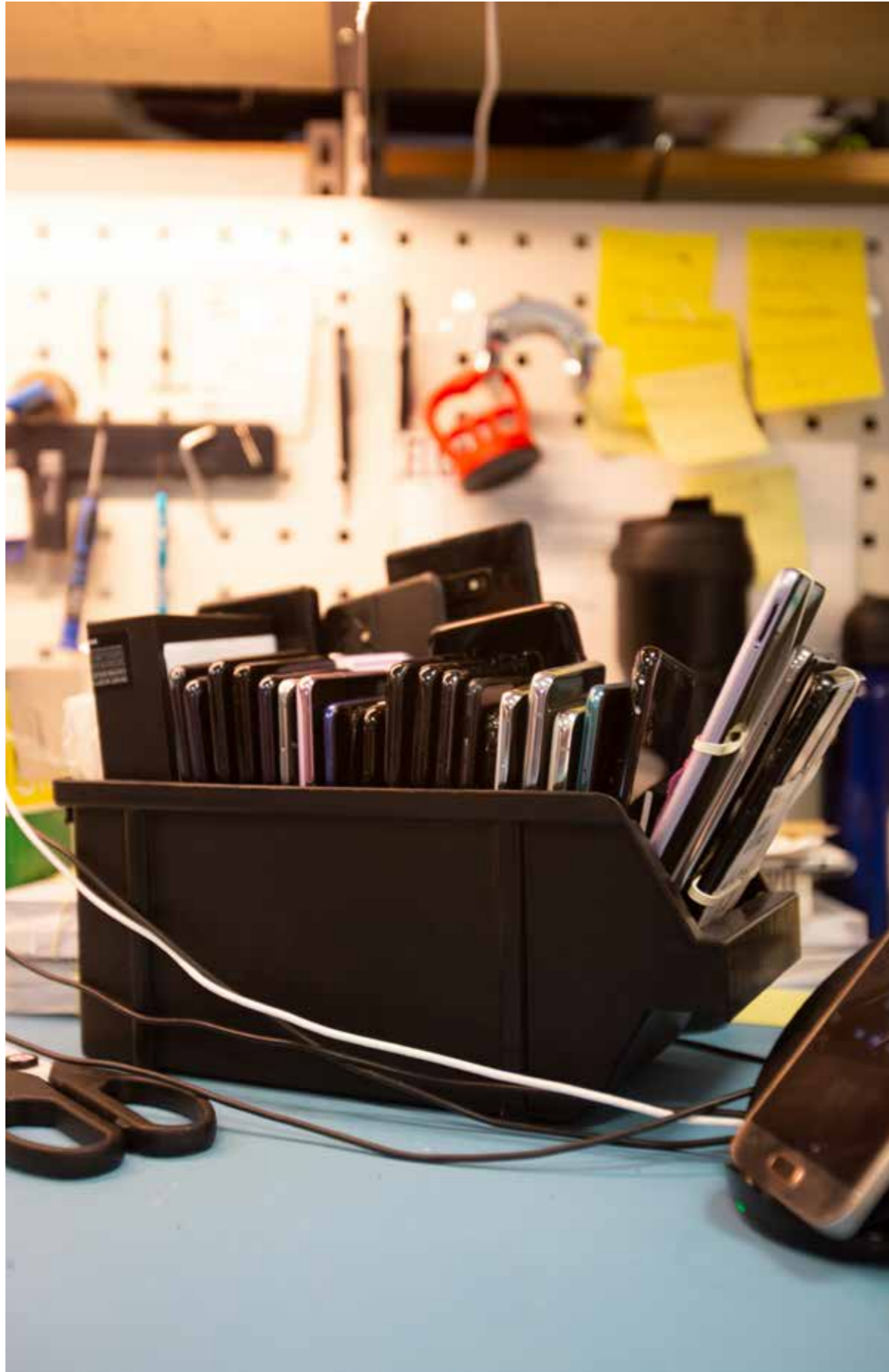
#### Ombrukt

Elkjøp participates in the board of the industry's joint initiative Ombrukt (Re-used) through the Norwegian electronics industry association, Elektronikkbransjen. The project aims at taking products out of waste streams, by providing third party certification to enable safe repair and secure re-use. We know that consumers may be reluctant to buy re-used products due to doubts about safety. Products are therefore labelled and re-registered to get a new two year warranty. Elkjøp contributes to nearly 10,000 units being taken out of the waste stream to be re-used instead of scrapped. The units are sold through our partnership with the company Norsk Ombruk AS.

#### Outlet

Elkjøp offers a large range of products that for many different reasons cannot be sold at full price. They may be products that are customer returns, or damaged and store display products. We screen, test, do data wipes and repair the products when required to give the products a second life. In further support of this, we now sell these products online, with a Ship-from-Store functionality that expands the geographical reach of outlet products.





Going forward, we plan to take possibilities in the second hand market even further.

#### Responsible handling of electronic waste

Finally, we have to ensure that all the products we sell are collected and recycled. Electronic products can contain up to 96 different elements, including environmental toxins that require special handling. First and foremost, our products contain plastic and metals which we can and should reuse. The world is simply running out of materials like magnesium, cobalt, tungsten and rare minerals.

If the industry is to continue to manufacture new products for an increasing number of people, we must recycle more and reuse absolutely everything that is no longer in use. In the Nordic countries, many of us have several mobile phones lying around in a drawer or in the attic somewhere. These telephones are a gold mine - literally. At Elkj p, we have worked on responsible recycling and secure collection points for a long time.

Every year, throughout our stores across the Nordic region, Elkj p collects more than 30,000 tonnes of electronic waste from customers. The waste is collected by local recycling partners, handled properly, and re-introduced into the circular economy.

While most of the larger electronic products such as washing machines and TVs are collected, there is a challenge in all markets to collect smaller electronic devices such as cables, powerbanks and similar. These often end up in the general trash. Similarly, mobile phones, tablets and other devices with stored data, remain with customers and are not entered into the circular economy.

In a poll in an article explaining why it is important to recycle electronics, we found an insight on why people are reluctant to recycle old phones and tablets. This tells us we need to improve our Secure Collect offer, where we ensure private data is handled correctly before recycling.

Our employees are trained in handling e-waste, and we will continue to stress the importance of not leaving valuable materials in cupboards and drawers - we need to get them back into the economy!

#### Green Return

Our aim is to make it easy and normal for all electronics to be recycled. Our service Green Return offers recycling

of old products when new ones are delivered. We see that by focusing on these types of services we can affect behaviour. We sold 257,000 Green Return services in 2021/22. The products collected by Green Return are then passed through a screening process to decide if they can be made fit for a second life.

We are also increasing focus on our service Trade-In, where we offer money for old devices that are then given a new life elsewhere or recycled. Findings from marketing campaigns have showed that by increasing the focus on value for money, we are able to collect many more products. In 2021/22 we received more than 28,000 products through trade-ins. The development of new services such as trade-ins and subscription-based consumption models will continue in 2022/23.

#### CIRCULAR ECONOMY RESEARCH

Knowledge of and research on how to create sustainable business models is the key to success. Gigantti is participating in the VTT Research Project - Actions for Sustainable Business Renewal.

The research project will help us gain more insights into the environmental impacts of our products as well as insights into the best circular economy strategies to minimise our products' environmental impacts. In addition, we will deepen our knowledge on consumer understanding of sustainable business models and the importance of sustainability in consumer decision-making.



#### 100% NEW LIFE

Making sure products are reused and recycled.

# FIGHTING DIGITAL EXCLUSION

ELKJØP FOUNDATION

Most of us are on a fantastic tech journey that improves our everyday lives. But many are still left on the platform because the ticket is only available via app. We have a joint responsibility to get everyone on board – that is why we fight digital exclusion.

In our annual research study Techno Trouble we have identified a number of groups that, due to age, socioeconomic status, disabilities, language and cultural barriers, or other issues, find themselves on the wrong side of the technological class divide.

According to our research, one out of three people in the Nordic countries finds it difficult to keep up with the changes in technology, and 20 per cent say they have products at home that they do not know how to use. Even more admit that they are not using their products to their full potential, not knowing how to use all their features.

## The Elkjøp Foundation and strategic partnerships

We have established the Elkjøp Foundation to fight digital exclusion. We work to raise awareness, increase knowledge, and enable access to people who are falling behind in the rapid development of technology. To connect, play or learn with technology should be easy and fun but that is not always the case. That is why the Elkjøp Foundation supports organisations and associations with products and guidance – in addition to financial resources. This is very close to our vision and our hearts, and work we are incredibly proud of!

In addition to this, Elkjøp has this year entered into a number of long-term strategic partnerships to strengthen the ability to fight digital exclusion more effectively. The funding amounts to a total of 5.3 million NOK.



**Norway:**  
SOS Children's Villages International, especially their project "Digital Village".

**Finland:**  
Save the Children, especially their interactive learning solution and their digital childhood competence centre, Kidital. We have also joined the cross-sector Kaikille Kone initiative.

**Denmark:**  
Danish People's Aid, especially School Start Assistance, ensuring that those on a low income also get a good start at school.

**Sweden:**  
Läxhjälpen ("Homework Assistance"), helping children obtain the right digital equipment to be able to do their homework in an efficient way. Another new development is the partnership with Barnens Dator ("Computers for kids"), focusing on donating gaming computers to kids and families that risk missing out due to low incomes.



# ELCARE NORDIC

## MEET OUR COLLEAGUES

**Did you know that Elcare Nordic, which is owned by the Elkjøp Group, offers the Nordic region's largest home electronics repair service? This gives us a unique opportunity to steer the industry away from a throw-away culture towards a circular economy.**

*Elcare, Kongsvinger, Norway*

"The more products we get repaired, the better it is for our customers, the environment and our business. It's actually a win-win-win," says Ronny Solvang, department manager at Elcare Kongsvinger, who offer the Nordic region's largest home electronics repair service. Every day, Elcare Nordic performs around 1,500 repairs, on everything from TVs, PCs and phones to electric toasters and hair dryers.

"The aim is to repair as much as possible, and to extend products' lifetimes. You don't always have to buy new products, even though you might think you want to. As trusted advisers, we can help change people's attitudes. The more customers who know about this service, the better," says Ronny, taking a bite of his waffle. It's lunchtime, and it's Friday, so that can only mean one thing at Elcare – waffles! The employees, most of whom are technicians, enters the staff restaurant. In total, more than 300 people work here at Kongsvinger, and at Elcare Nordic's two other locations, Linköping in Sweden and Vantaa in Finland.

"Many of our skilled technicians have been experimenting with electronics for years. Some even started as kids in their bedrooms, which are actually a very good learning ground," says Ronny as he leads us through the various departments, where all brands of electronic products are repaired, regardless of where they were sold, and the team also offer services for the private market. Here, people sit peering into the insides of PCs, there are boxes of all kinds of screws and components, there are large roles of



pink anti-static bubble wrap, and, most importantly of all, there is a "drying machine" for PCs and phones that have fallen prey to cups of coffee and glasses of water. Janicke Tjernsberg, assistant team leader of the mobile phone team, looks up from her work desk. She is one of four women working in the technical department.

"I've always liked tinkering around and working with low current devices. New models are continually coming onto the market, so there is always something new to learn," she says. Her colleague Endre Mork is doing the same just behind her. Endre and Janicke, and everyone else inside Elcare's workshop, are wearing anti-static shoes and clothes to prevent the products from being damaged by static electricity.

"I couldn't be happier. I love challenges. I like playing around with things, that's what I do, I play around with things," says Endre, who has just opened up a smartphone to repair. Slightly further along, Ole Henrik Gammeltrøp is leaning over a laptop. He has been with the business for 15 years. "I've always loved technology and finding solutions to problems, so this suits me down to the ground. My colleagues are another reason why I have stayed here all these years," he says, acknowledging his many colleagues. There is lots of laughter. Music is blaring out from the radio.

Unique starting point Electronics is the fastest growing waste stream in the world. Each year, 54 million tonnes of electronic products (2019 figures) are thrown away – the equivalent of 5,400 Eiffel Towers.

"We must acknowledge that we are part of a massive problem. This makes Elcare Nordic's work extremely important," says sustainability manager Camilla Skjelsbæk Gramstad. Electronic products contain many valuable metals that are becoming increasingly scarce.

"Repairing and recycling products will enable us to continue to manufacture electronic products in the future. We would be shooting ourselves in the foot if we didn't look after these resources. This makes repairs an important part of our sustainability strategy. If we didn't recycle products that cannot be repaired, we would end up with nothing to make our products from," says Camilla.

**"We must acknowledge that we are part of a massive problem. This makes Elcare Nordic's work extremely important,"**

In 2021, Elkjøp Nordic accepted more than 31,000 tonnes of electrical waste. 98 per cent of all TV components were recycled into useful materials – for new products.

"But the potential is even greater," says Camilla.



"Our customers have made it clear that they want help making greener choices, so we must become trusted advisers and create customers for life. Our repair services have an important role to play in this context. We shouldn't have to persuade customers to buy a new washing machine costing NOK 10,000 when they could repair their old one for NOK 2,000. We must be able to give this type of advice to gain the confidence of our customers," the sustainability manager explains.

Erik Gunset Sønsterud, CEO of Elkjøp Nordic AS, chimes in:

"Quite simply, we have a unique starting point to steer the industry away from a throw-away culture towards a circular economy, where we get more use and enjoyment out of each product. We know that it will pay off in the long run, as we don't make our living from one-off sales, but from returning customers," he says.



# PEOPLE

## OUR CAPABLE AND COMMITTED COLLEAGUES - OUR GREATEST ADVANTAGE

Our workforce is our most important asset, and as such, diversity, equality and inclusion (DEI) is an important priority for the Elkjøp Group. In order to help everyone enjoy amazing technology, we need to reflect the diversity of our customers and society as a whole throughout our workforce. This means that we recognise that supporting diversity and active inclusion is not only the right thing to do, but also the right thing for our business. Our commitment is woven into our values and our belief that Elkjøp is strongest when we embrace the full spectrum of society, regardless of what we look like, where we come from, or who we love. That means both building a more diverse and inclusive workplace and promoting what we call a courageous engagement in our company and the communities we serve. Our commitment to DEI is to build a strong foundation for the entire Elkjøp Group across the Nordic countries (Elkjøp Nordic, Elkjøp, Elgiganten, Gigantti).

Elkjøp Nordic aims to have a diverse workforce at every level of the organisation and in all business units. We achieve this by working systematically with everything from goals, policies, regulations on how we recruit, develop, and retain diversity in our organization, and in building company culture.

- We have developed and adopted a Nordic policy for DEI. Our DEI policy applies to all Elkjøp Nordic employees, consultants, and partners. Ensuring a diverse, equal, and inclusive business is everyone's responsibility.
- In the last three years, we have been working on increasing gender balance. We strive to increase female applicants in leading roles: one initiative has been to revise and use gender neutral language in external job advertisements. We have set clear goals to increase gender balance by 2025 at Elkjøp Nordic. For example, to increase the proportion

of female employees to 40% by 2025; we are currently on 28% as of 1 May 2022. We shall seek to increase the proportion of female managers to 30% by 2025; we are currently on 21% as of 1 May 2022. Increase the proportion of female managers at executive management level to 40% by 2025; we are currently on 33% as of 1 May 2022.

- In the coming year, we will continue to broaden the DEI perspective and build awareness among our managers on why this is important, provide them with a toolbox (i.e. "What can I do and how to be a good role model"), build awareness on how to mirror our customers in the different areas of diversity, and how to build a culture where everyone belongs.

### Building an inclusive culture

At Elkjøp Nordic, we strive to promote an inclusive culture where people are valued for their differences, recognised for their talents, and allowed to be themselves. This is not only a prerequisite for diversity, but also provides value to us as a company, and is therefore a high priority. We aim to train our employees to recognise the value of diversity, and to actively contribute to developing an inclusive culture.

### Leaders have extended responsibility

At Elkjøp Nordic and in the Elkjøp Group, all managers/leaders have the responsibility for being good role models. This means that they must respect and treat all employees in such a manner that everyone feels supported and inspired to perform their best. Our managers/leaders shall recognise the value of diversity, look for diverse talents, lead diverse teams, and create an inclusive culture where our amazing people can be themselves, belong, and grow.

Every year, we run a Nordic employee satisfaction survey at the Elkjøp Group, giving our employees the opportunity to provide us with feedback linked to employee satisfaction. This gives us valuable insight into our company culture and helps us improve and continue our work to be a leading diverse workplace in the Nordic countries.

**DEI Governance**

- Our Diversity, Equality and Inclusion (DEI) Policy is made available for everyone in the Elkjøp Group. Everyone is responsible for its implementation.
- HR owns the policy and will provide yearly updates to the Executive Management Group on development within the prioritised areas and specific targets set as part of our DEI agenda.
- DEI policy will be revised and updated as part of the yearly update to the Executive Management Group.
- Objectives, achievements, and developments will be transparently communicated to all employees consecutively throughout the year.

**Recruitment at Elkjøp Nordic**

In the FY 21/22 we recruited approximately 3,700 new employees. Finding the right person for the right role is key to our success, and it is therefore important that we use well-documented methods and have a structured approach. In the Elkjøp Group we use a competency-

based recruitment process. By doing this, we secure a less biased process where the final selection of who to hire is based on the competencies and skills we are looking for, rather than personal preferences and gut feelings. As our recruitment process is competence-based, we use both personality and ability tests in the initial stage of the recruitment process.

We acknowledge that current recruitment process, where managers and departments are solely responsible for their own hires, might result in less diverse and non-biased recruitment when linked to physical interview. However, we do feel confident that our competence-based testing during the initial application process assists us in attracting a fair and diverse range of applicants. Our ambition for the FY22/23 will be to introduce a fair and diverse recruitment e-training sessions for all leaders and recruitment specialists across the Nordic countries.

**Salary and bonus at Elkjøp Nordic**

Everyone at Elkjøp Nordic (and in the Elkjøp Group) has the same opportunities as their colleagues, whoever they are and wherever they are. This means promoting a work environment where employees feel that their background and lifestyle does not affect perceptions of them as professionals, or affect their opportunities for development, equal pay and promotion.

As part of our internal salary and bonus mapping, we see that we have work to do when it comes to gender and pay equality. However, several measures have already been introduced (such as increased involvement from HR in recruitment processes). Elkjøp Nordic has been predominantly male-dominated for several years.

Historically, we have recruited internally from the Elkjøp Group, which has then perpetuated the gender imbalance from the Elkjøp Group to Elkjøp Nordic. By the end of FY21/22, the gender distribution in Elkjøp Group was 27% women and 73% men. Over the past five years, we have had an increase in female hires at Elkjøp Nordic of 215 % due to high business growth and an increased gender balance focus in recruitment. We have increased the number of external hires compared to previous years, this through shortlist candidates of both genders.

When it comes to bonus differences at Elkjøp Nordic, we have identified one key explanation and it is linked to seniority at Elkjøp Nordic and Elkjøp Group. The longer the seniority, the higher the bonus potential. As a result, male employees with longer seniority at Elkjøp Nordic have a higher base pay and bonus potential compared to female employees with lower seniority. After an in-depth analysis, we can safely say that the imbalances we see today are natural effect of seniority. As a result of our recent pay and bonus mapping, we are developing and implementing an equal pay and bonus policy (the policy will be based on research in the market, looking at similar job roles and pay levels elsewhere). The aim of the policy will be to provide us with a yearly review of our pay and bonus scheme, and, by systematically addressing this, we will gradually close the pay and bonus differences at Elkjøp Nordic.

**Organisational development and learning**

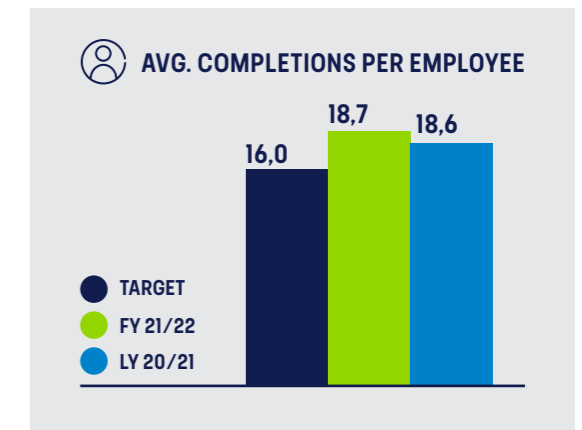
At Elkjøp Nordic and throughout the Elkjøp Group, we enable business success by engaging our amazing people to grow. To move individuals and the organisation in the right direction we are concentrating on:

- How to increase and drive business by knowledge-sharing.
- Creating engaged leaders who facilitate growth.
- Creating the next level learning experience.
- Driving an inclusive culture where amazing people belong and grow.

**Elkjøp Academy**

Learning and development are key drivers for our company and are at the very core of our culture. At Elkjøp, we use a blended training approach to develop our employees. One of these methods is digital training, also known as e-learning. Our internal training platform is named "Academy", which all employees in the organisation have access to.

At Academy we have over 400 e-learnings across numerous topics, in FY 21/22 we completed 550+ trainings, clocking in around 2978 hours of training. As a part of our onboarding programme, mandatory training must be completed during the first two weeks of tenure. Our key training areas are sales training, customer interactions, product knowledge, system trainings, compliance guidelines, leadership, diversity equity & inclusion and unconscious bias.



**Leadership programmes**

At Elkjøp, we believe our leaders have a key role in facilitating growth, both in terms of business growth, team growth and individual growth. We invest in leadership development, and we have relevant programmes whether our employees are already a leader, want to become a leader, or in general want to develop their leadership skills. Our leadership programmes are: New as a Leader, Emerging Leaders, Leading Others, Leading Leaders, Leading Functions.

In addition to our leadership programmes, we also offer other development initiatives (such as procedures for effective leadership teams) as well as coaching and support to our leaders.



### Strength-based Leadership

One of the cornerstones of our leadership development is the focus on strength-based leadership. Strength-based leadership is the ability to identify and make the best use of our own, our team members, and the organisation's, strengths. By focusing on strengths, we can utilise untapped talent in the organisation, as well as increase job satisfaction and engagement, and help teams and departments to work even more efficiently.

### Development for Elkjøp Nordic HQ staff

Our aim is to enable business success by engaging our amazing people to grow. In Elkjøp we do that by:

- Offering relevant trainings and development initiatives, to secure individual, team and organisational growth.
- Learning and sharing knowledge, between colleagues, in teams and between functions and business areas.
- Driving a culture where people can be themselves and belong, and where there is openness to everyone to contribute with their ideas, knowledge and skills.
- Offering a solid onboarding to the Elkjøp Nordic and Elkjøp Group.

We believe that a great focus on learning and development is a key to success and essential to being the market leader. Our leaders have a key role in providing learning and development possibilities for our employees - nevertheless, we are all responsible for our own development, as individuals, as part of a team and as a part of an organisation.

### Harassment (sexual or otherwise) and gender-based violence

At Elkjøp Nordic and through-out the Elkjøp Group, we have a zero-tolerance policy for discrimination, bullying or harassment, sexual or otherwise. We believe in being open, honest, and transparent. If colleagues witness, become aware of, or suspect discrimination, harassment, or any other breach of our company zero tolerance policy, it is expected that the observer will report this to their immediate manager. If they do not feel comfortable discussing the matter with their immediate manager, or the immediate manager is directly involved, the observer must contact HR directly or use our whistleblowing channel. Observers may also discuss and seek advice with our local personnel safety representative or OHS (Occupational Health Service). Outside of the normal whistleblowing channels, we are able through our yearly employee engagement survey and exit surveys to identify areas of risk.

### Work-life-balance

We respect that everyone has different needs at different times, and, as such, work-life-balance and flexibility is an important part of our Elkjøp Nordic culture. To accommodate our employees, we have enforced flexibility through flexible working hours and remote working guidelines, all closely accommodated by dialogue between employee and immediate manager. At Elkjøp Nordic, we rely on frequent interaction between colleagues in our business. The guidelines and remote work policy is laid down to enable us to operate and lead efficiently, secure team alignment and engage in collaboration and innovation.

Our parental and maternity leave policy is based on rules and regulations in the National Insurance Act. Welfare leave is granted for necessary occasions for all employees, usually up to one day with pay. Immediate managers process each individual application for welfare leave separately, which introduces flexibility based on each employee's circumstances. We offer welfare leave for (but not limited to):

- Up to two days' paid leave to help kids start nursery school.
- Up to one day's paid leave for first day of school, for first graders.
- Up to one day's paid leave to move/relocate.
- Up to one day's paid leave to attend one's own wedding (on the wedding day).
- Up to one day's paid leave in the event of death/funeral in immediate family.

During parental leave, Elkjøp Nordic employees are paid by Elkjøp, and all pay generates holiday pay for the following year.

### Work environment

Elkjøp Nordic and Elkjøp Group (including subsidiaries) are committed to providing a safe and healthy environment for everyone working in our business and all our customers. We aim to deliver our operations and services in a way that protects the health and safety of all the people impacted by the work that we do. We recognise that by having a sound health and safety framework, and simple standards and processes, we can deliver on our commitment to good health and safety practice and comply with the law. We believe that this contributes to a successful and sustainable business. A holistic perspective on the working environment includes physical, mental, social and organisational factors. A healthy work environment will contribute to safeguarding

human capital in Elkjøp Nordic and Elkjøp Group. The working environment area thus has a natural interface with the areas of organisational development, leadership development, competence development, labour law and employment conditions. Our aim is for our policies and practices to comply with local law on occupational health and safety in all Nordic countries, and therefore we use three key principles to achieve best practice in our business: We care, we act, and we deliver.

Work environment, and health and safety, is on the agenda at management meetings, during induction of new staff, and at team meetings in stores and other units, to ensure awareness and knowledge of, and a focus on, health and safety. There is an open work environment with a healthy feedback culture that allows leaders and employees to speak up and report any violations of laws, regulations or policies that prevent us from offering

a sound working environment for our colleagues and a safe customer experience for our customers in our stores. The business will offer safety training and equipment to prevent accidents and injuries and help create a safe and sound work environment for all employees. The business will have routines in place to ensure that employees are being taken care of not only during an incident or crisis, but also afterwards.

Elkjøp Nordic is proud to be a "1A-bedrift" (Inclusive work-life company), which means we abide by the "inclusive workplace" guidelines as part of our internal health and safety work. A concrete example is that we offer our employees 24 self-report sick-days during a 12-month period, with a maximum of 8 consecutive days, compared to 12 days during a 12-month period with a maximum of three consecutive days - as laid down by the provisions of the Norwegian National Insurance Act.



# KEY FIGURES

| Group (amounts in NOK million)                    | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---|--------------------------|--------------------------|
| Revenue <sup>1</sup>                              | 48 795                   | 49 889                   |
| Growth % (revenue) <sup>2</sup>                   | -2,2 %                   | 20,7 %                   |
| Operating profit (EBIT)                           | 1 755                    | 1 855                    |
| EBIT %  | 3,6 %                    | 3,7 %                    |
| Cash provided by operating activities             | 1 736                    | 3 446                    |
| <b>Year-end financial position</b>                | <b>30 April 2022</b>     | <b>30 April 2021</b>     |
| Total assets                                      | 19 959                   | 18 543                   |
| Yearly investments in intangible and fixed assets | 627                      | 596                      |
| Equity  | 4 458                    | 4 131                    |
| Asset/equity-ratio                                | 4,5                      | 4,5                      |



| Market Segment <sup>3</sup> (amounts in NOK million) | Year ended 30 April 2022 | Year ended 30 April 2021 |
|--|--------------------------|--------------------------|
| <b>Norway</b>  |                          |                          |
| Revenue  | 14 725                   | 15 120                   |
| Growth   | -2,6 %                   | 15,5 %                   |
| EBIT   | 450                      | 517                      |
| EBIT (%)   | 3,1 %                    | 3,4 %                    |
| Number of owned stores at period end                 | 86                       | 84                       |
| Net new/(closed) stores in the period                | 2                        | 3                        |
| <b>Sweden</b>  |                          |                          |
| Revenue  | 16 357                   | 16 345                   |
| Growth   | 0,1 %                    | 24,7 %                   |
| EBIT   | 408                      | 411                      |
| EBIT (%)   | 2,5 %                    | 2,5 %                    |
| Number of owned stores at period end                 | 102                      | 102                      |
| Net new/(closed) stores in the period                | -                        | (2)                      |
| <b>Denmark</b>                                       |                          |                          |
| Revenue  | 9 530                    | 10 137                   |
| Growth   | -6,0 %                   | 14,5 %                   |
| EBIT   | 171                      | 145                      |
| EBIT (%)   | 1,8 %                    | 1,4 %                    |
| Number of owned stores at period end                 | 40                       | 38                       |
| Net new/(closed) stores in the period                | 2                        | -                        |
| <b>Finland</b>                                       |                          |                          |
| Revenue  | 6 599                    | 7 279                    |
| Growth   | -8,1 %                   | 18,1 %                   |
| EBIT   | 69                       | 108                      |
| EBIT (%)   | 1,0 %                    | 1,5 %                    |
| Number of owned stores at period end                 | 21                       | 21                       |
| Net new/(closed) stores in the period                | -                        | (1)                      |

1) Revenue reported to Currys for 445-accounting year was 48.7 billion in current year and 49.8 billion last year.

2) Fx neutral growth was 1.5% in 2021/2022 (15.0% in 2020/2021).

3) Market figures are based on 445-reporting calendar. Definition of 445-period is available in APM section. Revenue per market includes sales from own stores and sale to franchise stores.

# BOARD OF DIRECTORS' REPORT

FISCAL YEAR ENDING APRIL 2022

## Main activities

The business areas for Elkjøp Nordic AS are to conduct trade in consumer electronics, home appliances and related products and services.

Elkjøp Nordic AS is a limited-liability company with its head office in Oslo, Norway. Elkjøp Nordic AS with subsidiaries (The Group) is part of the Currys plc Group, located in London and listed on the London Stock Exchange. The Elkjøp Nordic AS Group operates in Norway, Sweden, Denmark, and Finland.

## Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on the going concern principle.

## Review of the consolidated financial statements

During the financial year 2021/2022 the Group has continued the strong financial performance. The Group had an extraordinarily high turnover, fuelled by increased demand during corona, especially high online growth due to closed stores. On a currency neutral basis the Group grew 1.5% on top of the extraordinary 2020/2021, which is 16.7% higher than in 2019/2020. Due to currency differences, Group turnover decreased from NOK 49 889 million in 2020/2021 to NOK 48 795 million in 2021/2022, a decrease of 2.2%. In total, the Group has cut through the corona pandemic with a very strong performance.

New ways of shopping that were launched during the pandemic such as video assisted sales (live shopping) and click and collect improvements (drive through, 30 minutes, pre-paid) have been further developed during the financial year; both systems and the in-store execution.



The Board continues to see the importance of the interaction between the e-commerce channel and the physical stores and the Group continues to further develop solutions to emphasize the value of the omnichannel operating method.

Operating profit decreased with 5.4%, from NOK 1 855 million to NOK 1 755 million. Profit after tax for the fiscal year ended at NOK 1 106 million, compared to NOK 1 248 million last year.

A central contribution to the growth is our customer club. During the financial year the Group has reached 6.8 million members in our loyalty program, making the club one of the largest in the Nordics. The program offers valuable product and services to the members and we experience that customers value the offers. Total assets at year-end 2021/2022 were NOK 19 959 million. The corresponding figure for 2020/2021 was NOK 18 543 million. The equity ratio for 2021/2022 is 22.3%. The equity ratio is on the same level as last year.

Total investments for the fiscal year were NOK 627 million, which was NOK 31 million above last year. The main additions are related to new stores, store refurbishments and investments in IT. The Group has opened 13 new stores in the fiscal year, including 6 franchises. During the financial year the Group has completed the implementation of a new online platform and store system. All the Group's stores including franchises are now on the same system. With this system change, the Group has taken a big step in building a true omni-channel experience bringing together online and stores in a completely new way. The Board is of the opinion that the system will modernise and transform the business, which over time will improve customer journey.

The Group generated a net cash flow from operating activities of NOK 1 736 million. This is a reduction of NOK 1 710 million compared to 2020/2021. Part of the reduction in cash relates to higher stock intake during the year to secure product availability.

The Board is not aware of any matters of importance for the evaluation of the Group's position and result which are not presented in the income statement, balance sheet, cash flow statement and notes. The Board considers the outlook for the business to be good, and continued growth of the parent company and its subsidiaries in the years ahead is expected. It has been a challenging and tough year for the

world and our industry with Covid, lockdowns, disruption in the value chain and the Ukraine war, which all together have led to a historical high-cost inflation. The Board monitors the market situation and adapts measures as needed. The Board believes that the financial statements give a true and fair view of the assets, liabilities and financial position at 30 April 2022, and the Group's operations and cash flows for the financial year 1 May 2021 – 30 April 2022.

The Group holds directors' and officers' liability insurance cover for any claim brought against directors or officers for alleged wrongful acts in connection with their positions, to the point where any culpability for wrongdoing is established. The insurance provided does not extend to claims arising from fraud or dishonesty.



## Review of the Company financial statements

The Board is not aware of any matters of importance for the evaluation of the company's position and result which are not presented in the income statement, balance sheet, cash flow statement and notes. Turnover increased from NOK 40 849 million to NOK 41 558 million, an increase of 1.7%. Profit after tax for the fiscal year ended at NOK 1 002 million. No events have occurred since the end of the fiscal year that are relevant to the assessment of the Company. The Board considers the outlook for the operation to be good, and continued growth of the Company and its subsidiaries in the years ahead is expected. Financial risk is considered to be low as the Company and its subsidiaries have good earnings, a solid equity base and good liquidity. All long-term financing is from group companies. The Company signed a credit facility of NOK 4 036 million last financial year and the facility was undrawn at 30 April 2022. The Board believes that the financial statements give a true and fair view of the assets and liabilities, financial position and result.



**Financial risk**

The Group's activities expose it to certain financial risks including market risk (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk.

**Foreign exchange risk**

For the Group, the foreign exchange risk exposure is in the Norwegian entity Elkjøp Nordic AS, which has NOK as its functional currency.

The Group undertakes certain purchase transactions that are denominated in foreign currencies and as a consequence has exposure to exchange rate fluctuations. These exposures arise from inventory purchases, where most of the Group's exposure being to Euro and Swedish Krona fluctuations. Further, the Group's revenue is exposed to fluctuations in Swedish Krona, Danish Krona and Euro. The Group uses spot and forward currency contracts to mitigate these exposures, with such contracts designed to cover exposures ranging from one month to six months.

**Interest rate risk**

The Group's interest rate risk arises primarily on cash pool receivables and payables, all of which are at floating rates of interest, and which therefore expose the Group to cash flow interest rate risk.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from consumers. Most of the revenue are from direct cash settlement from the customer. The Group's trade receivables include balances due from sales to franchisees, business to business consumers and consumer credit receivables. The credit procedures are centralised, and customers must pass an external credit rating to be granted a credit limit. The Group's exposure to credit risk is regularly monitored and the Group's policy is updated as appropriate.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its exposure to liquidity risk by reviewing regularly the long-term and short-term cash flow projections for the business against the resources available to it. In order to ensure that sufficient funds are available for ongoing and future developments, the Group is part of the parent company Currys plc arrangement that has committed bank facilities, excluding overdrafts repayable on demand.

**The market and environment**

The market for consumer electronics is characterized by tough and intensive competition, and it is expected that the margins will continue being under pressure as a result of the digital and global development. This will continually demand efficiency and cost savings by the Group. Although the business is cyclical, with higher activity at the end of each calendar year, the Group has had a healthy liquidity situation throughout the year.

The Group has an ambitious sustainability strategy, aiming at moving towards a circular economy. We are proactively working to minimize our impact on the environment, for example through energy efficiency in stores and efficient logistics. However, the most important factor is the products we put on the market, and the influence we may have on consumer behaviour in order to prolong the life of technology and ultimately recycle responsibly. Cooperating with suppliers, improving repairs and other services to give technology longer life, and securing recycling have been in focus this year. Elkjøp is ISO 14001 Environmental management system certified.

In the EU, countries are required to follow the EU WEEE-directive (Waste Electrical & Electronic Equipment). The Group therefore collects, recycles and scraps a share of the total volume sold. In 2021/2022 the Group's stores collected 31 400 tons of electronic waste.

**Working environment and people development**

The Group has 10 966 employees (full-time and part-time) at fiscal year-end. Absence due to illness is totalled at 6.7% of the total working hours in the Group. No employee accidents or injuries resulting in severe damage to our employees or materials was reported during the fiscal year. We continued to maintain several activities to keep our staff and customers safe due to the Pandemic. Work environment is perceived as good. Feedback from the Group's annual survey suggests that the staff are satisfied. Our whistle-blowing channel was further updated to make it more accessible for all our employees. During the last year we have also introduced an internal grievance reporting for all countries.

People development is an essential part of the Group's strategy and culture, and a key to secure continued growth. During the past year, our employees have completed 233 000 trainings with an average of 18,7 completions per employee.

**Diversity, Equality, and Inclusion**

In order to help everyone enjoy amazing technology, the Group aims to reflect the diversity of customers and society as a whole throughout the workforce. Driven by in-store staff the Group has a relatively young workforce with 60% under the age of 30 years old. The gender distribution in Elkjøp Group is 29% women and 71% men, the top management team consists of three female and five male directors and the Company's Board of Directors' consists of one female and five male members. We are aware of the gender imbalance in our Group and have initiated actions to even the numbers.

The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin tone, language, religion, and faith. Elkjøp is working actively, determined and systematically to encourage the Act's purpose within the business through recruiting, salary and working conditions, promotion, development opportunities and protection against harassment. The Group has carried out an evaluation in line with the law and regulations and the results from this will be available on the company's website [elkjoenordic.com](http://elkjoenordic.com) during August.



Oslo, Norway, 30 June 2022  
The Board of Directors  
Elkjøp Nordic AS



**Bruce Marsh**  
Chairman of the Board



**Erik Gunset Sønsterud**  
Managing Director / Member of the Board



**Lill Beate Pedersen**  
Member of the Board



**Andreas Ørnholt Westgaard**  
Member of the Board



**Fredrik Tønnesen**  
Member of the Board

## CONSOLIDATED INCOME STATEMENT

| NOK in million                        | Note       | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---------------------------------------|------------|--------------------------|--------------------------|
| Revenue from contracts with customers | 4          | 48 795                   | 49 889                   |
| Cost of goods sold                    | 4          | -38 426                  | -39 291                  |
| Employee costs                        | 5          | -4 872                   | -5 037                   |
| Operating expenses                    | 6, 26      | -2 384                   | -2 309                   |
| Amortisation and Depreciation         | 11, 12, 13 | -1 430                   | -1 384                   |
| Net currency gains (losses)           | 7          | 70                       | -13                      |
| <b>Operating profit</b>               |            | <b>1 755</b>             | <b>1 855</b>             |
| Finance income                        |            | 3                        | 18                       |
| Finance costs                         |            | -353                     | -321                     |
| <b>Net finance costs</b>              | 8          | <b>-350</b>              | <b>-304</b>              |
| <b>Profit before tax</b>              |            | <b>1 405</b>             | <b>1 551</b>             |
| Income tax expense                    | 9          | -299                     | -303                     |
| <b>Profit after tax</b>               |            | <b>1 106</b>             | <b>1 248</b>             |

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| NOK in million  | Note  | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---|-------|--------------------------|--------------------------|
| <b>Profit after tax for the period</b>  |       | <b>1 106</b>             | <b>1 248</b>             |
| Items that may be reclassified to the income statement in subsequent years:         |       |                          |                          |
| Cash flow hedges  |       |                          |                          |
| Fair value movements recognised in the income statement                             | 21    | -21                      | -507                     |
| Reclassified and reported in income statement                                       | 21    | 147                      | 238                      |
| Amount recognised in inventories  | 21    | -11                      | 64                       |
| Tax on items that may be subsequently reclassified to profit or loss                | 9, 21 | -25                      | 46                       |
| Exchange losses arising on translation of foreign operations                        | 21    | -42                      | -220                     |
| Total of items that may be reclassified to the income statement in subsequent years |       | 49                       | -378                     |
| <b>Other comprehensive income / (expense) for the period (taken to equity)</b>      |       | <b>49</b>                | <b>-378</b>              |
| <b>Total comprehensive income for the period</b>                                    |       | <b>1 154</b>             | <b>870</b>               |

# CONSOLIDATED BALANCE SHEET

| NOK in million                | Note   | 30 April 2022 | 30 April 2021 |
|-------------------------------|--------|---------------|---------------|
| <b>Assets</b>                 |        |               |               |
| Goodwill                      | 10     | 1 100         | 1 108         |
| Intangible assets             | 11     | 856           | 823           |
| Property, plant and equipment | 12     | 876           | 851           |
| Right-of-use assets           | 13     | 4 780         | 3 955         |
| Non-current receivables       | 15     | 28            | 28            |
| Deferred tax assets           | 9      | 97            | 136           |
| <b>Non-current assets</b>     |        | <b>7 736</b>  | <b>6 901</b>  |
| Inventory                     | 14     | 6 517         | 5 449         |
| Trade and other receivables   | 15     | 2 535         | 1 914         |
| Derivative assets             | 22, 23 | 131           | 240           |
| Cash and cash equivalents     | 22, 24 | 509           | 334           |
| Cash pool receivable          | 16, 22 | 2 530         | 3 706         |
| <b>Current assets</b>         |        | <b>12 223</b> | <b>11 643</b> |
| <b>Total assets</b>           |        | <b>19 959</b> | <b>18 543</b> |

| NOK in million                                  | Note   | 30 April 2022 | 30 April 2021 |
|---|--------|---------------|---------------|
| <b>Equity and Liabilities</b>                   |        |               |               |
| Share capital                                   |        | 72            | 72            |
| Share premium reserve                           |        | 107           | 107           |
| Accumulated profits and other reserves          |        | 4 280         | 3 952         |
| <b>Total equity</b>                             | 21     | <b>4 458</b>  | <b>4 131</b>  |
| <b>Liabilities</b>                              |        |               |               |
| Lease liabilities non-current                   | 18     | 3 937         | 3 044         |
| Provisions non-current                          | 20     | 62            | 58            |
| Deferred tax liabilities                        | 9      | 194           | 183           |
| Trade and other liabilities non-current         | 17     | 62            | 89            |
| Employee benefit obligations                    | 5      | 6             | 4             |
| <b>Non-current liabilities</b>                  |        | <b>4 261</b>  | <b>3 378</b>  |
| Lease liabilities                               | 18     | 991           | 972           |
| Provisions                                      | 20     | 69            | 107           |
| Income tax payable                              | 9      | 241           | 378           |
| Deferred and contingent consideration - current | 19     | -             | 19            |
| Derivative liabilities                          | 22, 23 | 128           | 433           |
| Trade and other liabilities - current           | 17, 22 | 9 757         | 9 048         |
| Cash pool liability                             | 16, 22 | 54            | 77            |
| <b>Current liabilities</b>                      |        | <b>11 239</b> | <b>11 034</b> |
| <b>Total equity and liabilities</b>             |        | <b>19 959</b> | <b>18 543</b> |

Oslo, Norway, 30 June 2022, The Board of Directors, Elkjøp Nordic AS



**Lill Beate Pedersen**  
Member of the Board



**Bruce Marsh**  
Chairman of the Board



**Andreas Ørnholt Westgaard**  
Member of the Board



**Erik Gunset Sønsterud**  
Managing Director / Member of the Board



**Fredrik Tønnesen**  
Member of the Board

## CONSOLIDATED STATEMENT OF EQUITY

| NOK in million   | Note      | Share capital | Share premium reserve | Accumulated profits | Translation reserve | Other reserves | Total equity |
|--|-----------|---------------|-----------------------|---------------------|---------------------|----------------|--------------|
| <b>At 1 May 2020</b>   |           | <b>72</b>     | <b>107</b>            | <b>2 893</b>        | <b>277</b>          | <b>68</b>      | <b>3 417</b> |
| Profit for the period  |           | -             | -                     | 1 248               | -                   | -              | 1 248        |
| Other comprehensive income and expense recognised directly in equity |           | -             | -                     | -                   | -220                | -159           | -378         |
| Total comprehensive income and expense for the period                |           | -             | -                     | 1 248               | -220                | -159           | 870          |
| Equity dividends   |           | -             | -                     | -                   | -                   | -              | -            |
| Group contribution to holding company DSG Retail Norway              |           | -             | -                     | -200                | -                   | -              | -200         |
| Tax on group contributions   |           | -             | -                     | 44                  | -                   | -              | 44           |
| <b>At 30 April 2021</b>  |           | <b>72</b>     | <b>107</b>            | <b>3 985</b>        | <b>58</b>           | <b>-91</b>     | <b>4 131</b> |
| Profit for the period  |           | -             | -                     | 1 106               | -                   | -              | 1 106        |
| Other comprehensive income and expense recognised directly in equity |           | -             | -                     | -                   | -42                 | 90             | 49           |
| Total comprehensive income and expense for the period                |           | -             | -                     | 1 106               | -42                 | 90             | 1 154        |
| Equity dividends   |           | -             | -                     | -                   | -                   | -              | -            |
| Group contribution to holding company DSG Retail Norway              |           | -             | -                     | -1 060              | -                   | -              | -1 060       |
| Tax on group contributions   | 9         | -             | -                     | 233                 | -                   | -              | 233          |
| <b>At 30 April 2022</b>  | <b>21</b> | <b>72</b>     | <b>107</b>            | <b>4 264</b>        | <b>16</b>           | <b>-1</b>      | <b>4 458</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| NOK in million                                   | Note | Year ended 30 April 2022 | Year ended 30 April 2021 |
|--|------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATIONS</b>                |      |                          |                          |
| Profit before tax                                |      | 1 405                    | 1 551                    |
| Taxes paid for the period                        |      | -176                     | -293                     |
| Depreciation and amortisation                    |      | 1 430                    | 1 384                    |
| Gain/loss from sale of fixed assets              |      | 5                        | 57                       |
| Interest without cash effect                     | 18   | 215                      | 225                      |
| Change in inventory                              |      | -1 068                   | -503                     |
| Change in trade receivables                      |      | -579                     | 281                      |
| Change in trade and other current liabilities    |      | 667                      | 461                      |
| Changes in other assets and other liabilities    |      | -161                     | 281                      |
| <b>Net cash flows from operations</b>            |      | <b>1 736</b>             | <b>3 446</b>             |
| <b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>     |      |                          |                          |
| Outflows due to purchases of fixed assets        | 12   | -359                     | -268                     |
| Outflows due to purchases of intangibles         | 11   | -268                     | -329                     |
| <b>Net cash flows from investment activities</b> |      | <b>-627</b>              | <b>-596</b>              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |      |                          |                          |
| Changes in net cash pool balance                 | 16   | 1 153                    | -1 482                   |
| Capital repayment of lease liability             | 18   | -1 027                   | -1 158                   |
| Payments out due to group contribution           |      | -1 060                   | -200                     |
| <b>Net cash flows from financing activities</b>  |      | <b>-934</b>              | <b>-2 840</b>            |
| Net change in cash and cash equivalents          | 24   | 175                      | 9                        |
| Cash and cash equivalents 1 May                  |      | 334                      | 325                      |
| <b>Cash and cash equivalents 30 April</b>        |      | <b>509</b>               | <b>334</b>               |



## NOTES TO THE FINANCIAL STATEMENTS

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## 1 ABOUT THE BUSINESS

Elkjøp Nordic AS (the Company) is a limited liability company incorporated in Norway and was founded in 1962. The Group consists of Elkjøp Nordic AS with subsidiaries (The Group) and is wholly owned by Currys plc located in London and listed on the London Stock Exchange. The Company is subject to the provisions of the Norwegian Act relating to Limited Liability Companies. The Company's principal offices are located at Nydalsveien 18A, 0484 Oslo, Norway.

The Group is the Nordic region's largest retailer in consumer electronics and electrical household appliances. The Group has established retail businesses in Norway, Sweden, Denmark, Finland, Iceland, Greenland and the Faroe Islands in a combination of own stores and franchises. All of the approximately 420 stores in the Nordic region are mainly supplied by our own distribution services, with a central warehouse in Jönköping, Sweden of 107,000 m<sup>2</sup>.

These consolidated financial statements have been approved for issuance by the Board of Directors on 30 June 2022 and is subject to approval by the Annual General Meeting on 5 July 2022.

## 2 TRANSACTIONS AND EVENTS IN 2021/2022

It has been a challenging and tough year for the World and our industry with Covid, lockdowns, disruption in the value chain and the Ukraine war, which all together have led to a historical high-cost inflation. Agility and speed define the Group's response to the challenges, and initiatives have enabled our stores to have a high assortment availability throughout the financial year. Still, in some product categories it is not possible to meet the demand of certain products.

During the financial year the Group has completed the implementation of a new online platform and store system. All the Group's stores including franchises are now on the same system. With this system change, the Group has taken a big step in building a true omni-channel experience bringing together online and stores in a completely new way. The new online platform is a B2X-system, bringing together consumers and B2B-business into one platform making it natural to shop as a business or a private customer at the Groups online sites. This is a starting point, and the Group expects to bring many new functions and features in the time ahead.

## 3 GENERAL ACCOUNTING PRINCIPLES

### Basis of preparation

The consolidated financial statements have been prepared on a going concern basis in accordance with IFRS as adopted by the EU. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been presented in NOK, the functional currency of the Company, and on the historical cost basis except for certain financial instruments that are presented at fair value, as explained in these consolidated financial statements. All amounts have been rounded to the nearest NOK 1 million, unless otherwise stated.

Elkjøp Nordic AS is part of Currys plc, and must adhere to Currys accounting year which follows the 445-calender where the accounting year-end date is not always on a month-end date. Our consolidated annual report is based on an accounting year-end set to April 30. The financial information in the statements and notes are based on a fiscal accounting year starting May 1 and ending April 30.

### Alternative performance measures (APMs)

In addition to IFRS measures, the Group uses certain alternative performance measures that are considered to be additional informative measures of ongoing trading performance of the Group and are consistent with how performance is measured internally. The alternative performance measures used by the Group in addition to IFRS measures are included within the APM section in the end of the report. This includes further information on the definitions, purpose, and reconciliation to IFRS measures of those alternative performance measures that are used for internal reporting and presented to the Group's Chief Operating Decision Maker (CODM).

### Accounting convention and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate, which is the date from when the power to control passes.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intercompany transactions and balances are eliminated on consolidation.

### Foreign currency translation and transactions

Transactions denominated in foreign currencies are translated to the Group's presentation currency using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss. The Group uses foreign exchange ('FX') forward contracts to hedge transactions denominated in foreign currencies. Material monetary assets and liabilities denominated in foreign currencies are hedged, mainly using forward foreign exchange contracts to create matching liabilities and assets and are retranslated at each balance sheet date. Further information on the Group's hedging is disclosed in note 23.

The results of foreign entities are translated each month at the monthly rate, and their balance sheets are translated at the rates prevailing at the balance sheet date. Goodwill and the acquisition of intangible assets are held in the currency of the operation to which they relate. Exchange differences arising on the translation of net assets, goodwill and results of foreign entities are recognised in the translation reserve. All other exchange differences are included in profit or loss in the year in which they arise, except when hedge accounting as defined by IFRS 9 'Financial Instruments' is applied. Cash flow hedge accounting is applied when the Group designates financial instruments as hedging instruments held for the purpose of hedging the foreign currency exposures that result from material transactions undertaken in foreign currencies. The effective portion of changes in the fair value of financial instruments that are designated as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss. Amounts previously recognised in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

### Accounting estimates and judgements

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The Group's

estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically.

### Goodwill impairment

An annual assessment is made, as set out in note 10, as to whether the current carrying value of goodwill is impaired. Detailed calculations are performed based on discounting expected pre-tax cash flows of the relevant cash generating units and discounting these at an appropriate discount rate, the determination of which requires the exercise of judgement.

### Inventory

Inventory is valued based on a minimum stock provision policy where each item of stock will be grouped with items with similar characteristics. Each group will have a stock ageing provisioning policy attached to it. The policy is reviewed periodically to secure that the book value of stock is greater than its net realisable value, and the review requires the exercise of judgement.

### Provisions for liabilities and charges

The recognition and measurement of provisions for liabilities and charges requires significant judgement and the use of estimates about uncertain future conditions or events. Estimates include the best estimate of the probability of outflow of economic resources, cost of settling a provision and timing of settlement.

## 4 REVENUE

### Accounting principles

Revenue primarily comprises sales of goods and services excluding sales taxes. The majority of Group sales are for goods sold in physical stores or online, where there is a single performance obligation and revenue is recognised at the point of time of the sale or, when later, upon delivery to the end consumer.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies a performance obligation. The following accounting policies are applied to the principal revenue generating activities in which the Group is engaged:

- Revenue from the sales of goods is recognised at a point in time, when a Group entity has sold the product to the customer. Control of the good transfers immediately at the point of sale (retail) or delivery (internet sales);

- Commission revenue relates to the sale of third-party network, insurance and finance products where the Group acts as an agent. Sales commissions received from third parties are recognised at the point in time when the related stock is sold, to the extent that it can be reliably measured and there are no ongoing service obligations;
- Revenue earned from the sale of customer support agreements is recognised as each performance obligation is satisfied under the contract with the customer. For arrangements assessed as being a series of day-to-day contracts, revenue has been recognised as performed;
- Revenue arising on services (including delivery and installation, product repairs and product support) is recognised when the obligation to the customer is fulfilled.

It is Group policy to grant customers the right to return their products within a defined period of time. As this does not represent a separate performance obligation, the Group only recognises revenue to which it expects to be entitled. The Group uses the most likely amount method to estimate the expected value of goods to be returned by customers exercising their rights in line with the Group's refund policy based on the prior period return rates.

A refund liability is recognised as a component of trade and other payables for the amount of variable consideration that the Group does not expect to be entitled. A separate right to return asset is recognised within inventory to represent the right to recover goods from customers on settlement of the refund liability. This is measured by reference to the former carrying amount of the goods sold less any recoverability costs and decrease in value.

#### Discounts received from suppliers

The Group's agreements with suppliers contains a price for units purchased as well as other rebates and discounts which are summarised below:

Volume Rebates: This rebate is linked to purchases made from suppliers and is recognised as a reduction to cost of goods sold as inventory is sold. Earned rebates that relate to inventory not sold are recognised within the value of inventory at the period end. Where an agreement spans over a period end, judgement is required regarding the amount to be recognised. Forecasts are used as well as historical data in the estimation of the level of rebates recognised.

Amounts are only recognised when the Group has a clear entitlement to the receipt of the rebate and a reliable estimate can be made.

Customer discount support: This income is received from suppliers on a price per unit basis. The level of estimation is minimal as amounts are recognised as a reduction to cost of goods sold based on the agreement terms and only when the item is sold.

Marketing support: This is received in relation to marketing activities that are performed on behalf of suppliers. The income is recognised over the period as set out in the specific supplier agreements and is recognised as a reduction to the relevant expense line within the income statement.

Supplier funding amounts that have been recognised and not invoiced are shown within trade and other receivables on the balance sheet.

The Group's disaggregated revenues recognised under 'Revenue from Contracts with Customers' in accordance with IFRS 15 relates to the following operating segments and revenue streams:

| NOK in million           | Year ended<br>30 April 2022 | Year ended<br>30 April 2021 |
|--------------------------|-----------------------------|-----------------------------|
| Sale of goods            | 44 652                      | 45 257                      |
| Commission revenue       | 2 610                       | 2 994                       |
| Support services revenue | 675                         | 716                         |
| Other service revenue    | 858                         | 923                         |
| <b>Total revenue</b>     | <b>48 795</b>               | <b>49 889</b>               |

Revenue from support services relates predominantly to customer support agreements, while other service revenue comprises delivery and installation, product repairs and product support.

Remaining performance obligations at year-end is NOK 205 million (2020/2021: NOK 98 million) where NOK 32 million is due within one year (2020/2021: NOK 34 million) and NOK 174 million is due in more than one year (2020/2021: NOK 64 million).

The majority of Group sales are settled at the point-in-time of the sale. Sales to franchisees, B2B and commissions are normally settled within a time period of thirty days.

## 5 EMPLOYEE BENEFITS AND OTHER PERSONNEL COSTS

### Accounting policies pensions

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on occupational pensions.

Company contributions to defined contribution pension schemes and contributions made to state pension schemes for certain employees are expensed in the income statement on an accrual basis when employees have rendered the services entitling the employee to the contribution.

### Employee costs

The aggregate remuneration recognised in the income statement is as follows:

| NOK in million                   | Year ended<br>30 April 2022 | Year ended<br>30 April 2021 |
|----------------------------------|-----------------------------|-----------------------------|
| Salaries and performance bonuses | 3 857                       | 3 873                       |
| Other employee cost              | 196                         | 286                         |
| Social security costs            | 642                         | 640                         |
| Pension cost                     | 183                         | 218                         |
| Share based payments             | -7                          | 20                          |
| <b>Total employee costs</b>      | <b>4 872</b>                | <b>5 037</b>                |

The average number of employees was 10,984 (10,399 in 2020/2021).

Options awarded from June 2018 to February 2022:

|                            | Outstanding<br>options at<br>1 May 2021 | Granted          | Lapsed/<br>terminated | Exercised        | Outstanding<br>options at<br>30 April 2022 | Weighted<br>average<br>exercise price |
|----------------------------|---|------------------|-----------------------|------------------|--|---------------------------------------|
| Erik Gunset Sønsterud, CEO | 1 675 548                               | 466 674          | -                     | 60 519           | 2 081 703                                  | £                                     |
| Other employees            | 12 422 581                              | 3 328 750        | 282 477               | 4 496 308        | 10 972 546                                 | £                                     |
| <b>Sum</b>                 | <b>14 098 129</b>                       | <b>3 795 424</b> | <b>282 477</b>        | <b>4 556 827</b> | <b>13 054 249</b>                          | <b>£</b>                              |

Weighted average life of options outstanding at the end of the period: 8.3 years

Weighted average fair value of outstanding options at the end of the period: £0.9.

The pension charge in respect of defined contribution schemes was NOK 181 million (2020/2021: NOK 215 million).

See also note 25 Management remuneration for additional information.

### Share-based payments

#### Accounting policies

The Group participates in Currys plc's share-based payment arrangements. The arrangements are connected to Currys plc's shares and accordingly recognised as a cash settled share-based payment in the Group's financial statements. An amount of NOK 22 million has been released in the profit and loss statement for 2021/2022 relating to the share-based program (2020/2021 cost of NOK 17 million), and NOK 90 million is booked as a liability (on 30 April 2021 NOK 112 million). The fair value of options was estimated using a Monte Carlo model.

#### Group management participates in the following plans:

- Annual share-plan, which allows nil-priced options to be offered to management and senior employees. Options were first granted under the scheme in January 2014. The options are subject to continuing employment and certain awards are subject to performance conditions.
- In February 2019, the Colleague Shareholder Award was launched. This granted every permanent colleague with 12 months service at least £1 000 of options which will vest after three years. These awards are not subject to performance conditions.

A number of variables are taken into account when calculating the fair value of the share options.

| Assumptions used:            | 2021/2022 |
|------------------------------|-----------|
| Exercise price               | £nil      |
| Expected option life         | 10 years  |
| Weighted average share price | £1.21     |
| Volatility                   | 42%       |
| Dividend yield               | 3.8 %     |

## 6 OPERATING EXPENSES

| NOK in million  | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---|--------------------------|--------------------------|
| Operating leases of buildings, land and equipment                 | 33                       | 49                       |
| Marketing and advertising   | 830                      | 827                      |
| Operation, maintenance and other costs of premises, vehicles etc. | 517                      | 491                      |
| Other operating expenses  | 1 004                    | 943                      |
| <b>Total operating expenses</b>                                   | <b>2 384</b>             | <b>2 309</b>             |

Other operating expenses comprise IT, travel, security, warranties, stationery and supply expenses etc., where the cost of IT is the single largest contributor to the expenses. Increase in IT cost is primarily related to software development and operating costs, given a change in strategic direction towards cloud-based solutions which will aim to achieve operational efficiencies and improve the customer journey.

Auditor's remuneration comprises the following:

| NOK in million   | Year ended 30 April 2022 | Year ended 30 April 2021 |
|--|--------------------------|--------------------------|
| Fees payable to the company's auditor for audit of the company's annual accounts                       | 1.5                      | 1.2                      |
| Fees payable to the company's auditor and its associates for their audit of the company's subsidiaries | 3.0                      | 2.9                      |
| <b>Total audit fees</b>  | <b>4.5</b>               | <b>4.1</b>               |
| Other services   | 0.3                      | 0.2                      |
| <b>Total audit and non-audit fees</b>  | <b>4.8</b>               | <b>4.3</b>               |



## 7 OTHER ITEMS; NET CURRENCY GAINS (LOSSES)

Net currency gains (losses) are disaggregated as follows:

| NOK in million                     | Year ended 30 April 2022 | Year ended 30 April 2021 |
|------------------------------------|--------------------------|--------------------------|
| Foreign exchange rate gain         | 696                      | 1 755                    |
| Foreign exchange rate loss         | -626                     | -1 768                   |
| <b>Net currency gains (losses)</b> | <b>70</b>                | <b>-13</b>               |

## 8 NET FINANCE COSTS

| NOK in million                        | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---------------------------------------|--------------------------|--------------------------|
| Interest income from cash pool        | 3                        | 1                        |
| Other interest income                 | -                        | 17                       |
| <b>Finance income</b>                 | <b>3</b>                 | <b>18</b>                |
| Interest expense on cash pool         | -17                      | -10                      |
| Interest on bank overdrafts           | -46                      | -                        |
| Amortisation of facility fees         | -10                      | -                        |
| Interest expense on lease liabilities | -215                     | -225                     |
| Other interest expense                | -66                      | -87                      |
| <b>Finance cost</b>                   | <b>-353</b>              | <b>-321</b>              |
| <b>Total net finance costs</b>        | <b>-350</b>              | <b>-304</b>              |

See note 18 for further details regarding the interest calculation on the lease liability and note 16 for further details about the cash pool. Other interest income comprises interest on guarantees issued in favour of group companies in the UK where the Group receives a guarantee provision of 0.5%. Further details outlined in note 26.

In April 2021, the Group entered a Revolving Credit Facility which expires in April 2026.

## 9 TAX

### Accounting policy

#### Current tax

Current tax is provided at amounts expected to be paid or recovered using the prevailing tax rates and laws that have been enacted or substantially enacted by the balance sheet date and adjusted for any tax payable in respect of previous years.

### Deferred tax

Deferred tax liabilities are recognised for all temporary differences between the carrying amount of an asset or liability in the balance sheet and the tax base value and represent tax payable in future periods. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. No provision is made for tax which would have been payable on the distribution of retained profits of subsidiaries, where it has been determined that these profits will not be distributed in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.



Current and deferred tax is recognised in the income statement except where it relates to an item recognised directly in other comprehensive income or reserves, in which case it is recognised directly in other comprehensive income or reserves as appropriate.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates

and laws that have been enacted, or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis. Deferred tax balances are not discounted.

### Tax expense

The corporation tax charge comprises:

| NOK in million  | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---|--------------------------|--------------------------|
| <b>Current tax</b>                                    |                          |                          |
| Current tax on profits for the year                   | 116                      | 146                      |
| Tax effect on group contribution distributed (Norway) | 155                      | 233                      |
| <b>Deferred tax income</b>                            |                          |                          |
| Decrease/(increase) in deferred tax assets            | 39                       | -124                     |
| (Decrease)/increase in deferred tax liabilities       | 15                       | 2                        |
| Deferred tax on equity items                          | -25                      | 46                       |
| <b>Deferred tax on equity items</b>                   | <b>299</b>               | <b>303</b>               |

The Group makes a group contribution to holding company Dixons Stores Group Retail Norway AS and Elkjøp Holdco AS.

### Reconciliation of standard to actual (effective) tax rate

The principal differences between the total tax charge shown above and the amount calculated by applying the standard rate of the Norwegian corporation tax to profit / (loss) before taxation are as follows:

| NOK in million  | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---|--------------------------|--------------------------|
| Net income before tax   | 1 405                    | 1 551                    |
| Expected income tax assessed at the tax rate for the Parent company 22% | 309                      | 341                      |
| Adjusted for tax effect of the following items:                         |                          |                          |
| Permanent differences   | 1                        | 4                        |
| Effect of change in tax rate  | -                        | -2                       |
| Prior year adjustment   | -2                       | -8                       |
| Effect from currency effects and other items                            | -9                       | -31                      |
| <b>Total income tax expense for operations</b>                          | <b>299</b>               | <b>303</b>               |
| Effective income tax rate   | 21,3 %                   | 19,6 %                   |

The effective tax rate on profit before tax of 21.3% (2020/2021: 19.6%) has increased due to currency effects and a prior year adjustment.

### Deferred tax

Specification of effects of temporary differences:

| NOK in million                                | 30 April 2022 | 30 April 2021 |
|---|---------------|---------------|
| Intangible assets                             | -176          | -139          |
| Tangible assets                               | -6            | 10            |
| Derivatives including cash flow hedges        | -1            | 42            |
| Swedish P-funds                               | -75           | -54           |
| Pensions                                      | 1             | 0             |
| Other temporary differences                   | 158           | 94            |
| Tax losses carried forward (Sweden)           | 0             | 0             |
| <b>Total deferred tax liability</b>           | <b>-97</b>    | <b>-47</b>    |
| <b>Whereof:</b>                               |               |               |
| Presented as deferred tax asset               | 97            | 136           |
| Presented as deferred tax liability           | -194          | -183          |
| <b>Deferred tax asset (+) / liability (-)</b> | <b>-97</b>    | <b>-47</b>    |

Movements in deferred tax:

| NOK in million   | 30 April 2022 | 30 April 2021 |
|--|---------------|---------------|
| Carrying amount net deferred tax assets (+)/ liabilities(-) at 1 May           | -47           | -185          |
| Recognised as income/expense (-) in income statement                           | -54           | 122           |
| Effect from currency effects and other items                                   | 3             | 16            |
| <b>Carrying amount net deferred tax assets (+)/ liabilities(-) at 30 April</b> | <b>-97</b>    | <b>-47</b>    |

Analysis of deferred tax relating to items (charged) / credited to other comprehensive income in the period:

| NOK in million | Year ended 30 April 2022 | Year ended 30 April 2021 |
|----------------|--------------------------|--------------------------|
| Derivatives    | -25                      | 46                       |
| <b>Total</b>   | <b>-25</b>               | <b>46</b>                |

## 10 GOODWILL

### Accounting policies

On acquisition of a subsidiary or associate, the fair value of the consideration is allocated between the identifiable net tangible and intangible assets and liabilities on a fair value basis, with any excess consideration representing goodwill. Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units (defined below) expected to benefit from the synergies of the combination that gave rise to the goodwill.

Goodwill is not amortised, but is reviewed annually for impairment, or more frequently where there is an indication that goodwill may be impaired. Impairment is assessed by measuring the recoverable amount of the group of CGUs to which the goodwill relates, at the level at which this is monitored by management. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

On disposal of subsidiary undertakings and businesses, the relevant goodwill is included in the calculation of the profit or loss on disposal.

Changes in goodwill during the year:

| NOK in million                  | Year ended<br>30 April 2022 | Year ended<br>30 April 2021 |
|---------------------------------|-----------------------------|-----------------------------|
| At beginning of period          | 1 108                       | 1 193                       |
| Additions                       | 0                           | 0                           |
| Foreign exchange                | -8                          | -85                         |
| <b>At the end of the period</b> | <b>1 100</b>                | <b>1 108</b>                |

### Carrying value of goodwill

The components of goodwill comprise the following segments:

| NOK in million | Year ended<br>30 April 2022 | Year ended<br>30 April 2021 |
|----------------|-----------------------------|-----------------------------|
| Norway         | 461                         | 461                         |
| Sweden         | 12                          | 12                          |
| Denmark        | 586                         | 594                         |
| Finland        | 41                          | 41                          |
| <b>Total</b>   | <b>1 100</b>                | <b>1 108</b>                |

### Goodwill impairment testing

As required by IAS 36, goodwill is subject to annual impairment reviews. These reviews are carried out using the following criteria:

- Business acquisitions generate an attributed amount of goodwill;
- Judgement is involved in determining what constitutes a CGU. Management considers that the CGU for impairment testing purposes is a segment as the stores are managed on a portfolio basis within each segment and not as single stores;
- The manner in which these businesses are run and managed is used to determine the CGU grouping as defined in IAS 36 'Impairment of Assets';
- The recoverable amount of each CGU group is determined based on calculating its value-in-use ('VIU');
- The VIU is calculated by applying discounted cash flow modelling to management's own projections covering a five-year period;
- Cash flows beyond the five-year period are extrapolated using a long-term growth rate equivalent to long-term forecasts of Gross Domestic Product ('GDP') growth rates for the relevant market;
- And the VIU is then compared to the carrying amount in order to determine whether impairment has occurred.

The key assumptions used in calculating value-in-use are:

- Management's projections;
- The growth rate beyond five years;
- And the pre-tax discount rate.

The long-term projections are based on budgets for 2022/2023 together with a five-year strategic plan. These projections have taken into account the relative performance of competitors and knowledge of the current market together with management's views on the future achievable growth in market share and impact of the committed initiatives. The cash flows which derive from these five-year projections include ongoing capital expenditures required to develop and upgrade the store network and systems in order to maintain and operate the businesses and to compete in their markets. In forming the five-year projections, management draws on past experience as a measure to forecast future performance.

Given the global political and economic uncertainty resulting from the Covid-19 pandemic and Ukraine war,

the cash flows have been adjusted to represent management's best estimate of the economic conditions that will exist over the five-year period. In forming these assumptions, management have incorporated guidance from the governments in which each business unit operates and readily available external market information.

Key assumptions used in determining the five-year projections comprise the growth in sales and costs over this period. The compound annual growth rate in sales and costs can rise as well as fall year-on-year depending not only on the year five targets, but also on the current financial year base. These targets, when combined, accordingly drive the resulting profit margins and the profit in year five of the projections which is in turn used to calculate the terminal value in the VIU calculation. Historical amounts for the businesses under impairment review as well as from other parts of the Group are used to generate the values attributed to these assumptions.

The value attributed to these assumptions for the most significant components of goodwill are as follows:

|         | 30 April 2022                 |                       | 30 April 2021                 |                       |
|---------|-------------------------------|-----------------------|-------------------------------|-----------------------|
|         | Growth rate beyond five years | Pre-tax discount rate | Growth rate beyond five years | Pre-tax discount rate |
| Norway  | 1.5 %                         | 9.6 %                 | 2.0 %                         | 7.8 %                 |
| Sweden  | 1.6 %                         | 9.6 %                 | 2.3 %                         | 7.8 %                 |
| Denmark | 1.2 %                         | 9.6 %                 | 2.0 %                         | 7.8 %                 |
| Finland | 1.1 %                         | 9.6 %                 | 1.5 %                         | 7.8 %                 |

Growth rates used were determined based on third-party long-term growth rate forecasts and are based on the GDP growth rate for the territories in which the businesses operate. The pre-tax discount rates applied to the forecast cash flows reflect current market assessments of the time value of money and the risks specific to the CGUs.

### Goodwill impairment sensitivity analysis

A sensitivity analysis has been performed on each of the base case assumptions used for assessing the goodwill with other variables held constant. Consideration of sensitivities to key assumptions can evolve from one financial year to the next. The directors have concluded that there are no reasonably possible changes in key assumptions which would cause the carrying amount of goodwill to exceed its value-in-use.

## 11 INTANGIBLE ASSETS

### Accounting principles

Intangible assets are mainly software and licences, and include costs incurred to acquire the assets, as well as internal infrastructure and design costs incurred in the development of software, in order to bring the assets into use.

Internally generated software is recognised as an intangible asset, only if it can be separately identified, it is probable that the asset will generate future economic benefits which exceed one year, and the development cost can be measured reliably. Where these conditions are not met, development expenditure is recognised as an expense in the year in which it is incurred. Costs associated with developing or maintaining computer software are recognised as an expense as incurred unless they increase the future economic benefits of the asset, in which case they are capitalised.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overhead. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Software is stated at cost less accumulated amortisation and, where appropriate, provision for impairment in value or estimated loss on disposal. Amortisation is provided to write off the cost of the assets on a straight-line basis between three and eight years and is recognised in the income statement in the line item amortisation and depreciation.

Intangible assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the net book value is not supportable. When assets are to be taken out of use, an impairment charge is levied. When the intangible assets form part of a separate CGU, such as a store or business unit, and business indicators exist which could lead to the conclusion that the net book value is not supportable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

| NOK in million                          | 30 April 2022         | 30 April 2021         |
|---|-----------------------|-----------------------|
|   | Software and licences | Software and licences |
| <b>Balance at beginning of the year</b> | <b>823</b>            | <b>648</b>            |
| Additions                               | 268                   | 329                   |
| Amortisation                            | -235                  | -143                  |
| Disposal                                | -0                    | -11                   |
| Foreign exchange                        | -0                    | -1                    |
| <b>Balance at end of the year</b>       | <b>856</b>            | <b>823</b>            |
| Cost                                    | 1 803                 | 1 830                 |
| Accumulated amortisation                | -947                  | -1 007                |
| <b>Balance at end of the year</b>       | <b>856</b>            | <b>823</b>            |
| Amortisation period                     | 3-8 years             | 3-8 years             |

Additions consist of capitalised development costs for systems where core systems are amortised over five to eight years. Software and licences include assets with a cost of NOK 2 million in 2021/2022

(NOK 185 million in 2020/2021) on which amortisation has not been charged as the assets have not yet been brought into use. The Group has no significant R&D expenses.

| NOK in million                          | 30 April 2022                          |            | 30 April 2021                          |            |
|---|--|------------|--|------------|
|   | Fixtures, fittings and other equipment | Total      | Fixtures, fittings and other equipment | Total      |
| <b>Balance at beginning of the year</b> | <b>851</b>                             | <b>851</b> | <b>975</b>                             | <b>975</b> |
| Additions                               | 359                                    | 359        | 268                                    | 268        |
| Depreciation                            | -317                                   | -317       | -322                                   | -322       |
| Disposal                                | -6                                     | -6         | -10                                    | -10        |
| Foreign exchange                        | -10                                    | -10        | -60                                    | -60        |
| <b>Balance at end of the year</b>       | <b>876</b>                             | <b>876</b> | <b>851</b>                             | <b>851</b> |
| Cost                                    | 3 026                                  | 3 026      | 2 904                                  | 2 904      |
| Accumulated depreciation                | -2 150                                 | -2 150     | -2 053                                 | -2 053     |
| <b>Balance at end of the year</b>       | <b>876</b>                             | <b>876</b> | <b>851</b>                             | <b>851</b> |
| Depreciation period                     | 3-10 years                             |            | 3-10 years                             |            |

For the year ended 30 April 2022 and 30 April 2021 the Group had no capital commitment related to

its investments.

The Group has no restrictions on title, and property, plant and equipment pledged as security for liabilities.

## 12 PROPERTY, PLANT & EQUIPMENT

### Accounting policies

Property, plant & equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

With the exception of land, depreciation is provided to write off the cost of the assets over their expected useful lives on a straight-line basis from the date the asset was brought into use or is capable of being used. Property, plant & equipment is assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the net book value is not supportable. When assets are to be taken out of use, an impairment charge is levied. When property, plant & equipment form part of a separate cash generating unit, such as a store or group of stores, and business indicators exist which could lead to the conclusion that the net book value is not supportable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.



## 13 RIGHT-OF-USE ASSETS

### Accounting policies

The Group's leasing activities predominantly relate to retail store properties and distribution properties. The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (which comprise IT equipment and small items of office furniture). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease with no corresponding right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, any initial direct costs and any dilapidation costs. They are subsequently

measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. Right-of-use assets are assessed on an ongoing basis to determine whether circumstances exist that could lead to the conclusion that the net book value is not supportable as further described above. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

See note 18 for further details regarding measurement of lease liability and corresponding adjustment to the related right-of-use asset.

The balance sheet shows the following amounts relating to leases:

| NOK in million                                 | 30 April 2022      |                               |              | 30 April 2021      |                               |              |
|--|--------------------|-------------------------------|--------------|--------------------|-------------------------------|--------------|
|  | Land and buildings | Vehicles, equipment and other | Total        | Land and buildings | Vehicles, equipment and other | Total        |
| <b>Balance at beginning of the year</b>        | <b>3 922</b>       | <b>34</b>                     | <b>3 956</b> | <b>4 702</b>       | <b>42</b>                     | <b>4 744</b> |
| Additions                                      | 1 753              | 31                            | <b>1 784</b> | 437                | 14                            | <b>451</b>   |
| Depreciation                                   | -880               | -18                           | <b>-898</b>  | -900               | -19                           | <b>-919</b>  |
| Disposal                                       | -13                | -0                            | <b>-14</b>   | -55                | -1                            | <b>-56</b>   |
| Foreign exchange                               | -48                | -1                            | <b>-48</b>   | -262               | -3                            | <b>-265</b>  |
| <b>Balance at end of the year</b>              | <b>4 734</b>       | <b>45</b>                     | <b>4 780</b> | <b>3 922</b>       | <b>34</b>                     | <b>3 955</b> |
| Cost   | 7 209              | 79                            | 7 289        | 5 599              | 62                            | 5 661        |
| Accumulated depreciation                       | -2 475             | -34                           | -2 509       | -1 677             | -28                           | -1 706       |
| <b>Balance at end of the year</b>              | <b>4 734</b>       | <b>45</b>                     | <b>4 780</b> | <b>3 922</b>       | <b>34</b>                     | <b>3 955</b> |
| Lower of remaining lease term or economic life | 0-14 years         | 0-5 years                     |              | 0-13 years         | 0-6 years                     |              |
| Depreciation method                            | Linear             | Linear                        |              | Linear             | Linear                        |              |

## 14 INVENTORY

### Accounting policies

Inventories are stated at the lower of cost and net realisable value, and on a weighted average cost basis. Cost comprises direct purchase costs and related overhead that has been incurred in bringing the inventories to their present location and condition less any attributable discounts and bonuses received from suppliers in respect of that inventory. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow moving or defective items when appropriate.

Certain purchases of inventories may be subject to cash flow hedges to address foreign exchange risk. Where this is the case a basis adjustment is made; the initial cost of hedged inventory is adjusted by the associated gain or loss transferred from the cash flow hedge reserve.

| NOK in million                      | Year ended<br>30 April 2022 | Year ended<br>30 April 2021 |
|-------------------------------------|-----------------------------|-----------------------------|
| Finished goods and goods for resale | 6 681                       | 5 610                       |
| Provision for obsolete inventories  | -164                        | -161                        |
| <b>Balance at end of the year</b>   | <b>6 517</b>                | <b>5 449</b>                |

## 15 TRADE AND OTHER RECEIVABLES

### Accounting principles

Financial assets are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the investment. The Group's financial assets comprise cash and cash equivalents, and receivables which involve a contractual right to receive cash from external parties.

Trade receivables are recognised initially at the amount of consideration that is unconditional. Trade receivables are generally due for settlement within 30 days and therefore classified as current. At initial recognition, the group measures other financial assets at fair value.

The majority of trade and other receivables are non-interest bearing. The carrying amount of trade and other receivables approximates fair value.

When the Group recognises a financial asset, it classifies it in accordance with IFRS 9. Cash and cash equivalents and trade and other receivables (excluding derivative financial assets) are classified as held at amortised cost.

All of the Group's assets are subject to impairments driven by the expected credit loss (ECL) model. For the Group's trade and other receivables in the Nordics, it has adopted the simplified approach to calculating expected credit losses allowed by IFRS 9. Historical credit loss rates are applied consistently to groups of financial assets with similar risk characteristics. These are then adjusted for known changes in, or any forward-looking impacts, on creditworthiness.

Indicators that an asset is credit-impaired would include observable data in relation to the financial health of the debtor: significant financial difficulty of the issuer or the debtor; the debtor breaches contract; it is probable that the debtor will enter bankruptcy or financial reorganisation.

Most groups of receivables have immaterial levels of credit risk. For material concentrations of credit risk, the asset type and notional is set out below:

| NOK in million       | Year ended<br>30 April 2022 | Year ended<br>30 April 2021 |
|----------------------|-----------------------------|-----------------------------|
| Business to Business | 341                         | 278                         |
| Franchise debtors    | 343                         | 348                         |
| <b>Total</b>         | <b>685</b>                  | <b>626</b>                  |

Ageing of the areas of credit risk is set out in the tables below:

|              | Year ended<br>30 April 2022                  |                             |                        |
|--------------|--|-----------------------------|------------------------|
|              | Gross amounts recognised in financial assets | Weighted average loss rates | Expected credit losses |
| Not yet due  | 612  | 0,5%                        | 3                      |
| 0-90 days    | 30   | 6,6%                        | 2                      |
| 91-180 days  | 12   | 27,2%                       | 3                      |
| 180+ days    | 31   | 71,0%                       | 22                     |
| <b>Total</b> | <b>685</b>                                   |                             | <b>30</b>              |

The Group derecognises a financial asset when the contractual rights to the cash flows expire or the Group transfers the financial asset in a way that qualifies for derecognition in accordance with IFRS 9.

The ECL rates were subject for review due to Covid-19. The Group has reviewed losses, changes in receivables past due and mitigating initiatives to reduce risk and have concluded that the current ECL rates are representative and cover the increased risk of credit losses caused by the pandemic.

### Specification of trade and other receivables

| NOK in million       | Year ended<br>30 April 2022 | Year ended<br>30 April 2021 |
|----------------------|-----------------------------|-----------------------------|
| Trade receivables    | 1 564                       | 1 100                       |
| Expected credit loss | -63                         | -44                         |
| Prepayments          | 307                         | 232                         |
| Other receivables    | 371                         | 382                         |
| Accrued income       | 385                         | 271                         |
| <b>Total</b>         | <b>2 563</b>                | <b>1 942</b>                |
| Non-current          | 28                          | 28                          |
| Current              | 2 535                       | 1 914                       |
| <b>Total</b>         | <b>2 563</b>                | <b>1 942</b>                |

| NOK in million   | 30 April 2022           |            |                       | 30 April 2021           |            |                       |
|--|-------------------------|------------|-----------------------|-------------------------|------------|-----------------------|
|  | Gross trade receivables | Provision  | Net trade receivables | Gross trade receivables | Provision  | Net trade receivables |
| <b>Ageing of gross trade receivables and provisions:</b> |                         |            |                       |                         |            |                       |
| Not yet due  | 1 365                   | -2         | 1 363                 | 974                     | -4         | 970                   |
| <b>Past due:</b>   |                         |            |                       |                         |            |                       |
| Under two months   | 98                      | -1         | 97                    | 65                      | -1         | 63                    |
| Two to four months                                       | 17                      | -4         | 13                    | 31                      | -3         | 28                    |
| Over four months   | 84                      | -57        | 27                    | 31                      | -36        | -5                    |
| <b>Total</b>   | <b>1 564</b>            | <b>-63</b> | <b>1 501</b>          | <b>1 100</b>            | <b>-44</b> | <b>1 056</b>          |

Movements in the provision for impairment of trade receivables are as follows:

| NOK in million                           | Year ended 30 April 2022 | Year ended 30 April 2021 |
|--|--------------------------|--------------------------|
| <b>Opening balance</b>                   | <b>-44</b>               | -32                      |
| Charged to the income statement          | -30                      | -11                      |
| Receivables written off as irrecoverable | 11                       | -2                       |
| <b>Closing balance</b>                   | <b>-63</b>               | <b>-44</b>               |

The timing of revenue recognition, billings and cash collections results in trade receivables (billed amounts) and customer advances and deposits (contract liabilities) on the Group's balance sheet. For services in which revenue is earned over time, prepayment of service is classified as a contract liability. See note 4 for further details regarding timing and revenue recognition.

## 16 CASH POOL

The Group is a part of its parent, Currys plc's, cash pool arrangement. The cash pool agreements are a combination of zero balancing and notional pooling arrangements. All entities in the Group have individual agreements with Currys plc, whereby Currys plc has the head account against the bank. The cash pool balances are presented as an intercompany receivable or payable. The arrangement is subject to interest calculations based on the arm's length principle. An appropriate floating interest rate including a margin element is calculated and applied consistently.

The presentation shows gross amounts, as each entity's net position cannot be offset against another entity's net position in the Group.

| NOK in million       | Year ended 30 April 2022 | Year ended 30 April 2021 |
|----------------------|--------------------------|--------------------------|
| Cash pool receivable | 2 530                    | 3 706                    |
| Cash pool liability  | -54                      | -77                      |
| <b>Net balance</b>   | <b>2 476</b>             | <b>3 629</b>             |

## 17 TRADE AND OTHER LIABILITIES

### Accounting principles

Trade and other payables (excluding derivative financial liabilities) are initially recorded at fair value and subsequently measured at amortised cost.

Where the Group has the right and intention to offset in relation to financial assets and liabilities under IAS 32, these are presented on a net basis.

Contract liabilities predominantly relate to the sale of customer support agreements. Revenue is recognised in full, as each performance obligation is satisfied under the contracts with the customer. Where consideration is received in advance of the performance of the obligations being satisfied, a contract liability is recognised. Due to the cancellation options and customer refund clauses, contract terms have been assessed to be a series of day to day contracts with revenue recognised as performed.

Specification of trade and other payables:

| NOK in million                    | Year ended 30 April 2022 |             | Year ended 30 April 2021 |             |
|-----------------------------------|--------------------------|-------------|--------------------------|-------------|
|                                   | Current                  | Non-current | Current                  | Non-current |
| Trade payables                    | 6 310                    | -           | 5 630                    | -           |
| Other taxes and social security   | 1 340                    | -           | 1 326                    | -           |
| Contract liabilities              | 1 003                    | -           | 786                      | 17          |
| Other current payables            | 574                      | -           | 534                      | -           |
| Accruals                          | 530                      | 62          | 772                      | 73          |
| <b>Balance at end of the year</b> | <b>9 757</b>             | <b>62</b>   | <b>9 048</b>             | <b>89</b>   |

The carrying amount of trade and other payables approximates their fair value.

### Contract liabilities

Movements in the contract liabilities balance are as follows:

| NOK in million  | Year ended 30 April 2022 | Year ended 30 April 2021 |
|---|--------------------------|--------------------------|
| Opening balance   | 802                      | 738                      |
| Revenue recognised in the period that was included in the opening balance | -725                     | -661                     |
| Revenue recognised in the period from sales in the year                   | -18 173                  | -17 981                  |
| Increase due to money owed/received in the year                           | 19 100                   | 18 706                   |
| <b>Closing balance</b>  | <b>1 003</b>             | <b>802</b>               |

The above reconciliation shows the movement from opening to closing balance. The reduction in the contract liability balance due to amounts recognised as revenue within the year that were included in the balance at the start of the year have been offset by new sales made and consideration received in advance of satisfying the performance obligations.

## 18 LEASE LIABILITY

### Accounting principles

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's weighted average incremental borrowing rate and subsequently held at amortised cost in accordance with IFRS 9.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.



#### Overview of lease liabilities:

| NOK in million                 | 30 April 2022 | 30 April 2021 |
|--------------------------------|---------------|---------------|
| Analysed as:                   |               |               |
| Current                        | 991           | 972           |
| Non-current                    | 3 937         | 3 044         |
| <b>Total lease liabilities</b> | <b>4 928</b>  | <b>4 017</b>  |

Total undiscounted future committed payments due are as follows:

| NOK in million                                      | 30 April 2022 | 30 April 2021 |
|---|---------------|---------------|
| Amounts due:  |               |               |
| Year 1  | 1 029         | 1 013         |
| Year 2  | 927           | 898           |
| Year 3  | 830           | 797           |
| Year 4  | 751           | 586           |
| Year 5  | 629           | 466           |
| Onward  | 1 649         | 958           |
| <b>Total undiscounted future committed payments</b> | <b>5 814</b>  | <b>4 717</b>  |

| NOK in million   | 30 April 2022 | 30 April 2021 |
|--|---------------|---------------|
| Summary of the lease liabilities in the financial statements:  |               |               |
| Opening balance  | 4 017         | 4 818         |
| New lease liabilities recognised in the year   | 1 771         | 398           |
| Cash payments for the principal portion of the lease liability                                       | -1 027        | -1 158        |
| Cash payments for the interest portion of the lease liability  | 215           | 225           |
| Reassessment of the discount rate on previous lease liabilities                                      |               |               |
| Currency exchange differences  | -48           | -266          |
| <b>Total lease liabilities</b>   | <b>4 928</b>  | <b>4 017</b>  |
| Expensed variable payments linked to performance or use  |               |               |
| - Expenses related to contracts with exception for short term leases                                 | 17            | 37            |
| - Expense relating to variable lease payments not included in the measurement of the lease liability | 17            | 12            |
| - Expenses related to contracts with exception for low value assets (short term contract excluded)   | 0             | 0             |

The leases do not contain any restrictions on the Group's dividend policy or financing. The Group does not have any significant residual value guarantees related to its leases to disclose.

#### 19 DEFERRED AND CONTINGENT CONSIDERATION

##### Accounting principles

Contingent consideration arrangements are initially measured at fair value and remeasured at each balance sheet date to fair value. The fair value of contingent

consideration arrangements has been estimated by applying the income approach. A reduction in growth assumptions used in the fair value methodology would result in a reduction in the amount of contingent consideration payable.

##### Earn-out consideration

The Group had an earn-out consideration in relation to the acquisition of the Epoq kitchen business in 2011 and held a balance of NOK 19 MNOK in 2020/2021 which has been settled in current financial year.

The earn-out is contingent on the performance of the Epoq kitchen business against earnings growth targets over a period of up to 10 years from the acquisition date. Expected cash outflows are estimated based on the terms of the purchase contract and the entity's knowledge of the kitchen business and how the current economic environment is likely to impact it. The Group has historically not discounted liabilities when the impact is not material.

The Group holds no earn-out liabilities at year-end (2020/2021 NOK 19 million).

## 20 PROVISIONS

### Accounting principles

Provisions are recognised when a legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted where the time value of money is considered to be material.

All provisions are assessed by reference to the best available information at the balance sheet date.

| NOK million             | 30 April 2022  |           |          |               |            | 30 April 2021  |           |          |               |            |
|-------------------------|----------------|-----------|----------|---------------|------------|----------------|-----------|----------|---------------|------------|
|                         | Reorganisation | Sales     | Property | Share options | Total      | Reorganisation | Sales     | Property | Share options | Total      |
| At beginning of period  | 5              | 39        | 8        | 112           | 165        | 5              | 43        | 1        | 96            | 145        |
| Additions               | -              | 98        | 2        | 10            | 109        | 1              | 111       | 28       | 17            | 157        |
| Released in the period  | -              | -         | -        | -             | -          | -              | -         | -        | -             | -          |
| Utilised in the period  | -3             | -101      | -8       | -31           | -143       | -1             | -115      | -21      | -1            | -137       |
| <b>At end of period</b> | <b>2</b>       | <b>36</b> | <b>2</b> | <b>91</b>     | <b>131</b> | <b>5</b>       | <b>39</b> | <b>8</b> | <b>112</b>    | <b>165</b> |
| <b>Analysed as:</b>     |                |           |          |               |            |                |           |          |               |            |
| Current                 | -2             | 17        | 1        | 53            | 69         | 1              | 21        | 7        | 78            | 107        |
| Non-current             | 4              | 19        | 2        | 38            | 62         | 4              | 19        | 2        | 34            | 58         |
|                         | <b>2</b>       | <b>36</b> | <b>2</b> | <b>91</b>     | <b>131</b> | <b>5</b>       | <b>39</b> | <b>8</b> | <b>112</b>    | <b>165</b> |

Reorganisation provisions relate principally to redundancy costs and other onerous contracts arising as a result of the reorganisation, and are only recognised when plans are demonstrably committed and where appropriate communication to those affected has been undertaken at the balance sheet date.

Sales provisions relate to product warranties. The anticipated costs of these items are assessed by reference to historical trends and any other information that is considered to be relevant.

Property provisions relate mainly to costs associated with operating lease early exit premiums, onerous leases and provisions for dilapidations. The share option provision relates to the Group's participation in Currys plc's share-based arrangements and the provision is based on the fair value of options using a Monte Carlo model.

Non-current provisions are expected to be utilised over a period of up to five years.

## 21 ADDITIONAL EQUITY INFORMATION

| NOK in million          | Numer of shares   | Share capital | Other paid in capital | Total Paid in capital |
|-------------------------|-------------------|---------------|-----------------------|-----------------------|
| <b>At 1 May 2020</b>    | <b>35 800 050</b> | <b>72</b>     | <b>107</b>            | <b>179</b>            |
| <b>At 30 April 2021</b> | <b>35 800 050</b> | <b>72</b>     | <b>107</b>            | <b>179</b>            |
| <b>At 30 April 2022</b> | <b>35 800 050</b> | <b>72</b>     | <b>107</b>            | <b>179</b>            |

There are no changes in the periods presented. The share capital is fully paid. Par value of the shares is NOK 2.

As of 30 April 2022, Elkjøp Nordic AS is 100% owned by Elkjøp Holdco AS and is included in the consolidated statements of Currys plc which is listed on the London Stock Exchange.

### Other reserves

| NOK in million  | Translation reserve | Pension remeasurement reserve | Cash flow hedge reserve | Taxes on pension remeasurement reserve | Taxes on cash flow hedge reserve | Total Other reserves |
|---|---------------------|-------------------------------|-------------------------|--|----------------------------------|----------------------|
| <b>At 1 May 2020</b>                                  | 277                 | -15                           | 102                     | 3                                      | -22                              | 345                  |
| Changes during the year                               | -220                | -                             | -443                    | -                                      | 97                               | -565                 |
| Recycled to profit and loss from comprehensive Income |                     |                               | 238                     |  | -52                              | 186                  |
| <b>At 30 April 2021</b>                               | <b>58</b>           | <b>-15</b>                    | <b>-103</b>             | <b>3</b>                               | <b>23</b>                        | <b>-33</b>           |
| Changes during the year                               | -42                 | -                             | -31                     | -                                      | 7                                | -66                  |
| Recycled to profit and loss from comprehensive Income |                     |                               | 147                     |  | -32                              | 115                  |
| <b>At 30 April 2022</b>                               | <b>16</b>           | <b>-15</b>                    | <b>13</b>               | <b>3</b>                               | <b>-1</b>                        | <b>16</b>            |

### Translation reserve

This reserve relates to currency translation for entities within the Group that have a different functional currency than NOK.

### Pension remeasurement reserve and taxes on pension remeasurements reserve

These reserves include the effect of re-measurement of the pension obligation arising due to changes in assumptions, such as the discount rate, long-term demographic trends and the related tax effects.

### Cash flow hedge reserve and taxes on the cash flow hedge reserve

These reserves relate to cash flow hedges measured at fair value through other comprehensive income until recycling, including its tax effects, see also note 22.

A group contribution to the holding company Dixons Stores Group Retail Norway AS of NOK 179 thousand and to Elkjøp Holdco AS of NOK 703 million are proposed but have not been distributed as of 30 April 2022 and are subject to shareholders' approval at the forthcoming Annual General Meeting.

## 22 FINANCIAL RISK MANAGEMENT

Financial instruments that are measured at fair value in the financial statements require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or

liability either directly (that is, as prices) or indirectly (that is, derived from prices);

- and level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Contingent consideration is categorised as level 3 in the fair value hierarchy as the valuation requires the use of significant unobservable inputs. An explanation of the valuation methodologies and the inputs to the valuation model is provided in note 19.

The significant inputs required to fair value the Group's remaining financial instruments that are measured at fair value on the balance sheet, being derivative financial assets and liabilities, are observable and are classified

as level 2 in the fair value hierarchy. There have also been no transfers of assets or liabilities between levels of the fair value hierarchy.

Fair values have been derived by discounting future cash flows (where the impact of discounting is material), assuming no early redemption, or by revaluing forward currency contracts and interest rate swaps to period end market rates as appropriate to the instrument. Management considers that the book value of financial assets and liabilities recorded at amortised cost and their fair value are not materially different.

The fair value of the Group's financial assets, liabilities and derivative financial instruments are as follows:

| NOK in million   | Year ended 30 April 2022 | Year ended 30 April 2021 |
|--|--------------------------|--------------------------|
| Cash pool assets <sup>(1)</sup>  | 2 530                    | 3 706                    |
| Cash and cash equivalents <sup>(1)</sup>   | 509                      | 334                      |
| Trade and other receivables excluding derivative financial assets <sup>(1)</sup> | 2 535                    | 1 914                    |
| Derivative assets <sup>(2)</sup>   | 131                      | 240                      |
| Derivative liabilities <sup>(4)</sup>  | -128                     | -433                     |
| Cash pool liabilities <sup>(3)</sup>   | -54                      | -77                      |
| Trade and other liabilities - current <sup>(3)</sup>                             | -9 757                   | -9 048                   |
| Trade and other liabilities - non current <sup>(3)</sup>                         | -62                      | -89                      |
| Deferred and contingent consideration - current <sup>(4)</sup>                   | -                        | -19                      |

<sup>(1)</sup> Financial assets measured at amortised cost

<sup>(2)</sup> Financial assets measured at fair value through profit and loss.

<sup>(3)</sup> Financial liabilities measured at amortised cost.

<sup>(4)</sup> Financial liabilities measured at fair value through profit and loss.

For trade receivables, cash pool receivables and other current receivables, trade and other payables the carrying amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

#### Financial risk management policies

The Group's activities expose it to certain financial risks including market risk (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The parent company Currys plc's treasury function, which operates treasury policies approved by the Currys plc Board, uses certain financial instruments to mitigate potentially adverse effects on the Currys plc's financial performance from these risks. These financial instruments consist of bank loans and deposits, spot and forward foreign exchange contracts, foreign exchange swaps and interest rate swaps. The Group only participate in the cash pools facilitated by Currys plc.

Throughout the period, in accordance with Group policy, no speculative use of derivatives, foreign exchange or other instruments was permitted. No contracts with embedded derivatives have been identified and, accordingly, no such derivatives have been accounted for separately. See note 23 for information about derivatives.

#### Foreign exchange risk

For the Group, the foreign exchange risk exposure is in the Norwegian entity Elkjøp Nordic AS, which has NOK as its functional currency.

Elkjøp Nordic AS undertakes certain purchase transactions that are denominated in foreign currencies

and as a consequence has exposure to exchange rate fluctuations. These exposures arise from inventory purchases, where most of the Group's exposure being to Euro and Swedish Krona fluctuations. Further, the Group's revenue is exposed to fluctuations in Swedish Krona, Danish Krona and Euro. The Group uses spot and forward currency contracts to mitigate these exposures, with such contracts designed to cover exposures ranging from one month to six months.

Monetary assets and liabilities and foreign exchange contracts are sensitive to movements in foreign exchange rates. This sensitivity can be analysed in comparison to year-end rates (assuming all other variables remain constant) as follows:

| NOK in million                                     | Year ended 30 April 2022  | Year ended 30 April 2021  |
|--|---------------------------|---------------------------|
|  | Effect on Profit and Loss | Effect on Profit and Loss |
| +/-10% movement in the US dollar exchange rate     | 48                        | 36                        |
| +/-10% movement in the Euro exchange rate          | 485                       | 457                       |
| +/-10% movement in the Swedish Krona exchange rate | 57                        | 48                        |
| +/-10% movement in the Danish Krona exchange rate  | 77                        | 83                        |

#### Interest rate risk

The Group's interest rate risk arises primarily on cash pool receivables and payables, all of which are at floating rates of interest, and which therefore expose the Group to cash flow interest rate risk. The floating rates used in the cash pool are linked to NIBOR (NOK), LIBOR (USD), STIBOR (SEK), EONIA (EUR), CIBOR (DKK), DRI/DRU (CZK) and other interest rate bases as appropriate to the instrument and currency. Group policy permits the use of long-term interest rate derivatives in managing the risks associated with movements in interest rates.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its exposure to liquidity risk by reviewing regularly the long-term and short-term cash flow projections for the business against the resources available to it.

In order to ensure that sufficient funds are available for ongoing and future developments, the Group is part

of the parent company Currys plc arrangement that has committed bank facilities, excluding overdrafts repayable on demand, totalling £543 million (2020/21: £551 million).

In April 2021, the Group signed a NOK 4,036m Revolving Credit Facility (RCF) with a number of relationship banks which expires in April 2026. The interest rate payable for drawings under this facility is at a margin over risk free rates (or other applicable interest basis) for the relevant currency and for the appropriate period. The actual margin applicable to any drawing depends on the fixed charges cover ratio calculated in respect of the most recent accounting period. A non-utilisation fee is payable in respect of amounts available but undrawn under this facility and a utilisation fee is payable when aggregate drawings exceed certain levels. This facility was undrawn at 30 April 2022. The facility is part of Currys plc total credit facility.

All receivables and payables within the Group are current.



**Credit risk**

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from consumers. The Group's exposure to credit risk is regularly monitored and the Group's policy is updated as appropriate.

The Group's trade receivables also include balances due from sales to franchisees, business to business consumers and consumer credit receivables. The credit procedures are centralised, and customers must pass an external credit rating to be granted a credit limit. Provision is made for any receivables that are considered to be irrecoverable. Details of trade receivables which are past due but not impaired are provided in note 15.

The credit risk on cash and cash equivalents and derivative financial instruments is closely monitored and credit ratings are used in determining maximum counterparty credit risk.

The Group's funding, through Currys plc's cash pool facility, is reliant on its £543 million bank facilities, which are provided by a number of relationship banks; these institutions are considered to be adequately capitalised to continue to meet their obligations under the facility.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

**Capital management**

The Group manages its capital to ensure that all Group entities have sufficient working capital and liquidity to meet all operational needs. Capital is defined by management as the sources of funding for the group. Capital is managed through the cash pool bank accounts, cash and cash equivalents balances and group contributions. The Group does not have any external long-term borrowings. The treasury department of the UK parent company (Currys plc) manages and administers the cash pool.

**23 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITY****Accounting principles***Hedge accounting*

The Group uses derivative financial instruments to protect from volatility in foreign exchange rates on

its foreign currency inventory purchases / sales and interest rate fluctuations on its floating rate debt. The Group uses the derivatives to hedge highly probable forecast transactions and with the purpose of fixing floating rate debt and therefore all hedges are designated as cash flow hedges.

Derivatives are recognised at fair value at inception and are subsequently measured at fair value until maturity. The effective element of any gain or loss from the revaluation of the hedging instrument is recognised in the Group's hedging reserves. The cumulative gain or loss related to hedging instruments is recycled from the Group's statement of changes in equity into the Group's income statement during the period at which the hedged item impacts the Group's income statement. Any ineffectiveness is recognised immediately in the Group's income statement within financing costs. For hedges of forecasted inventory payments, the amounts accumulated in the cash flow hedge reserve are recycled directly in the initial cost of the inventory item (a non-financial asset) at the point in time inventory is recognised.

The Group does not enter derivative financial instruments for trading purposes.

At inception, the relationship between the hedging instrument and the hedged item is documented, as well as an assessment of the effectiveness of the derivative instrument used in the hedging transaction in offsetting changes in the cash flow of the hedged item. This effectiveness assessment is repeated on an ongoing basis during the life of the hedging instrument to ensure that the instrument remains an effective hedge of the transaction.

1. Derivatives classified as cash flow hedges: the effective portion of changes in the fair value is recognised in other comprehensive income. Any gain or loss relating to the ineffective portion is recognised immediately in the income statement in sales or cost of sales, to match the hedged transaction. Amounts recognised in other comprehensive income are recycled to the income statement in the period when the hedged item will affect profit or loss. If the hedging instrument expires or is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income, and is recognised when the forecast transaction is ultimately recognised in the

income statement. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in other comprehensive income is immediately transferred to the income statement.

2. Derivatives that do not qualify for hedge accounting: these are classified at fair value through profit or loss. All changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Derivative financial instruments with their notional values and the fair value measured in NOK:

| Designated                | 30 April 2022 |       |                   | 30 April 2021 |       |                   |
|---------------------------|---------------|-------|-------------------|---------------|-------|-------------------|
|                           | Buy           | Sell  | Fair Value in NOK | Buy           | Sell  | Fair Value in NOK |
| Currency million          |               |       |                   |               |       |                   |
| DKK (03.05.22 - 05.12.22) | -             | 506   | 10                | -             | 1 472 | 84                |
| EUR (03.05.22 - 11.10.22) | 187           | -     | -31               | 642           | -     | -267              |
| SEK (03.05.22 - 11.10.22) | -             | 994   | 22                | -             | 3 237 | 118               |
| USD (03.05.22 - 11.10.22) | 29            | -     | 16                | 98            | -     | -38               |
|                           |               |       | 16                |               |       | -103              |
|                           |               |       |                   |               |       |                   |
| Not designated            | 30 April 2022 |       |                   | 30 April 2021 |       |                   |
| Currency million          | Buy           | Sell  | Fair Value in NOK | Buy           | Sell  | Fair Value in NOK |
| DKK (04.05.21 - 06.04.22) | 30            | 254   | 5                 | -             | 405   | 10                |
| EUR (04.05.21 - 06.04.22) | 260           | -     | -27               | 313           | 5     | -108              |
| SEK (04.05.21 - 06.04.22) | -             | 1 165 | -2                | -             | 1 246 | 14                |
| USD (04.05.21 - 06.04.22) | 62            | -     | 13                | 44            | -     | -6                |
| DKK/EUR (12.05.22)        | 112           | -     | -0                | -             | -     | -                 |
| SEK/EUR (13.05.22)        | 467           | -     | -3                | -             | -     | -                 |
|                           |               |       | -13               |               |       | -90               |

**24 NOTES TO THE CASH FLOW STATEMENT****Accounting principles**

Cash on hand includes petty cash balances held in branches together with any amounts held in overnight safes. Any amount of cash which has been received from customers but which has not yet been deposited with the bank are included as cash. This includes

amounts which are no longer on Group premises, but have not yet reached the bank (i.e. amounts in transit). In relation to credit cards, a debtor may often exist with the credit card companies for payment against the transactions processed. Where the expected payment is within a reasonable timeframe, such amounts are presented in the balance sheet as cash.

## 25 MANAGEMENT REMUNERATION

Compensation earned by key management is as follows:

Year ended 30 April 2022:

| NOK 1 000                         | Salary, bonus and other short-term benefits | Pensions | Post-employment benefits | Share options | Share options |           | Closing balance |
|-----------------------------------|---|----------|--------------------------|---------------|---------------|-----------|-----------------|
|                                   |   |          |                          |               | Issued        | Exercised |                 |
| Total key management compensation | 47 495                                      | 2 656    | 0                        | 7 338         | 1 137 412     | 513 800   | 4 228 233       |
| Erik G. Sønsterud (CEO)           | 7 443                                       | 522      | 0                        | 3 400         | 466 674       | 60 519    | 2 081 783       |

Year ended 30 April 2021:

| NOK 1 000                         | Salary, bonus and other short-term benefits | Pensions | Post-employment benefits | Share options | Share options |           | Closing balance |
|-----------------------------------|---|----------|--------------------------|---------------|---------------|-----------|-----------------|
|                                   |   |          |                          |               | Issued        | Exercised |                 |
| Total key management compensation | 28 437                                      | 2 541    | 2 159                    | 3 503         | 1 679 080     | 345 168   | 3 532 314       |
| Erik G. Sønsterud (CEO)           | 4 131                                       | 489      | 0                        | 1 737         | 759 363       | 39 470    | 1 675 548       |

### Key management are:

|                       | Per 30 April 2022 | Per 30 April 2021 |
|-----------------------|-------------------|-------------------|
| Erik Gunset Sønsterud | x                 | x                 |
| Marianne Nøkleby      | x                 | x                 |
| Per Erik Wernersson   |                   | x                 |
| Stein Riibe           | x                 | x                 |
| Andreas Westgaard     | x                 | x                 |
| Morten Syversen       | x                 | x                 |
| Lill Beate Pedersen   | x                 | x                 |
| Marianne Gade Gørbitz | x                 |                   |
| Fredrik Tønnesen      | x                 |                   |

### Board members are:

|                       | Per 30 April 2022 | Per 30 April 2021 |
|-----------------------|-------------------|-------------------|
| Jonathan Peter Mason  |                   | x                 |
| Bruce Marsh           | x                 |                   |
| Erik Gunset Sønsterud | x                 | x                 |
| Per Erik Wernersson   |                   | x                 |
| Lill Beate Pedersen   | x                 | x                 |
| Andreas Westgaard     | x                 | x                 |
| Fredrik Tønnesen      | x                 |                   |

The Board members are employed by the Group or by its owners and are not receiving any fees for the Board assignment.

## 26 RELATED PARTY TRANSACTIONS

Transactions between the Group's subsidiary undertakings, which are related parties, have been eliminated on consolidation and accordingly are not

disclosed. See note 25 for details of related party transactions with key management personnel. The Group is 100 % owned by Currys plc.

The Group had the following transactions and balances:

| Transactions                               | Counterpart                          | Year ended 30 April 2022<br>NOK million | Year ended 30 April 2021<br>NOK million |
|--|--------------------------------------|---|---|
| Purchases of goods from parent companies   | DSG Retail Ltd                       | 613                                     | 536                                     |
| Shared service center                      | Currys CoE s.r.o.                    | 90                                      | 73                                      |
| IT recharges (service and maintenance fee) | DSG Retail Ltd                       | 22                                      | 22                                      |
| Interests income                           | Currys plc                           | 3                                       | 1                                       |
| Interests expense                          | Currys plc                           | 17                                      | 10                                      |
| Other interest income guarantee            | Currys plc                           | -                                       | 17                                      |
| Group contribution                         | Elkjøp Holdco AS                     | 780                                     | -                                       |
| Group contribution                         | Dixons Stores Group Retail Norway AS | 47                                      | 156                                     |

| Balances                            | Counterpart                   | Year ended 30 April 2022<br>NOK million | Year ended 30 April 2021<br>NOK million |
|-------------------------------------|-------------------------------|---|---|
| Receivable                          | DSG Retail Ltd                | 48                                      | 99                                      |
| Cashpool receivable                 | Currys plc                    | 2 530                                   | 3 706                                   |
| <b>Amounts receivable to Dixons</b> |                               | <b>2 578</b>                            | <b>3 805</b>                            |
| Cashpool payable                    | Currys plc                    | -54                                     | -77                                     |
| Payable                             | Currys CoE s.r.o.             | -8                                      | -8                                      |
| Payable                             | Carphone Warehouse Europe Ltd | -                                       | -1                                      |
| Payable                             | DSG Retail Ltd                | -116                                    | -51                                     |
| <b>Amounts owed to Currys</b>       |                               | <b>-178</b>                             | <b>-135</b>                             |

All transactions entered into with related parties were completed on an arm's length basis.

| Guarantees                     | Year ended 30 April 2022<br>NOK million | Year ended 30 April 2021<br>NOK million |
|--------------------------------|---|---|
| Facility and pension guarantee | 3 300                                   | 3 300                                   |

The Group companies Elkjøp Nordic AS and Elkjøp Norge AS have issued guarantees in favor of group companies in the UK, partly as security for liabilities in loan facilities and partly as security for pension obligations. The guarantee amount represents the maximum liability for Elkjøp Nordic AS and Elkjøp Norge AS and will be terminated when certain conditions are met. Elkjøp Nordic AS and Elkjøp Norge AS has received a guarantee provision from the group companies

in the UK of 0.5% on the overall NOK value of the guarantee amount.

27 April 2021, new loan facilities were entered into, divided between a reduced UK facility and a multicurrency revolving loan facility of NOK 4 036 million with Elkjøp Nordic AS as borrower. The guarantees are maintained, and the same applies to the maximum liability referred to above. The loan facilities have not been utilized at year-end.

## 27 SUBSIDIARIES

The Group consists of the following subsidiaries, all consolidated:

| Subsidiaries           | Place of incorporation | Ownership share |
|------------------------|------------------------|-----------------|
| Elkjøp Norge AS        | Oslo, Norway           | 100%            |
| Elgiganten AB          | Kista, Sweden          | 100%            |
| Elgiganten Logistik AB | Jönköping, Sweden      | 100%            |
| Elgiganten AS          | Copenhagen, Denmark    | 100%            |
| Gigantti OY            | Helsinki, Finland      | 100%            |
| CCC Nordic AS          | Copenhagen, Denmark    | 100%            |
| Elcare Nordic AS       | Kongsvinger, Norway    | 100%            |
| Electrocare Nordic AB  | Växjö, Sweden          | 100%            |
| Elcare Nordic OY       | Vantaa, Finland        | 100%            |
| Epoq Logistics DC k.s. | Modice, Czech Republic | 99%             |

## 28 EVENTS AFTER THE BALANCE SHEET DATE

In the period between 30 April 2022 and the date of these financial statements, the Board of Directors is not aware of any matter or circumstance not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the Group.

## 29 RECENT ACCOUNTING DEVELOPMENTS

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for the financial year beginning

1 May 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. The Group has considered the following standards whose impact is not deemed to be material:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2
- Amendment to IFRS 16 - Covid-19-Related Rent Concessions

For the period covered by this report, no standards and interpretations are early adopted.

# ANNUAL ACCOUNTS

ELKJØP NORDIC AS 2021/2022

# INCOME STATEMENT

All numbers in '000 NOK

| NOTE    | REVENUES AND OPERATING EXPENSES         | 2021/2022         | 2020/2021         |
|---------|---|-------------------|-------------------|
| 2, 16   | Operating revenues                      | 41 558 023        | 40 849 013        |
|         | <b>Operating revenues</b>               | <b>41 558 023</b> | <b>40 849 013</b> |
| 16      | Cost of goods sold                      | 38 614 835        | 37 956 689        |
| 3,10,19 | Wages and salaries                      | 638 903           | 666 595           |
| 4,5     | Depreciations and amortisation          | 236 582           | 138 771           |
| 3       | Other operating expenses                | 1 601 202         | 1 513 531         |
|         | <b>Operating expenses</b>               | <b>41 091 521</b> | <b>40 275 586</b> |
|         | <b>Operating profit</b>                 | <b>466 501</b>    | <b>573 427</b>    |
|         | <b>FINANCIAL INCOME AND EXPENSES</b>    |                   |                   |
| 6       | Income from investments in subsidiaries | 769 173           | 803 106           |
| 16      | Interest received from group companies  | 2 517             | 279               |
| 17      | Financial income                        | 687 894           | 1 759 255         |
| 16      | Interest paid to group companies        | -15 202           | -6 322            |
|         | Interest expenses                       | -105 675          | -80 353           |
| 17      | Financial expenses                      | -625 709          | -1 752 980        |
|         | <b>Net financial items</b>              | <b>712 999</b>    | <b>722 984</b>    |
|         | <b>Profit before tax</b>                | <b>1 179 500</b>  | <b>1 296 411</b>  |
| 12      | Taxes                                   | 177 465           | 217 771           |
|         | <b>Profit after tax</b>                 | <b>1 002 035</b>  | <b>1 078 640</b>  |
|         | <b>ALLOCATION</b>                       |                   |                   |
| 9       | Transferred to other equity             | 459 014           | 251 840           |
| 9       | Group contribution (net after tax)      | 543 020           | 826 800           |
|         | <b>Total allocation</b>                 | <b>1 002 035</b>  | <b>1 078 640</b>  |

# BALANCE SHEET AS OF 30 APRIL

All numbers in '000 NOK

| NOTE | ASSETS                                    | 30.04.2022        | 30.04.2021       |
|------|---|-------------------|------------------|
|      | <b>Fixed assets</b>                       |                   |                  |
|      | <b>Intangible assets</b>                  |                   |                  |
| 12   | Deferred tax asset                        | 42 633            | 88 701           |
| 4    | Other intangible assets                   | 848 757           | 812 395          |
|      | <b>Total intangible assets</b>            | <b>891 390</b>    | <b>901 096</b>   |
|      | <b>Tangible fixed assets</b>              |                   |                  |
| 5    | Machinery and equipment                   | 2 662             | 4 870            |
| 5    | Fixtures and fittings                     | 11 953            | 6 941            |
|      | <b>Total tangible fixed assets</b>        | <b>14 615</b>     | <b>11 811</b>    |
|      | <b>Financial non-current assets</b>       |                   |                  |
| 6    | Investment in subsidiaries                | 1 273 231         | 1 273 231        |
|      | Other long term receivables               | 1 100             | 1 972            |
|      | <b>Total financial non-current assets</b> | <b>1 274 331</b>  | <b>1 275 203</b> |
|      | <b>Total fixed assets</b>                 | <b>2 180 336</b>  | <b>2 188 110</b> |
|      | <b>Current assets</b>                     |                   |                  |
| 7    | Inventories                               | 2 856 684         | 2 335 715        |
|      | <b>Receivables</b>                        |                   |                  |
|      | Accounts receivables                      | 1 087 063         | 493 956          |
| 11   | Receivables from group companies          | 3 272 305         | 3 646 753        |
| 18   | Other receivables                         | 687 568           | 606 077          |
|      | <b>Total receivables</b>                  | <b>5 046 936</b>  | <b>4 746 786</b> |
|      | <b>Total current assets</b>               | <b>7 903 620</b>  | <b>7 082 501</b> |
|      | <b>TOTAL ASSETS</b>                       | <b>10 083 957</b> | <b>9 270 610</b> |

# BALANCE SHEET AS OF 30 APRIL

All numbers in '000 NOK

| NOTE        | EQUITY AND LIABILITIES                    | 30.04.2022        | 30.04.2021       |
|-------------|---|-------------------|------------------|
|             | <b>Equity</b>                             |                   |                  |
|             | <b>Paid-in capital</b>                    |                   |                  |
| 8,9         | Share capital                             | 71 600            | 71 600           |
| 9           | Share premium                             | 106 031           | 106 031          |
| 9           | Other paid-in capital                     | 1 006             | 1 006            |
|             | <b>Total paid-in capital</b>              | <b>178 637</b>    | <b>178 637</b>   |
|             | <b>Retained earnings</b>                  |                   |                  |
| 9           | Other equity                              | 2 529 343         | 1 980 064        |
|             | <b>Total retained earnings</b>            | <b>2 529 343</b>  | <b>1 980 064</b> |
|             | <b>Total equity</b>                       | <b>2 707 980</b>  | <b>2 158 701</b> |
|             | <b>Liabilities</b>                        |                   |                  |
|             | <b>Long term obligations</b>              |                   |                  |
| 10          | Pension obligations                       | 5 957             | 4 003            |
| 14          | Other long term obligations               | 0                 | 19 321           |
|             | <b>Total long term obligations</b>        | <b>5 957</b>      | <b>23 324</b>    |
|             | <b>Current liabilities</b>                |                   |                  |
|             | Accounts payable                          | 5 739 917         | 4 930 898        |
| 12          | Income tax payable                        | 1 858             | 42 633           |
|             | Public duties payable                     | 195 023           | 48 019           |
| 11          | Short-term liabilities to group companies | 873 565           | 1 145 574        |
| 14,18,19,20 | Other short-term liabilities              | 559 656           | 921 461          |
|             | <b>Total current liabilities</b>          | <b>7 370 019</b>  | <b>7 088 585</b> |
|             | <b>Total liabilities</b>                  | <b>7 375 977</b>  | <b>7 111 909</b> |
|             | <b>TOTAL EQUITY AND LIABILITIES</b>       | <b>10 083 957</b> | <b>9 270 610</b> |

Oslo, Norway, 30 June 2022, The Board of Directors, Elkjøp Nordic AS



**Bruce Marsh**  
Chairman of the Board



**Lill Beate Pedersen**  
Member of the Board



**Andreas Ørnholt Westgaard**  
Member of the Board



**Erik Gunset Sønsterud**  
Managing Director / Member of the Board



**Fredrik Tønnesen**  
Member of the Board

# CASH FLOW STATEMENT

All numbers in '000 NOK

|  | 2021/2022       | 2020/2021       |
|--|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATIONS:</b>                     |                 |                 |
| Profit before tax                                      | 1 179 500       | 1 296 411       |
| Taxes paid for the period                              | -44 471         | -169 102        |
| Depreciation and amortisation                          | 236 582         | 138 771         |
| Gain/loss from sale of fixed assets                    | 10 267          | 12 779          |
| Pension expenses                                       | 1 954           | -2 186          |
| Change in inventory                                    | -520 969        | -409 733        |
| Change in accounts receivables                         | -593 107        | -37 989         |
| Change in accounts payables                            | 809 019         | -673 535        |
| Changes in intercompany balances                       | -25 871         | -317 823        |
| Changes in other current assets and other liabilities  | -199 015        | 295 583         |
| <b>Net cash flows from operations</b>                  | <b>853 887</b>  | <b>133 177</b>  |
| <b>CASH FLOWS FROM INVESTMENT ACTIVITIES:</b>          |                 |                 |
| Outflows due to purchases of fixed assets              | -9 407          | -2 160          |
| Outflows due to purchases of intangibles               | -276 610        | -327 858        |
| <b>Net cash flows from investment activities</b>       | <b>-286 016</b> | <b>-330 018</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>           |                 |                 |
| Net change in cash pool                                | -384 371        | -267 759        |
| Payments of dividend                                   | 382 712         | 305 762         |
| Payments in due to group contribution                  | 493 788         | 358 840         |
| Payments out due to group contribution                 | -1 060 000      | -200 000        |
| <b>Net cash flows from financing activities</b>        | <b>-567 870</b> | <b>196 842</b>  |
| Net change in bank deposits, cash and equivalents      | 0               | 0               |
| Bank deposits, cash and equivalents at 1 May           | 0               | 0               |
| <b>Bank deposits, cash and equivalents at 30 April</b> | <b>0</b>        | <b>0</b>        |



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## NOTES TO THE ACCOUNTS 2021/2022

|    |   |     |
|----|---|-----|
| 1  | ACCOUNTING POLICIES   | 92  |
| 2  | SALES REVENUES  | 93  |
| 3  | PAYROLL COSTS, NUMBER OF EMPLOYEES, BENEFITS, LOANS TO EMPLOYEES ETC. | 93  |
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## 1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway.

### Valuation and classification of assets and liabilities

Current assets and liabilities include items due for payment within one year of the acquisition date, and items related to the business cycle. Other items are classified as non-current assets/liabilities.

Current assets are valued at the lower of historical cost and fair value. Current liabilities are valued at nominal value.

Fixed assets are carried at historical cost, but are written down to fair value if the decline in value is expected to be permanent. Long-term debt is recorded at nominal value.

Intangible assets are recorded at historical cost and are written down to fair value if the decline in value is expected to be permanent. Depreciation is calculated on a straight-line basis over the assets' estimated useful life.

### Foreign currency translation and transactions

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Material transactions in foreign currencies are hedged using forward purchases or sales of the relevant currencies and are recognised in the financial statements at the exchange rates thus obtained. Unhedged transactions are recorded at the exchange rate on the date of the transaction.

Hedge accounting as defined by IFRS 9 'Financial Instruments' has been applied. Derivatives are recognised at fair value at inception and are subsequently measured at fair value until maturity. The effective element of any gain or loss from the revaluation of the hedging instrument is recognised in the hedging reserves. The cumulative gain or loss related to hedging instruments is recycled from equity into the income statement during the period at which the hedged item impacts the income statement. Any ineffectiveness is recognised immediately in the income statement within financing costs.

### Shares in subsidiaries and associates

All companies that are included as subsidiaries in Elkjøp Nordic AS is part of the consolidated financial statements of Currys plc reporting to the London Stock Exchange.

Subsidiaries and associated companies are carried at cost. Investments are valued at acquisition cost, unless write-downs have been necessary. Investments are written down to fair value when a decline in value is expected to be permanent, and deemed necessary according to generally accepted accounting principles. Impairments are reversed when the basis for the write-down no longer exists.

Dividends and group contribution from subsidiaries are recognised in the same year as it is recognised by the subsidiary. Dividends from associates are recognised at the time of payment of dividend.

### Receivables

Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables.

### Bank

The company is included in the Currys plc group cash pool. Deposits related to the group cash pool is classified as intercompany in the balance sheet.

### Cost of sales and other expenses

Cost of sales and other expenses are recognised in the same period as the revenue to which they relate.

### Revenue

Revenue is recognised when it is earned, i.e. when both the risk and control have been mainly transferred to the customer.

### Inventories

Inventories are recognised at the lower of cost in accordance with the average cost method and net realisable value.

### Product warranties and service obligations

An accrual for future warranties and service obligations related to sales is made. The accruals are presented as short term.

### Share options

Share-based payments are measured at fair value at the date of grant, and expensed on a straight line basis over the vesting period, based on an estimate of the number

of shares that will eventually vest. The Monte Carlo model is used to measure fair value, and the number of options expected to vest is recalculated at each balance sheet date, based on expectations of leavers prior to vesting. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement.

### Income taxes

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax is calculated at 22 % based on the temporary differences between accounting and tax values and tax losses carried forward at the end of the financial year. Taxable and deductible temporary differences that reverse or may reverse in the same period are offset.

## 2 SALES REVENUES (AMOUNTS IN 1.000)

| Per area of operation | 2021/2022         | 2020/2021         |
|-----------------------|-------------------|-------------------|
| Norway                | 12 718 331        | 12 287 079        |
| Sweden                | 14 339 927        | 13 641 759        |
| Denmark               | 8 296 119         | 8 756 532         |
| Finland               | 5 634 188         | 5 698 641         |
| Other                 | 569 458           | 465 001           |
| <b>Total</b>          | <b>41 558 023</b> | <b>40 849 013</b> |

Sales revenues consist of supply of consumer electronics and related products to the Group's operations in the Nordic region. Sales to "Other" is sale to Greenland, the Farao Island, Iceland and other countries.

## 3 PAYROLL COSTS, NUMBER OF EMPLOYEES, BENEFITS, LOANS TO EMPLOYEES ETC. (AMOUNTS IN 1.000)

| Payroll costs                               | 2021/2022      | 2020/2021      |
|---|----------------|----------------|
| Payroll                                     | 501 036        | 552 850        |
| Social security tax                         | 65 421         | 55 467         |
| Pension costs (see note 10)                 | 30 712         | 27 978         |
| Other benefits                              | 41 734         | 30 299         |
| <b>Total</b>                                | <b>638 903</b> | <b>666 595</b> |
| Average number of employees during the year | <b>439</b>     | <b>397</b>     |

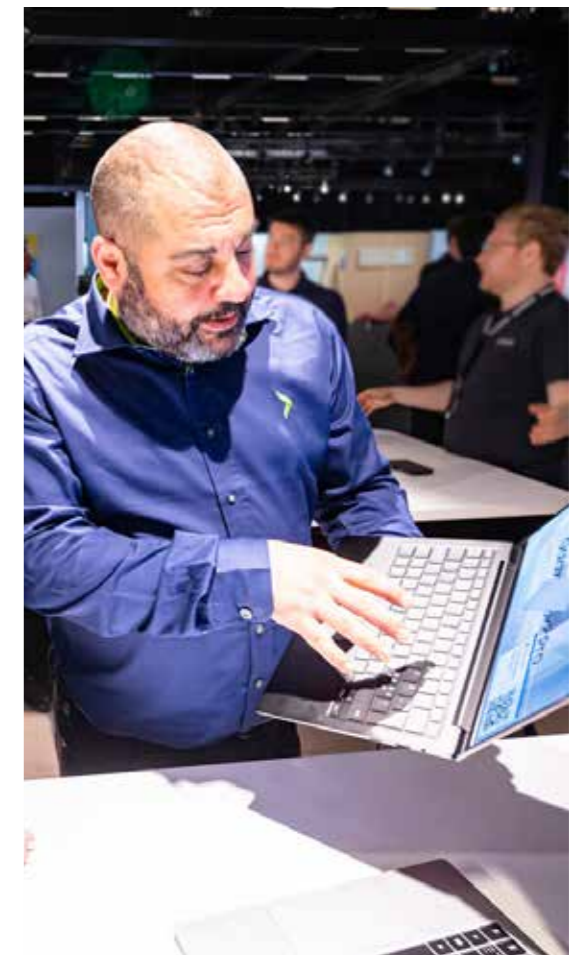
| Directors' remuneration | CEO   |
|-------------------------|-------|
| Payroll                 | 3 833 |
| Bonus                   | 3 398 |
| Pension costs           | 522   |
| Options                 | 3 400 |
| Other benefits          | 212   |

No compensation is paid to the Board of Directors in 2021/2022. The CEO has a bonus agreement based on individual performance and group results. The CEO and the company have a mutual agreement of 6 months period of notice. In addition, the CEO is ensured 6 months pay after termination of employment.

### Auditor

Remuneration to Deloitte AS is as follows:

|                 | 2021/2022 | 2020/2021 |
|-----------------|-----------|-----------|
| Statutory audit | 1 479     | 1 329     |



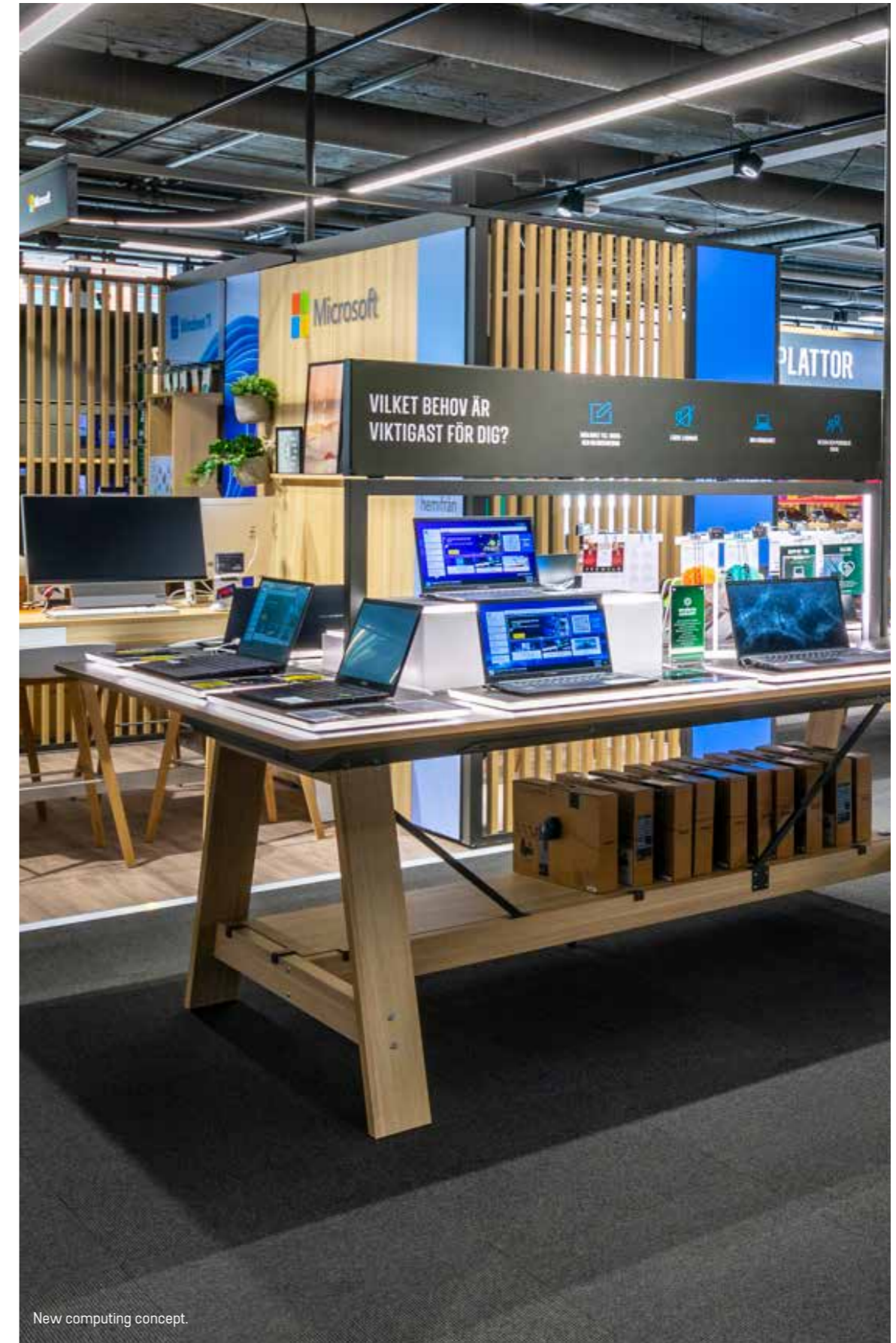
**4 INTANGIBLE ASSETS (AMOUNTS IN 1.000)**

|   | Software         | Total            |
|---|------------------|------------------|
| Cost at 1 May 2021                                | 1 723 829        | 1 723 829        |
| Additions   | 276 610          | 276 610          |
| Disposals   | 298 951          | 298 951          |
| <b>Cost at 30 April 2022</b>                      | <b>1 701 488</b> | <b>1 701 488</b> |
| Acc. amortisation at 1 May 2021                   | -911 435         | -911 435         |
| Amortisation retirement for the year              | 288 684          | 288 684          |
| Current year amortisation                         | -229 980         | -229 980         |
| <b>Sum accumulated amortisation 30 April 2022</b> | <b>-852 730</b>  | <b>-852 730</b>  |
| <b>Balance at 30 April 2022</b>                   | <b>848 757</b>   | <b>848 757</b>   |
| Current year amortisation                         | 229 980          | 229 980          |
| Economic life                                     | 3-8 years        |                  |

Amortisation is calculated on a straight-line basis over the assets' estimated useful life.

**5 PROPERTY, PLANT AND EQUIPMENT (AMOUNTS IN 1.000)**

|   | Investments on leased premises | Transportation and machinery | Fittings and fixtures | Total          |
|---|--------------------------------|------------------------------|-----------------------|----------------|
| Cost at 1 May 2021                                | 2 733                          | 9 291                        | 23 784                | 35 807         |
| Additions   | 0                              | 0                            | 9 407                 | 9 407          |
| Disposals   | 0                              | 954                          | 1 130                 | 2 084          |
| <b>Cost at 30 April 2022</b>                      | <b>2 733</b>                   | <b>8 337</b>                 | <b>32 060</b>         | <b>43 130</b>  |
| Acc. depreciation at 1 May 2021                   | -785                           | -6 368                       | -16 843               | -23 996        |
| Depreciation retirement for the year              | 0                              | 954                          | 1 130                 | 2 084          |
| Current year depreciation                         | -273                           | -1 935                       | -4 394                | -6 602         |
| <b>Sum accumulated depreciation 30 April 2022</b> | <b>-1 059</b>                  | <b>-7 349</b>                | <b>-20 107</b>        | <b>-28 514</b> |
| <b>Balance at 30 April 2022</b>                   | <b>1 674</b>                   | <b>988</b>                   | <b>11 953</b>         | <b>14 615</b>  |
| <b>Current year depreciation</b>                  | <b>273</b>                     | <b>1 935</b>                 | <b>4 394</b>          | <b>6 602</b>   |
| Economic life                                     | 5-10 years                     | 3-5 years                    | 5 years               |                |
| Depreciation method                               | Straight-line                  | Straight-line                | Straight-line         |                |
| Annual lease of non-capitalised fixed assets      |                                |                              | 1 179                 |                |
| Lease term  |                                |                              | 1-5 years             |                |



New computing concept.



## 6 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES (AMOUNTS IN 1.000)

Subsidiaries and investments in associates are carried at cost.

| Company                | Registered office | Year  | Voting and ownership share | Profit/loss latest financial statements (LOC) | Equity latest financial statements (LOC) | Carrying value (NOK) |
|------------------------|-------------------|-------|----------------------------|---|--|----------------------|
| Elkjøp Norge AS        | Oslo              | 21/22 | 100%                       | 309 898                                       | 174 894                                  | 151 548              |
| Elgiganten AB          | Kista             | 21/22 | 100%                       | 224 455                                       | 556 386                                  | 194 940              |
| Elgiganten Logistik AB | Jönköping         | 20/21 | 100%                       | 17 225  | 29 792                                   | 1 065                |
| Elgiganten AS          | Copenhagen        | 21/22 | 100%                       | 102 550                                       | 317 756                                  | 687 462              |
| Gigantti OY            | Helsinki          | 21/22 | 100%                       | 4 083   | 25 929                                   | 111 465              |
| CCC Nordic AS          | Copenhagen        | 21/22 | 100%                       | 8 544   | 11 483                                   | -                    |
| Elcare Nordic OY       | Vantaa            | 21/22 | 100%                       | 60  | 1 062                                    | 6 142                |
| Elcare Nordic AS       | Kongsvinger       | 21/22 | 100%                       | 1 666   | 34 031                                   | 32 098               |
| Electrocare Nordic AB  | Växjö             | 21/22 | 100%                       | 8 356   | 12 371                                   | 88 511               |
| <b>Total</b>           |                   |       |                            |   |  | <b>1 273 231</b>     |

For investments where book value exceeds equity in the subsidiary or associated company, impairment has not been recognised on the basis that fair value is assessed higher than book value.

Income from investments in subsidiaries relates to group contribution from Elkjøp Norge AS and Elcare Nordic AS, dividend from Gigantti Oy, Elgiganten AB, Elgiganten AS, CCC Nordic AS, and Epoq Logistics DC.

## 7 INVENTORIES (AMOUNTS IN 1.000)

|                                    | 2021/2022        | 2020/2021        |
|------------------------------------|------------------|------------------|
| Goods for resale                   | 2 879 825        | 2 351 492        |
| Provision for obsolete inventories | -23 141          | -15 777          |
| <b>Total</b>                       | <b>2 856 684</b> | <b>2 335 715</b> |

## 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital in the company at 30 April 2022 consists of the following classes:

|                 | Number            | Nominal amount | Carrying value    |
|-----------------|-------------------|----------------|-------------------|
| Ordinary shares | 35 800 050        | 2              | 71 600 100        |
| <b>Sum</b>      | <b>35 800 050</b> |                | <b>71 600 100</b> |

All shares are held by Elkjøp Holdco AS which have 100 % of the voting rights in Elkjøp Nordic AS. Elkjøp Holdco AS is a subsidiary of Currys plc.

## 9 EQUITY (AMOUNTS IN 1.000)

|                                     | Share capital | Share premium  | Other paid-in capital | Other equity     | Total            |
|-------------------------------------|---------------|----------------|-----------------------|------------------|------------------|
| <b>Equity at 1 May 2021</b>         | 71 600        | 106 031        | 1 006                 | 1 980 064        | 2 158 701        |
| Profit for the period               |               |                |                       | 1 002 035        | 1 002 035        |
| Value change forward contracts      |               |                |                       | 90 265           | 90 265           |
| Group contribution paid (after tax) |               |                |                       | -543 020         | -543 020         |
| <b>Equity at 30 April 2022</b>      | <b>71 600</b> | <b>106 031</b> | <b>1 006</b>          | <b>2 529 343</b> | <b>2 707 980</b> |

The company has paid group contribution (after tax) of 140 TNOK to Dixons Stores Group Retail Norway AS and 542 880 TNOK to Elkjøp Holdco AS.

on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan meet the requirements of this legislation. The company has a defined contribution pension plan covering 405 employees. During this year, the company has paid TNOK 21 453 (2020/2021: TNOK 18 469) to the pension plan and the premium fund is recognised in the balance sheet with face value of TNOK 0 (2020/2021: TNOK 0).

## 10 PENSION COSTS, ASSETS AND LIABILITIES (AMOUNTS IN 1.000)

The company is required to have an occupational pension plan in accordance with Norwegian legislation

## 11 RELATED PARTY TRANSACTIONS AND BALANCES (AMOUNTS IN 1.000)

### Related party balance items

|                                  | Current receivables |                  | Current liabilities |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | 30.04.22            | 30.04.21         | 30.04.22            | 30.04.21         |
| Debtors group companies          | 2 494 655           | 3 041 120        | 0                   | 0                |
| Bank accounts in group cash pool | 384 371             | 105 025          | 0                   | 0                |
| Group contribution               | 383 101             | 493 788          | 696 180             | 1 060 000        |
| Other receivables/liabilities    | 10 179              | 6 819            | 177 385             | 85 574           |
| <b>Group companies</b>           | <b>3 272 305</b>    | <b>3 646 753</b> | <b>873 565</b>      | <b>1 145 574</b> |

Internal debtors and creditors are presented with net amounts.



**12 INCOME TAX EXPENSE (AMOUNTS IN 1.000)**

| Specification of income tax expense:                  | 2021/2022 | 2020/2021 |
|---|-----------|-----------|
| Current income tax payable                            | 3 696     | 44 148    |
| Changes in deferred tax                               | 46 198    | -104 603  |
| Changes in tax rate                                   | 0         | 0         |
| Tax on group contribution                             | 153 160   | 233 200   |
| Change in temporary differences booked against equity | -25 459   | 45 027    |
| Difference in tax from previous years                 | -129      | 0         |
| Tax on profit   | 177 465   | 217 771   |

**Specification of current income tax payable:**

|   | 2021/2022 | 2020/2021 |
|---|-----------|-----------|
| This year's payable income tax expense          | 156 856   | 277 348   |
| Income tax on given group contribution          | -153 160  | -233 200  |
| Tax credit for foreign tax                      | -1 684    | -1 548    |
| Previous year adjustment                        | -155      | 34        |
| Current income tax payable in the balance sheet | 1 858     | 42 633    |

**Reconciliation from nominal to actual income tax rate:**

|  | 2021/2022 | 2020/2021 |
|--|-----------|-----------|
| Profit before taxation                                 | 1 179 500 | 1 296 411 |
| Estimated income tax according to nominal tax rate 22% | 259 490   | 285 210   |
| <u>The tax effect of the following items:</u>          |           |           |
| Dividends  | -84 197   | -67 268   |
| Other permanent differences                            | 176       | 29        |
| Other  | 1 996     | -200      |
| Income tax expense                                     | 177 465   | 217 771   |
| Effective income tax rate                              | 15.0 %    | 16.8 %    |

**Specification of the tax effect of temporary differences and losses carried forward:**

|  | 2021/2022     |           | 2020/2021     |           |
|--|---------------|-----------|---------------|-----------|
|  | Benefit       | Liability | Benefit       | Liability |
| Fixed assets   | 12 984        | 0         | 54 299        | 0         |
| Inventories  | 23 141        | 0         | 15 777        | 0         |
| Receivables  | 14 280        | 0         | 5 294         | 0         |
| Pension liability  | 5 959         | 0         | 4 003         | 0         |
| Provisions under NGAAP                                     | 124 911       | 0         | 121 170       | 0         |
| Forward exchange contracts                                 | 0             | 3 533     | 192 983       | 0         |
| Other differences  | 16 044        | 0         | 9 660         | 0         |
| Total  | 197 320       | 3 533     | 403 187       | 0         |
| Deferred tax benefit/liability                             | 42 633        | 0         | 88 701        | 0         |
| <b>Net deferred benefit/liability in the balance sheet</b> | <b>42 633</b> | <b>0</b>  | <b>88 701</b> | <b>0</b>  |

The deferred tax benefit is included in the balance sheet on the basis of future income.

**13 FINANCIAL MARKET RISK**

The company uses financial instruments to manage its financial risk.

**Interest rate risk:**

Interest rate risk occurs on short and medium-term basis as part of the company's debt is charged with market rate.

The company's debt is to other group companies, and according to group policy market rate is applied.

**Currency risk:**

Fluctuations in exchange rates involves both a direct and indirect risk to the company. The company's risk arises from transactions conducted in currencies other than Norwegian kroner. In general, the company's exposure to fluctuation in currencies is a result of commodities purchased in euros. The risk related to currency is managed through the company's use of financial instruments and derivatives.

**14 WARRANTY PROVISION (AMOUNTS IN 1.000)**

| Warranty provision in the balance sheet | 2021/2022 | 2020/2021 |
|---|-----------|-----------|
| Warranty provision                      | 35 755    | 39 059    |

The company has issued guarantees for 123 rent contracts for its subsidiaries. The majority of these rent contracts relate to locations on which the subsidiaries operate its retail business.

The company purchased Epoq Holding AS including underlying operations in financial year 2011/2012. The compensation for underlying operations were paid over 10 years based on the group's yearly sale of Epoq kitchen in the period 2011-2021. Allocation at 30.04.22 is NOK 0 (as of 30.04.21 NOK 19,3 million).



**15 LEASE OBLIGATIONS (AMOUNTS IN 1.000)**

|                                      | 2021/2022      |              | 2020/2021      |              |
|--------------------------------------|----------------|--------------|----------------|--------------|
|                                      | Land/buildings | Other assets | Land/buildings | Other assets |
| Total undiscounted lease obligations |                |              |                |              |
| Due within one year                  | 22 935         | 561          | 23 759         | 655          |
| Due between two and five years       | 87 605         | 618          | 86 671         | 350          |
| Over five years                      | 16 426         | 0            | 36 412         | 0            |
| <b>Total obligations</b>             | <b>126 966</b> | <b>1 179</b> | <b>146 842</b> | <b>1 006</b> |

Lease commitments represent future payments for the rental of premises, land, vehicles and office equipment.

**NOTE 16 RELATED-PARTY TRANSACTIONS (AMOUNTS IN 1.000)**

The company's sale of goods is mainly against related parties. All transactions are a part of ordinary business and carried out in accordance with the arm's length principle. The following transactions were carried out with related parties:

| Transaction                                    | 2021/2022        | 2020/2021        |
|--|------------------|------------------|
| Sales of goods and services to group companies | 40 988 565       | 40 223 588       |
| Purchases of goods from parent companies       | 612 644          | 536 406          |
| Intercompany interest income                   | 2 517            | 279              |
| Intercompany interest cost                     | 15 202           | 6 322            |
| Service center                                 | 15 683           | 17 758           |
| Bookkeeping expenses                           | 4 380            | 4 835            |
| Handling Fees Central Distribution             | 781 044          | 778 267          |
| <b>Guarantees</b>                              | <b>2021/2022</b> | <b>2020/2021</b> |
| Facility and pension guarantee                 | 3 300 000        | 3 300 000        |

Elkjøp Nordic AS has issued guarantees in favor of group companies in the UK, partly as security for liabilities in loan facilities and partly as security for pension obligations. The guarantee amount represents the maximum liability for Elkjøp Nordic AS and will be terminated when certain conditions are met. The company will receive a guarantee provision from the group companies in the UK of 0.5% on the overall NOK value of the guarantee amount.

27 April 2021, new loan facilities were entered into, divided between a reduced UK facility and a multi-currency revolving loan facility of NOK 4 035 million with Elkjøp Nordic AS as borrower. The guarantees are maintained, and the same applies to the maximum liability referred to above. The new facilities have not been utilized at year-end.

**NOTE 17 FINANCIAL INCOME / FINANCIAL EXPENSES (AMOUNTS IN 1.000)**

| Financial income      | 2021/2022      | 2020/2021        |
|-----------------------|----------------|------------------|
| Foreign exchange gain | 687 430        | 1 751 001        |
| Other                 | 464            | 8 254            |
| <b>SUM</b>            | <b>687 894</b> | <b>1 759 255</b> |
| Financial expenses    | 2021/2022      | 2020/2021        |
| Foreign exchange loss | 613 828        | 1 751 718        |
| Other                 | 11 880         | 1 262            |
| <b>SUM</b>            | <b>625 709</b> | <b>1 752 980</b> |

**18 SPECIFICATION OF BALANCE SHEET ITEMS (AMOUNTS IN 1.000)**

|                                      | 2021/2022      | 2020/2021      |
|--------------------------------------|----------------|----------------|
| <b>Other receivables:</b>            |                |                |
| Other receivables                    | 556 288        | 365 974        |
| Forward exchange contracts           | 131 280        | 240 102        |
| <b>Other receivables</b>             | <b>687 568</b> | <b>606 077</b> |
| <b>Other short-term liabilities:</b> |                |                |
| Vacation allowances                  | 59 119         | 51 752         |
| Warranty provision                   | 35 755         | 39 059         |
| Other accruals                       | 337 036        | 397 565        |
| Forward exchange contracts           | 127 747        | 433 085        |
| <b>Other short-term liabilities</b>  | <b>559 656</b> | <b>921 461</b> |

**19 SHARE - OPTION SCHEME**

The company has a share option scheme that has been allocated to board members, managers and other employees. Each share option allows for the subscription of one share in the Parent Company, Currys plc. New share options have been issued during this financial year. An amount of TNOK 7 392 has been

charged in the profit and loss statement for 2021/2022 relating to the share based program, and TNOK 53 572 is booked as liabilities. The fair value of the options is calculated according to the Monte Carlo model and assumptions listed below.

Options awarded in June 2018 to February 2022:

|   | Outstanding options at 1 May 2021 | Granted          | Lapsed/terminated | Exercised      | Outstanding options at 30 April 2022 | Weighted average exercise price |
|---|-----------------------------------|------------------|-------------------|----------------|--------------------------------------|---------------------------------|
| Erik Gunset Sønsterud, CEO                        | 1 675 548                         | 466 674          | -                 | 60 519         | 2 081 703                            | £ -                             |
| Other employees                                   | 3 973 156                         | 2 720 713        | -                 | 611 880        | 6 081 989                            | £ -                             |
| Other employees (All Colleague Shareholder award) | 374 866                           | 63 869           | 9 351             | 243 011        | 186 373                              | £ -                             |
| <b>Sum</b>  | <b>6 023 570</b>                  | <b>3 251 256</b> | <b>9 351</b>      | <b>915 410</b> | <b>8 350 065</b>                     | £ -                             |



Annual share-plan, which allows nil-priced options to be offered to management and senior employees. Options were first granted under the scheme in January 2014. The options are subject to continuing employment and certain awards are subject to performance conditions.

In February 2019, the Colleague Shareholder Award was launched. This granted every permanent colleague with 12 months service at least £ 1 000 of options which will vest after three years. These awards

are not subject to performance conditions.

Weighted average life of options outstanding at the end of the period: 8,3 years.

Weighted average fair value of outstanding options at the end of the period: £0,9.

A number of variables are taken into account when calculating the fair value of the share options.

Assumptions used:

|                              | 2021/2022 |
|------------------------------|-----------|
| Exercise price               | £nil      |
| Expected option life         | 10 years  |
| Weighted average share price | £1,21     |
| Volatility                   | 42%       |
| Dividend yield               | 3,8 %     |

## 20 FINANCIAL INSTRUMENTS

The company uses financial instruments to manage its financial risk.

At year-end the company has 84 different forward exchange contracts with a net present value of TNOK 3 533. The company mainly hedges purchases in EUR and USD against NOK, and sales in DKK and

SEK against NOK. The contracts are entered into on regular market terms and changes in value is booked against equity.

The company uses generally accepted practices to calculate the value of the contracts. The company has no other categories of financial instruments.

The table below shows forward exchange contracts groupe by currency:

| Currency | Expiration date     |                     | Currency amount |               |
|----------|---------------------|---------------------|-----------------|---------------|
|          | Pay                 | Receive             | Pay             | Receive       |
| DKK      | 05.12.2022          | 03.05.22 - 11.10.22 | 30 000 000      | 759 186 000   |
| EUR      | 03.05.22 - 11.10.22 |                     | 446 919 000     | 0             |
| SEK      |                     | 03.05.22 - 11.10.22 | 0               | 2 159 310 000 |
| USD      | 03.05.22 - 11.10.22 |                     | 90 720 000      | 0             |

# INDEPENDENT AUDITOR'S REPORT

ELKJØP NORDIC AS 2021/2022



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To the General Meeting of Elkjøp Nordic AS

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of Elkjøp Nordic AS, which comprise:

- The financial statements of the parent company Elkjøp Nordic AS (the Company), which comprise the balance sheet as at 30 April 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Elkjøp Nordic AS and its subsidiaries (the Group), which comprise the balance sheet as at 30 April 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 30 April 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 30 April 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

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Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: 3UABM-BPILS-TZEME-EP6Q6-KINDV-HC3M4



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- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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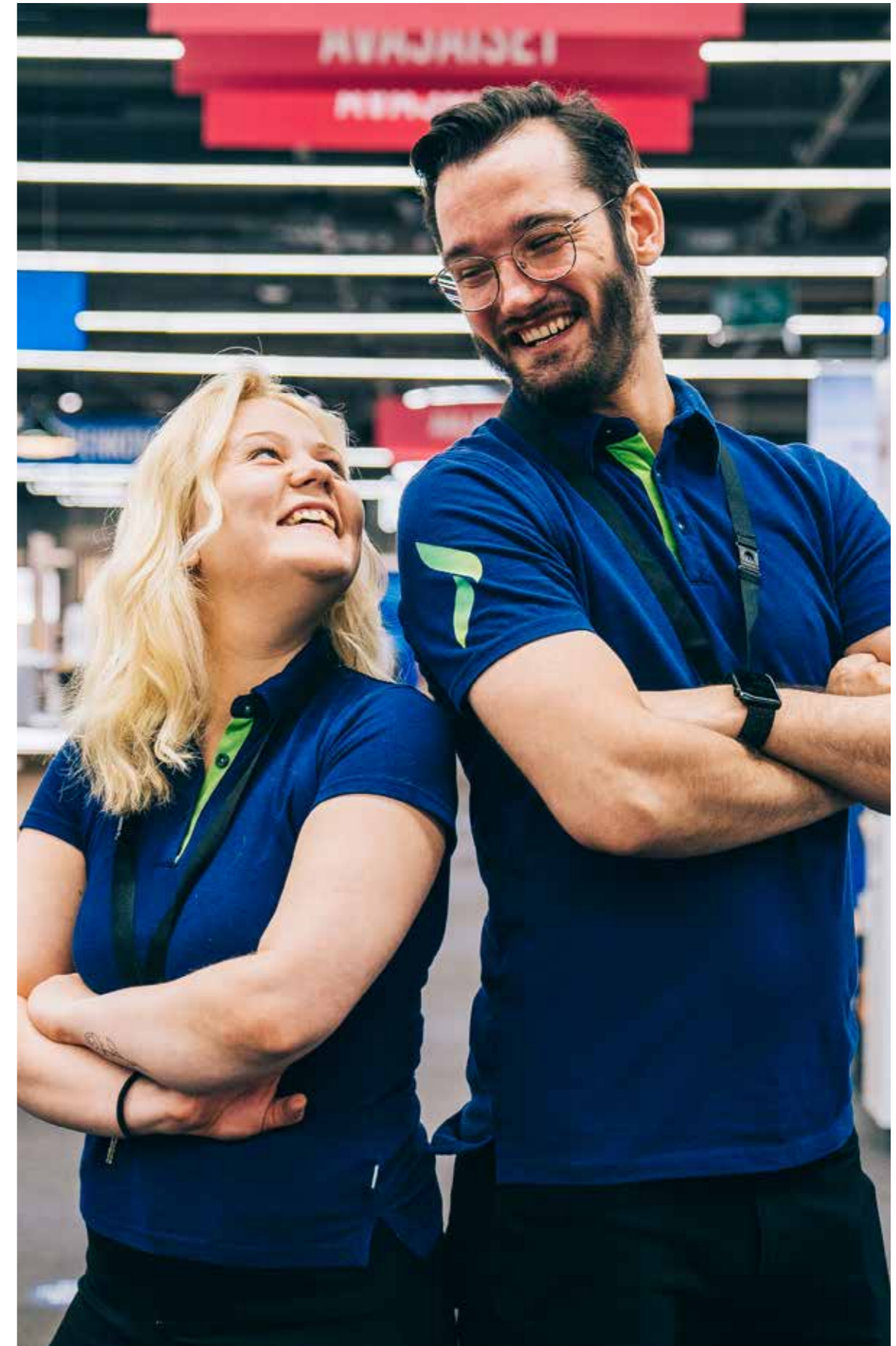
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We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 30 June 2022  
Deloitte AS

**Mats Nordal**  
State Authorised Public Accountant

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# ALTERNATIVE PERFORMANCE MEASURES

ELKJØP NORDIC AS, 2021/2022

In the Highlights and Key Figures section, the Group refers to alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. The Group believes that the alternative performance measures provide useful supplemental information to investors, analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of the Group's business operations and to improve comparability between periods.

Elkjøp Nordic AS is part of Currys plc and must adhere to Currys' accounting year which follows the 445-calender where accounting year-end date is not always on month-end date. Our consolidated annual report is based on Norwegian rules and regular calendar with an accounting year-end set to 30 of April. To align communication to the market we have chosen to adjust for transactions that are not part of our reporting to Currys plc as this is the performance measure that Nordic management is measured on. Adjustments for current year is -62 million NOK (2020/2021: NOK -47 million). The adjustment is related to cut-off and use of different accounting measure for share options.

|  | 2021/2022    | 2020/2021    |
|--|--------------|--------------|
| Operating profit in Consolidated income statement  | 1755         | 1 855        |
| Adjustment of official accounting year to 445-year | 2            | -6           |
| Share options                                      | -64          | -41          |
| <b>Operating profit reported in 445-format</b>     | <b>1 692</b> | <b>1 808</b> |

**EBIT** is short for earnings before interest and tax and represent operating profit adjusted for transformation and restructuring cost.

**Market segment:** in the market segment the Group provides a summary of its retail operations across Nordic where shared functions such as central distribution and workshops are excluded. Reported figures are according to the 445-calender.

**Asset/equity ratio** is total assets divided by total equity.

**Revenue timing:** The 445-financial year has one day less compared to the official financial year. To clarify comparison the following table present relevant revenue figures;

| Period                                      | Revenue      |
|---|--------------|
| FY20/21 - 52 weeks (445)                    | 49,8 billion |
| FY20/21 - accounting year 01.05.20-30.04.21 | 49,9 billion |
| FY21/22 - 52 weeks (445)                    | 48,7 billion |
| FY21/22 - accounting year 01.05.21-30.04.22 | 48,8 billion |







