Elkjøp Nordic AS

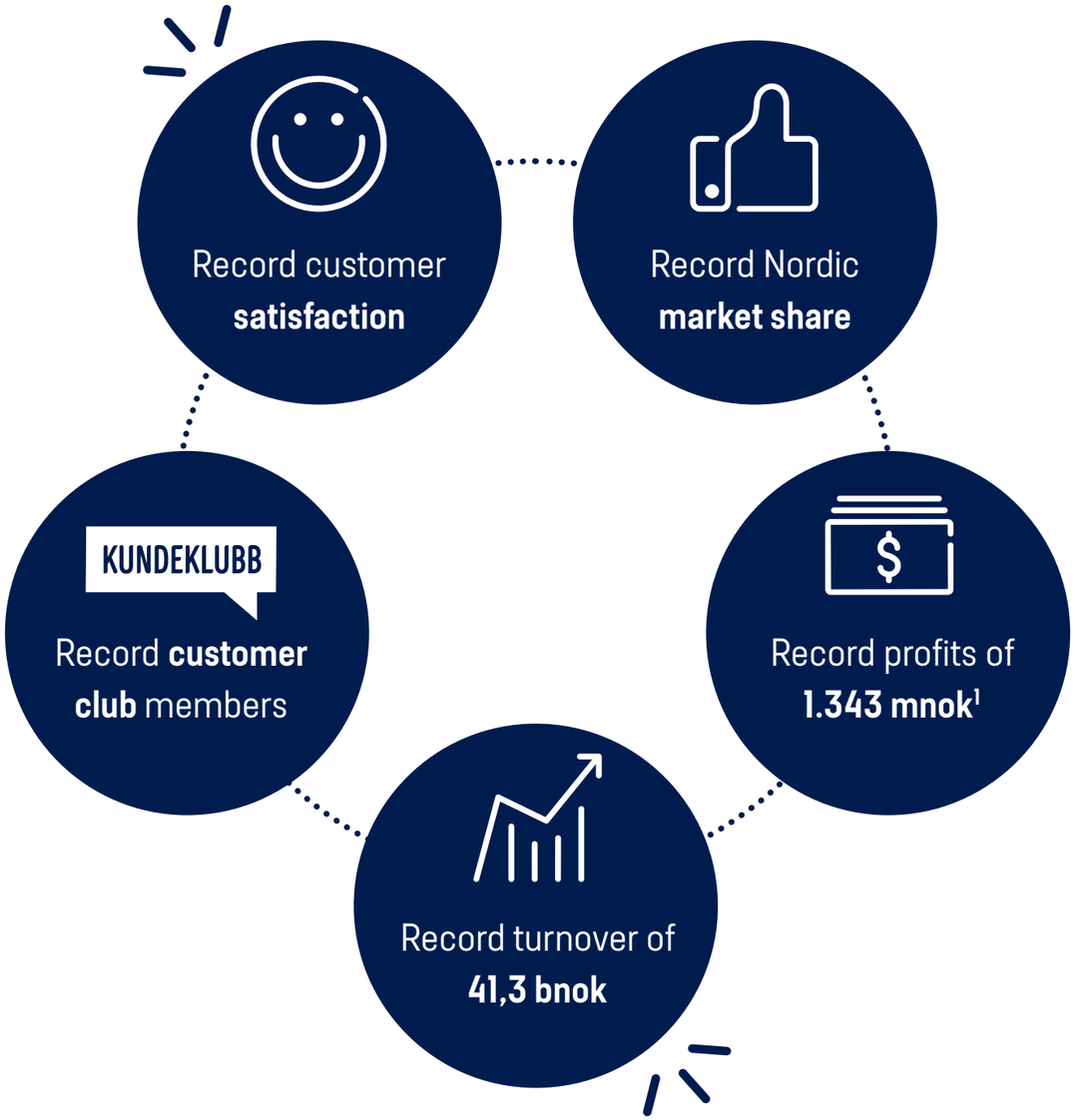
ANNUAL REPORT AND ACCOUNTS

2019/2020

ELKJØP NORDIC AS

CONTENT

HIGHLIGHTS OF THE YEAR



[1] Operating profit before other expenses adjusted is defined in the 'Alternative Performance Measures' section.

CEO COMMENTS

Dear colleagues, thank you for a different and challenging, yet truly amazing year! Despite uncertain times we are once again setting new records together. The spirit and commitment all of you show in helping our customers every day is the key to our success - and makes up the soul of Elkjøp Nordic.

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

Summing up an eventful year in a few words will never do justice to all the great teamwork our collegaues put in every day, but I will nonetheless share some thoughts, highlights, and reflections. I will start with the end of our year, and the extraordinary spring of 2020. The Corona pandemic has truly given our vision a strengthened purpose.

"We help everyone enjoy amazing technology. That is our vision. That is what we strive to do. Every day."

When the virus hit, and countries were shut down, the importance of technology increased dramatically. Many people were isolated, but still needed to keep in touch, get work done and to be entertained. Overnight Elkjøp gained a critical role in society and for our customers, providing equipment and support that kept the Nordics going through the crisis. The speed and innovation shown by our colleagues across the organization, to help when our customers needed it the most, was nothing less than impressive. Especially in times that were as uncertain for themselves. Sadly, it is often people who already struggle that will fall even further behind when a crisis hit.

"One in three is worried that more people will be excluded from society because technological development is going faster."

Source: Techno Trouble Report 2020

As a large corporation and the market leader within electronics, we have a great responsibility to include everyone in the amazing world of technology. The Elkjøp Foundation is an important part of this work, and through last year's product donations, user training and support our colleagues have included people in a world that most of us take for granted, but many still are left out from. Due to the increased importance of technology and a growing demand for help in society, we will continue to increase our efforts through the foundation going forward.

Despite challenging times, we are once again delivering fantastic record-breaking results, and it is with great pride I sum up the year we put behind us. Most impressive is maybe that we in a mature and very competitive market, improved our profits by more than 100 million NOK for the third year in a row. This in a time where our industry is going through a great transformation and many retailers are struggling to survive. To continue

our success, we strongly believe in providing a great omnichannel customer experience however our customers choose to shop with us. We are proud that 92 % of our customers say that they are happy or very happy with the help they get. We still aim higher and we work hard every day to meet or exceed ever increasing customer expectations.

"More than 100 million NOK in profit growth the third year in a row."

Celebrating success is important, so is learning from our mistakes. Many will remember our technical issues on Black Friday in 2019, when people all over the Nordics struggled to access and shop on our websites. It was a demanding time for both our customers and colleagues, that we solved together. Through extended offers and our customers' trust and patience, we still managed to beat previous year's peak period sales in all our markets.

The need for our already long planned IT project The Next Generation Retail Project (NGR) was however evident. And with great excitement we initiated the roll out of the biggest IT investment in our history in the spring of 2020. Starting with Denmark a total new systems infrastructure, built for a true omnichannel future, is now rolled out market by market. This will change the way we work and give a truly seamless shopping experience for all our customers.

Another great achievement worth mentioning is the growth of our customer club. Valuable product offers, services and targeted customer communication have shown very popular among our customers. With almost 2 million new members in just 7 months we went live with a pan Nordic customer club. At the end of the year we had reached a total of 3.2 million members, which I believe is one of the fastest growing loyalty programs in the Nordics. The ability to connect with and offer benefits to our customers every day is a win-win situation going forward.

With 414 stores across the Nordics you are never far from Elkjøp and our skilled staff. But in an omnichannel environment the customer journey is fluid and never stops. That is why our revised strategy includes a stronger focus on what we call Customers for life. Here we will work to develop a closer relationship with all our customers, establishing more connections no matter where they are in their journey; before, during or after a purchase. With new services and increased accessibility, we will be a destination for inspiration, knowledge and support no matter when and how our customers need us.

Moving into a new year we are also getting ready to launch our new strategy for sustainability. We already have a long history with a responsible mindset and exceeding environmental requirements, but as the importance and concerns grows in society, we want to do more. By making it easier for our customers to make more sustainable choices, extend the life of their products through repairs, and give them new life through recycling and reuse, we are embarking on a journey to help our customers live more sustainable. As a company we are committed to reduce our carbon footprint throughout our operations, reaching for a goal to be carbon neutral by 2025.

"With 414 stores across the Nordics you are never far from Elkjøp and our skilled staff. "

With the Corona crisis online sales and support reached a new high, and we showed our ability to adapt and innovate our company and meetings with the customer – proving that we are truly omnichannel. We are still in uncertain times and the future is still somewhat unpredictable. But the performance, adaptability, and the power of our 414 stores and more than 10. 000 colleagues, makes me proud and reassured.

Let us keep helping everyone enjoy amazing technology together!

Erik Gunset Sønsterud
CEO Elkjøp Nordic AS

"Summing up an eventful year in a few words will never do justice to all the great teamwork our collegaues put in every day"

ABOUT ELKJØP

We at Elkjøp work hard every day to enrich the lives of consumers through technology, whether they come to us online or visit 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. We mostly sell consumer electronics, mobile phones, computers, white goods, domestic appliances, kitchen (Epoq), and services linked to these products both directly to consumers and to businesses. We are an omnichannel retailer and serve our customers both online and through our more than 400 stores. The Group consists of around 10.000 engaged colleagues operating under the brands Elkjøp and Elkjøp Phonehouse in Norway, Elgiganten and Elgiganten Phonehouse in Sweden, Elgiganten in Denmark and Gigantti in Finland. Elko on Iceland, Elding on the Faroe Islands and Pisiffik on Greenland.

We offer a wide range of well-known brands at the best prices in the market. And we do this through a relentless 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, to buy bigger volumes at better prices from the suppliers. Since then Elkjøp has grown to become a solid market leader within consumer electronics and home appliances in the Nordics.

Elkjøp was listed on the Oslo Stock Exchange in 1993 and throughout the 1990's 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 Dixons Carphone plc).

THOR BJARMANN
(1945-2001)

Was a prominent leader in Elkjøp Nordic over two decades, serving as the Elkjøp group CEO for 13 years. As a result of his energy, charisma, courage and innovative mindset, Elkjøp revolutionized consumer electronics retailing. The company's turnover grew from 500 MNOK to more than 5.5 BNOK, and the foundation for our current operating model was established under his leadership.

Thor Bjarmann had a strong and clear belief in people as the enabler for success. With his usual energy, enthusiasm and determination, he put people development, and the importance of learning at the core of our culture.

Continue to see the full history of Elkjøp, combined with glimpse of the amazing development of technolgy. →

THE HISTORY OF ELKJØP

1960

White goods modernizing Norwegian homes, and the TV becoming a part of everyday life

16. March 1962

33 retailers established Elkjøp

1962

Washing machines and fridges were key products for Elkjøp

1963

The WalkieTalkie arrived in Norway

A Braun shaver was yours for 145 NOK

Kurer Auto FM radio cost 548 NOK

1964

The biggest TV screen available was 23"

1966

The landmobile service opened to the public (but everyone hears everyone)

1970

Breakthrough for the Elkjøp-name. The birth of the color TV and the VCR

50 % of Norwegian households owned a telephone

1972

The first pilots for TV-production in color started. Many were skeptical...

1974

A miniature cassette player from Sankyo (one-hand operated!) cost 650 NOK

1976

Elkjøp showed its first cinema commercials, starring Olsenbanden

TANDBERG 1979

Elkjøp bought the Tandberg residual stock for 34.5 million. A feature on Dagsrevyen made the Elkjøp name known in earnest.

1980

The decade for CD, video, camcorders, walkmans and satelite equipment

1982

The Nintendo Mario-figure is born

1984

Compact disc arrived in Norway. A player costs 6-7000 NOK

Elkjøp Stormarked

Elkjøps first hypermarket with 450 sqm opened in Calmeyers-gate i Oslo

1985

Camcorder sales explodes with 92 000 machines sold

1987

The CD passes the LP in popularity

1989

Everyone wants a Walkman! So far 500 000 pcs sold in Norway

1990

We are online and mobile! Elkjøp expands in the Nordics

Elkjøp established its own computing department

1992

TV 2 airs and Elkjøp broadcast-ed their first TV commer-cials

1993

Elkjøp listed on Oslo stock exchange

1994

Elkjøp est. in Sweden as Elgiganten

1995

The internet became common in Norway

1996

Elkjøp est. as Elgiganten in Denmark

1997

Elkjøp Nordic Distribution Center (NDC) built in Jönköping, Sweden

1999

Elkjøp established as Gigantti in Finland

Elkjøp aquired by Dixons Retail

2000

Mp3 and flat screens are taking over. Everyone wants Apple!

www.elkjop.no 2002

Elkjøp launched websites in Norway, Denmark and Sweden

2003

Plasma

Grundig 42' plasma-TV cost around 169 000 kroner.

Mobilephones with camera.

epoq 2007

Elkjøp started selling kitchens

2008

Plasma

Panasonic 42' plasma-TV cost 5490 NOK.

2009

ELKJØP MEGASTORE

Elkjøp opened its first Megastore with 5000 sqm in Lørenskog.

50% of the Norwegian households own a flatscreen.

2010

The smart phone - the remote control of everyone's life

Tablets taking over. Surfing becomes a national activity

Elkjøp launched a Facebook page

2011

Blu-Ray passed DVD

iPad2 is Christmas gift of the year

2012

3 of 4 Norwegians have a smartphone

KNOWHOW 2013

Elkjøp with new logo and launch of Knowhow as own support and service brand

Dixons Carphone 2014

Dixons Retail and Carphone Warehouse merge and Elkjøp takes over 100 Phone House stores in Sweden

2015

NDC2 expansion with state-of-the-art automated smallbox warehouse

Elkjøp aquired InfoCare workshop

FONA 2016

Elkjøp aquired 10 FONA stores in Denmark

2017

Elkjøp joined Work-place by Facebook

Launched Elkjøp Marketplace

lefdal 2018

Lefdal stores in Norway rebranded to Elkjøp

2019

Smart is here!

2020

With the Corona pandemic importance of technology increased dramatically. Overnight Elkjøp gained a critical role in society, providing equipment and support that kept the Nordics going.

To be continued...

OVERVIEW

The Elkjøp Group is by far the largest electronics retailer in the Nordic countries, with retail established in Norway, Sweden, Denmark and Finland, in addition to franchise operations on 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. Elko on Iceland, Elding on the Faroe Islands and Pisiffik on Greenland.

Elkjøp Nordic has online stores in each country, 414 physical stores (including franchise) and 10 000 fantastic colleagues across the Nordics. All stores located in the Nordic countries are supplied by the Group's 107 000 m2, 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: 49 stores
ELKJØP FRANCHISE: 67 stores
ELKJØP PHONEHOUSE: 30 stores
DIXON TRAVEL: 2 stores
Revenue: 13.091 MNOK
www.elkjop.no

SWEDEN
ELGIGANTEN: 44 stores
ELGIGANTEN FRANCHISE: 37 stores
ELGIGANTEN PHONEHOUSE: 60 stores
PHONEHOUSE FRANCHISE: 34 stores
Revenue: 13.107 MNOK
www.elgiganten.se

DENMARK
ELGIGANTEN: 38 stores
Revenue: 8.850 MNOK
www.elgiganten.dk

GREENLAND
PISIFIKK FRANCHISE: 6 stores

FAROE ISLANDS
ELDING FRANCHISE: 2 stores

ICELAND
ELKO FRANCHISE: 4 stores

FINLAND
GIGANTTI: 20 stores
GIGANTTI FRANCHISE: 19 stores
GIGANTTI PHONEHOUSE: 2 stores
Revenue: 6.161 MNOK
www.gigantti.fi

ELKJØP NORDIC DISTRIBUTION CENTER

– THE HEART IN OUR LOGISTICS SET-UP

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

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

Today, the NDC holds 107 000 square meters. It has its own railway track and 85 loading and unloading ports for trailers. On average, 75 full-load cars are used daily, and around 1 million packages a year are shipped. During our high season (around Christmas), a truck of goods from the central warehouse runs every 9 minutes - 24 hours a day!

Elkjøp NDC delivers the products to 410 stores, 85 hubs and directly to customers throughout the Nordics. The location of the NDC is not accidental, as Jönköping is in the middle of the Nordics and allow us to reach 80 % of the population within 24 hours.

Around 400 of our colleagues work at the NDC, but the numbers increases significantly during the high season, when 600 - 700 people work on a 3-shift operation (day, evening, night) to ensure that we get the Christmas presents home to people across the Nordic region.

OUR CULTURE

We are proud of our strong culture, created through our history and a foundation of our success. Working for Elkjøp Nordic should be fun and challenging. Our team spirit is high, and we take pride and have great faith in what we can do and accomplish together. Our common objective is always to make sure our customers are happy, where our values Responsibility, Engagement and Efficiency guide us and are at 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 give great advice, every time.

It means doing business in a way 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 at large.

We have made it our business to help people live more sustainably by smart use of technology and at the same time minimize 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 an 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 for achieving goals, 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 in being the best that we can be, makes us capable of adapting in times of change and gives us a key competitive advantage.

SUSTAINABILITY AND RESPONSIBILITY

We help everyone enjoy amazing technology. That is our vision, and what we strive to do every day. We are truly passionate about it and want to show and share how technology can make your life better, easier and more fun!

As the undisputed market leader within 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 sustainable by smart use of technology, and at the same time minimize our environmental footprint.

Driven by our values and knowledge, we are working hard throughout our value chain, own operations and in every meeting with our customers - to reuse and recycle, reduce emissions and help people make the most out of their products.

As the importance and concerns grows in society and among consumers, we will step up and do more, and are getting ready to launch our new sustainability strategy. By making it easier for our customers to make more sustainable choices when enjoying amazing technology. This includes making it easier to choose greener products, easier to extend the life of products through repairs, and easier to give products new life through reuse and recycling. In this, we are embarking on a journey to help our customers live more sustainable.

Through our new strategy we will take the lead on sustainability and corporate social responsibility in the electronics industry. As a company we are committed to reduce our carbon footprint throughout our operations, reaching for a goal to be carbon neutral by 2025.

Repair, reuse, recycle
With more than 800.000 repairs in FY 19/20, including 58.000 in-store repairs of mobile phones, we made a strong contribution to extend the life of the products we sell. When customers want to trade up for a new product, we work to give the old one a new life and new owners through reuse. As an example, more than 15.000 white goods have been fixed and resold through our collaboration with Norsk Ombruk. If there is no more hope for the product, we recycle. On TVs, we are now at a level where 99% is recycled. To utilize the resources this provides, we are working, together with others, to build a factory in Riga where we can convert plastic from electronics to pellets that can be used in the production of new TVs. We also encourage reuse through Elkjøp Outlet, where you get the opportunity to choose returned items instead of new ones.

Responsible handling of electronic waste
Each year, throughout 414 stores across the Nordic region, Elkjøp collects more than 28.000 tons of electronic waste from customers. The waste is collected by local recycling partners and re-introduced into the circular economy.

While most of 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, power banks and the like, which often ends up in general trash. Equally mobile phones, tablets and other devices with stored data remains with customers and are not entered into the circular economy.

As many others handling electronic waste we are unfortunately experiencing issues with theft from our facilities. To control this, and secure an environmentally friendly handling, we installed secure collect boxes, 24 hours camera surveillance and remote security in our waste facilities in FY 19/20.

Handling of electronic waste 2019

Country	Weight in kg
Sweden	2 886 814
Denmark	587 794
Finland	8 674 077
Norway	16 632 502
Sum Nordic	**28 781 187**

Logistics with the heart
The logistics industry in Europe has struggled with a bad reputation due to several cases of exploitation of cheap labor for many years. To take a stand and show our responsibility Elkjøp Nordic started the initiative "Logistics with the heart" back in 2015. One standard contract secures a stronger commitment within sustainability, traffic safety, language knowledge, working conditions and fair wages.

Last year contracts were negotiated and demands strengthened:

- Minimum 50 % of goods delivered from our central warehouse in Jönköping to selected destinations, should be delivered with fossil-free fuels.
- 80 % of all trucks should have alcolocks installed by 2021. Testing of drivers is done randomly and frequently when loading trucks, to avoid alcohol intoxication.
- All drivers need to pass language tests and comply with European standards.
- Wages must follow employer's country laws as a minimum.

We have moved from one large freight forwarder to signing with 16 smaller companies, experts in their local area. Despite being a big player, we rather use slightly smaller companies that are committed and want to work with us to find the best solutions for people and planet.

Energy efficient operations
We constantly work to reduce the carbon footprint of our organization. One important element is to constantly reduce our energy consumption. We monitor energy consumption throughout the year and map our stores on consumption per square meter. All new stores are of course fitted with LED lighting and we are working to change to LED in existing stores as well.

In FY 2019/2020 year we finished a huge switch from conventional lighting in our 107.000 square meter warehouse in Jönköping. 3491 pieces of T5 fittings were changed to 1677 LED panels, reducing the energy consumption by 67 %.

Fighting digital exclusion
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.

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

According to our research one out of three in the Nordics find it difficult to keep up with the changes in technology, and 20 percent say they have products at home that they do not know how to use. Even more admit that they are not utilizing their products to

its full potential, not knowing how to use all the features.

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!

Diversity

At Elkjøp we continue to promote a healthy and secure work environment where all our employees can develop and thrive. We have approximately 10 000 people employed in our company and as a large employer we must always act with integrity and take our people seriously. Driven by in-store staff, Elkjøp has a relatively young workforce with 60 % of all employees under the age of 30 which makes us, in many cases, their first employer. Therefore, we expect high standards in our employment practices to ensure that we are an employer to trust and a good place to start a career.

We aim to reflect the society in terms of gender, age, and ethnicity at all levels of the organization, and to promote a culture that celebrates diversity, encourages cultural awareness and social justice. We believe an increased focus on diversity and inclusion will foster creativity, good decision-making and contribute to business development. Therefore, diversity and inclusion and preventing unlawful discrimination in the workplace is a high a priority for us.

By the end of the FY 19/20 the gender distribution in Elkjøp Group was 27 % women and 73 % men. We are aware of the gender imbalance in our company and have initiated actions to even the numbers. One of them is setting clear goals on gender balance. By 2025 we aim to have 40 % female employees and a total of 30 % of female managers in the Group.

Elkjøp works actively to promote equality in traditionally gendered roles and in management by encouraging gender equality and diversity through recruitment policy and annual people reviews. As a way forward we will complete a revision of all our employee practices to secure that we attract, recruit, and retain a diverse workforce and foster an inclusive workplace.

KEY FIGURES

Group (amounts in NOK million)	**Year ended 30 April 2020**	**Year ended 30 April 2019**
Revenue[1]	41 345	38 439
Growth % (revenue)[2]	7,6 %	2,8 %
EBITDA ex. IFRS 16	1 801	1 815
EBITDA (%)	4,4 %	4,7 %
Operating profit before other expenses adjusted ex IFRS 16[3]	1 343	1 228
Cash provided by operating activities	3 518	1 027

Year-end financial position	**30 April 2020**	**30 April 2019**
Total assets incl IFRS 16	19 680	-
Total assets ex. IFRS 16	14 936	10 758
Investments in intangible and fixed assets	687	588
Equity	3 417	3 384
Asset/equity-ratio incl IFRS 16	5,8	-
Asset/equity-ratio ex. IFRS 16	4,4	3,2

Market Segment (amounts in NOK million)

Norway	**Year ended 30 April 2020**	**Year ended 30 April 2019**
Revenue	13 091	12 166
Growth	7,6 %	1,4 %
EBITDA ex. IFRS 16	440	377
EBITDA (%)	3,4 %	3,1 %
Number of owned stores at period end	81	78
Net new/(closed) stores in the period	3	(3)
Sweden		
Revenue	13 107	11 840
Growth	10,7 %	3,1 %
EBITDA ex. IFRS 16	270	205
EBITDA (%)	2,1 %	1,7 %
Number of owned stores at period end	104	110
Net new/(closed) stores in the period	(6)	(1)
Finland		
Revenue	6 161	5 421
Growth	13,6 %	1,4 %
EBITDA ex. IFRS 16	63	7
EBITDA (%)	1,0 %	0,1 %
Number of owned stores at period end	22	22
Net new/(closed) stores in the period	-	2
Denmark		
Revenue	8 850	8 001
Growth	10,6 %	2,8 %
EBITDA ex. IFRS 16	179	162
EBITDA (%)	2,0 %	2,0 %
Number of owned stores at period end	38	38
Net new/(closed) stores in the period	-	1

1) Revenue reported to Dixons Carphone for 445-accounting year consisting of 53 weeks was 41,8 billion.
2) Fx neutral growth was 5.9% in 2019/2020 (3.7% in 2018/2019)
3) Operating profit before other expenses adjusted is defined in the 'Alternative Performance Measures' section

BOARD OF DIRECTORS' REPORT

FISCAL YEAR ENDING APRIL 2020

Main activities
The business area for Elkjøp Nordic AS is to conduct trade in consumer electronics, home appliances and related products and services.

Elkjøp Nordic AS is a limited-liability company with head office in Oslo, Norway. Elkjøp Nordic AS with subsidiaries (The Group) is part of Dixons Carphone plc, located in London and listed on the London Stock Exchange. The 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 statement
The turnover increased from NOK 38 439 million to NOK 41 345 million, an increase of 7.6 %. Development is driven by all markets but especially by the Group's strategic growth areas, including Services, Digital commerce, Smart Home and Kitchen, which in total have a double- digit growth. Compared to the stores, the Group's e-commerce has a higher growth, but the Board sees the importance of interaction between the e-commerce channels and the physical stores. Sales alternatives like click and collect emphasize the value of the omnichannel operating method.

Operating profit before other expenses increased with 6.7 %, from NOK 1 336 million to NOK 1 425 million. Profit after tax for the fiscal year ended at NOK 834 million, compared to NOK 1 023 million last year. The Group has adopted IFRS 16 using the modified retrospective approach, therefore prior year comparative numbers have not been restated. The effect of IFRS 16 on the profit before tax is a reduction of NOK 125 million.

A central contribution to the growth is our customer club. During the financial year we have reached 3,2 million members in our loyalty programme. The programme offers valuable product and services to the members and we experience that customers value the offers. As part of Black Friday, a VIP shopping was launched for customer club members that was well received.

Total assets at year-end 2019/2020 were NOK 19 680 million. The corresponding figure for 2018/2019 was NOK 10 758 million. The equity ratio for 2019/2020 is 17.4 %. The increase in assets is mainly due to the implementation of IFRS 16, which is described in Note 13, 27 and 29.

Total investments for the fiscal year were NOK 689 million, which was NOK 101 million higher than last year. The main additions are intangible assets related to IT, as the Group is in a process of replacing the sales system used in the stores in all markets. This will be carried out in 2020/2021, and is a comprehensive digitization, modernization and transformation which will increase efficiency and customer experience in the future.

The Group generated a net cash flow from operating activities of NOK 3 424 million. This is an increase of NOK 2 398 million compared to 2018/2019, mainly driven by changes in trade and other payables. Because of Covid-19, extended payment terms were initiated by both the public and some suppliers, which led to an increase in payables at the balance sheet date.

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 Groups owner, Dixons Carphone plc, has decided to explore the option of a partial IPO; potentially listing a minority stake of Elkjøp Nordic, announced 10th of September. Besides this, no events have occurred since the end of the fiscal year that is relevant to the assessment of the Group. The Covid-19 pandemic has impacted all markets and there is a high degree of uncertainty in the future. The pandemic contributed to an increase in demand of mixed electrical appliances, as home office and home school became new ways of working. The Group is serious about its corporate social responsibility in providing such goods to meet the demand and secure availability of necessary products. The Board is proud of how the Group has responded and adapted to the challenging situation, both to keep customers and colleagues safe and helping our customers by introducing live shopping (sales guidance online), contactless payments and click and collect at the parking lot outside stores.

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. The Board believes that the financial statements give a true and fair view of the assets, liabilities and financial position at April 30 2020, and the Group's operations and cash flow for the financial year 1 May 2019 – 30 April 2020.

Review of the company financial statement
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. The turnover increased from NOK 31 180 million to NOK 32 628 million, an increase of 4.6 %. Profit after tax for the fiscal year ended at NOK 850 million. No events have occurred since the end of the fiscal year that is 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, solid equity base and good liquidity. All long-term financing is from group companies. The Board believes that the financial statements give a true and fair view of the assets and liabilities, financial position and results.

Financial risk
The Group is exposed to financial risk in different areas, especially foreign exchange rate risk. To manage this risk, the Group uses financial instruments. The Group mainly hedges purchases in EUR and USD against NOK, and sales in DKK and SEK against NOK. The contracts are entered on regular market terms.

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 Elkjøp Group sells annually approximately 36 000 tons of electronic products in Norway, 31 000 in Sweden, 20 000 in Denmark and 21 000 in Finland. The Group is aware and humble considering the impact the business causes on the environment and is proactively working to minimize this impact. Activities include focus on repairing products when possible, facilitating return of used electronical waste, ensuring efficient recycling of products, ensuring optimal utilization of trucks and implementation of energy management system.

Safe and efficient logistics are essential for the Group to run the business. Our main warehouse in Jönköping is the hub of 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.

In EU, countries are committed to follow the EU WEEE-directive (Waste Electrical & Electronic Equipment). The Group therefore collects, recycles and scraps a share of the total volume sold.

Equal opportunities - Responsible employer
The Group continues to promote a healthy and secure work environment where all our employees can develop and thrive. As a large employer, we must always act with integrity and take our people seriously. Driven by in-store staff, Elkjøp has a relatively young workforce with 60 percent of all employees under the age of 30 which makes us, in many cases, their first employer. Therefore, we expect high standards in our employment practices to ensure that we are an employer to trust and a good place to work. The work environment is perceived as good. We experience no significant accidents or injuries in the Group. Absence due to sickness is within normal values and was about 5.0 % of the total working hours in the Group.

The Group aims to reflect the society in terms of gender, age, and ethnicity at all levels of the organization, and to promote a culture that celebrates diversity and encourages cultural awareness and social justice. We believe an increased focus on diversity and inclusion will foster creativity, good decision-making and contribute to business development.

The gender distribution in Elkjøp Group was 27% women and 73% men, the top management team consisted of one female and six male directors and the company's Board of Directors consists of men. We are aware of the gender imbalance in our company and have initiated actions to even the numbers. One of them is setting clear goals on gender balance. By 2025 we aim to have 40 % female employees and a total of 30 % of female managers in the Group.

The 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 colour, language, religion, and faith. Preventing unlawful discrimination in the workplace is a priority. The Group is working actively, determined and systematically to encourage the act's purpose within the business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Group is currently working on strategies and initiatives to strengthen the focus on diversity and inclusion in all our employee practices and our company culture aligned with new regulations in the Discrimination Act.

Oslo, Norway, 30 September 2020
The Board of Directors
Elkjøp Nordic AS

Jonathan Peter Mason
styrets leder / Chairman of the board

Erik Gunset Sønsterud
daglig leder / Managing Director
styremedlem / Member of the Board

Per Erik Wernersson
styremedlem / Member of the Board

Andreas Ørnholt Westgaard
styremedlem / Member of the Board

CONSOLIDATED INCOME STATEMENT

NOK in million	Note	Year ended 30 April 2020	Year ended 30 April 2019
Revenue from contracts with customers	4	41 345	38 439
Cost of goods sold	4	-31 984	-29 745
Employee costs	5	-4 627	-4 061
Operating expenses	6, 27	-1 997	-2 768
Amortisation and Depreciation	11, 12, 13	-1 340	-486
Net currency gains (losses)	7	28	-44
Operating profit before other income / (expenses)		**1 425**	**1 336**
Other expenses	7	1	-0
Operating profit		**1 426**	**1 336**
Finance income		11	11
Finance costs		-320	-50
Net finance costs	**8**	**-308**	**-39**
Profit before tax		**1 117**	**1 296**
Income tax (expense) / credit	9	-283	-274
Profit after tax		**834**	**1 023**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

NOK in million	Note	Year ended 30 April 2020	Year ended 30 April 2019
Profit after tax for the period		**834**	1 023
Item that may be reclassified to the income statement in subsequent years:			
Cash flow hedges			
Fair value movements recognised in other comprehensive income	20	155	-11
Reclassified and reported in income statement	20	-94	-68
Amount recognised in inventories	20	-43	-4
Tax on items that may be subsequently reclassified to profit or loss	9, 20	-4	18
Exchange gains / (losses) arising on translation of foreign operations	20	279	-11
Total of items that may be reclassified to the income statement in subsequent years		293	-77
Items that will not be reclassified to the income statement in subsequent years:			
Actuarial gains / (losses) on defined benefit pension schemes	5, 20	-	-6
Tax on actuarial gains / (losses) on defined benefit pension schemes	9, 20	-	1
Total of items that will not be reclassified to the income statement in subsequent years		-	-4
Other comprehensive income / (expense) for the period (taken to equity)		**293**	**-82**
Total comprehensive income for the period		**1 127**	**941**

CONSOLIDATED BALANCE SHEET

NOK in million	Note	30 April 2020	30 April 2019
Assets			
Goodwill	10	1 193	1 083
Intangible assets	11	648	410
Property, plant and equipment	12	975	901
Right-of-use assets	13	4 744	-
Trade and other receivables	15	37	75
Deferred tax assets	9	12	18
Non-current assets		**7 609**	**2 487**
Inventory	14	4 947	5 002
Trade and other receivables	15	2 195	2 168
Derivative assets	21, 22	897	158
Cash and cash equivalents	21, 23	325	333
Cash pool	16, 21	3 900	610
Current assets		**12 263**	**8 272**
Total assets		**19 872**	**10 758**

NOK in million	Note	30 April 2020	30 April 2019
Equity and Liabilities			
Share capital		72	72
Share premium reserve		107	107
Accumulated profits and other reserves		3 238	3 206
Total equity	**20**	**3 417**	**3 384**
Liabilities			
Lease liabilities	27	3 720	-
Provisions - non-current	19	113	66
Deferred tax liabilities	9	197	150
Deferred and contingent consideration - non-current	18	21	37
Employee benefit obligations	5	6	9
Non-current liabilities		**4 057**	**262**
Lease liabilities	27	1098	0
Provisions	19	31	49
Income tax payable	9	283	242
Deferred and contingent consideration - current	18	17	17
Derivative liabilities	21, 22	609	61
Trade and other liabilities - current	17, 21	8 607	6 667
Cash pool liability	16, 21	1 753	76
Current liabilities		**12 398**	**7 112**
Total equity and liabilities		**19 872**	**10 758**

Oslo, Norway, 30 September 2020
The Board of Directors
Elkjøp Nordic AS

Jonathan Peter Mason
styrets leder / Chairman of the board

Erik Gunset Sønsterud
daglig leder / Managing Director
styremedlem / Member of the Board

Per Erik Wernersson
styremedlem / Member of the Board

Andreas Ørnholt Westgaard
styremedlem / 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
At 1 May 2018		72	107	3 262	10	124	3 575
Profit for the period		-	-	1 023		-	1 023
Other comprehensive income and expense recognised directly in equity		-	-	-	-11	-71	-82
Total comprehensive income and expense for the period		-	-	1 023	-11	-71	941
Equity dividends		-	-	-900	-	-	-900
Group contribution to holding company DSG Retail Norway		-	-	-300	-	-	-300
Tax on group contributions		-	-	69			69
At 30 April 2019		**72**	**107**	**3 154**	**-2**	**53**	**3 384**
Profit for the period		-	-	834	-	-	834
Other comprehensive income and expense recognised directly in equity		-	-	-	279	14	293
Total comprehensive income and expense for the period		-	-	834	279	14	1 127
Equity dividends		-	-	-900	-	-	-900
Group contribution to holding company DSG Retail Norway		-	-	-250			-250
Tax on group contributions	9	-	-	55	-	-	55
At 30 April 2020	**20**	**72**	**107**	**2 893**	**277**	**68**	**3 417**

CONSOLIDATED STATEMENT OF CASH FLOWS

NOK in million	Note	Year ended 30 April 2020	Year ended 30 April 2019
CASH FLOWS FROM OPERATIONS			
Profit on ordinary activities before taxation		1 117	1 296
Taxes paid for the period		-162	-96
Depreciation and amortisation		1 340	486
Gain/loss from sale of fixed assets		-5	6
Pension expenses without cash effect		-	-6
Interest without cash effect	27	240	-
Change in inventory		56	-429
Change in trade receivables		-27	-503
Change in trade and other current liabilities		1 940	390
Changes in other assets and other liabilities		-95	-117
Net cash flows from operations		**4 405**	**1 027**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Outflows due to purchases of fixed assets	12	-280	-354
Outflows due to purchases of intangibles	11	-409	-234
Net cash flows from investment activities		**-689**	**-588**
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in net cash pool balance	16	-1 614	759
Capital repayment of lease liability	27	-960	-
Payments of dividend		-900	-900
Payments out due to group contribution		-250	-300
Net cash flow from financing activities		**-3 724**	**-441**
Net change in cash and cash equivalents	23	-8	-2
Cash and cash equivalents 1 May		333	335
Cash and cash equivalents 30 April		**325**	**333**

NOTES TO THE FINANCIAL STATEMENTS

1 ABOUT THE BUSINESS

Elkjøp Nordic AS (the Company) is a limited liability company incorporated in Norway. The Group consists of Elkjøp Nordic AS with subsidiaries (The Group), and is wholly owned by Dixons Carphone plc located and listed in England. 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 franchise. All of the approximately 414 stores in the Nordic region are mainly supplied by our own distribution services, with a central warehouse in Jönköping of 107,000 m2.

These consolidated financial statements have been approved for issuance by the Board of Directors on 30 September 2020 and is subject to approval by the Annual General Meeting on 14 October 2020.

2 TRANSACTIONS AND EVENTS IN 2019/2020

Last financial year the overall development in sales has been impressive with a total increase in revenue of 7.6% compared to the previous year (5.9% FX neutral). Development is driven by all markets but especially by our strategic growth areas which compromises Smart Home, Services, Digital commerce and Kitchen, which in total have a double- digit growth.

The Covid-19 pandemic has impacted all markets and there is a high degree of uncertainty in the future. The pandemic contributed to an increase in demand of mixed electrical appliances, as home office and home school became new ways of working.

The Group is serious about its corporate social responsibility in providing such goods to meet the demand and secure availability of necessary products. The Group has responded and adapted to the challenging situation, both to keep customers and colleagues safe and helping our customers by introducing live shopping (sales guidance online), contactless payments and click and collect at the parking lot outside stores.

Development of a new sales system has been high on the agenda this financial year, and the system is tailored to our business and to support all sales channels to secure that the Group become a true omnichannel business.

Although there has been Covid-19 and travel restrictions, The Group has been able to launch the first two pilot stores in Denmark and are in line to roll out the new store system in Denmark in the next financial year.

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 the revaluation of certain financial instruments, as explained in these consolidated financial statements. All amounts have been rounded to the nearest NOK 1 million, unless otherwise stated.

The Group has adopted IFRS 16: 'Leases' effective for the current financial year from 1 May 2020 using the modified retrospective approach. Comparatives for the prior reporting period have not been restated and continue to be reported under IAS 17: 'Leases', as permitted under the specific transitional provisions of IFRS 16. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in opening reserves as at 1 May 2019. Further details on the adoption and transitional impacts of IFRS 16 are described in note 13 and 27.

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 return 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 which 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
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. 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.

The results of Nordic operations 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 acquisition 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 Nordic operations are recognised in the translation reserve. All other exchange differences are included in profit or loss in the year in which they arise except where the Group designates financial instruments held for the purpose of hedging the foreign currency exposures that result from material transactions undertaken in foreign currencies as cash flow hedges, hedge accounting as defined by IFRS 9 'Financial Instruments' is applied. 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.

4 REVENUE

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

Classification of contract liabilities
Revenue primarily comprises sales of goods and services. 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 commission received from third parties is recognised at the point in time when they are 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 contracts 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.

Discounts received from suppliers
The Group's agreements with suppliers contain 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 period ends, judgement is required regarding amounts to be recognised. Forecasts are used as well as historical data in the estimation of the level of rebates recognised. Amounts are only recognised where 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 once 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 accrued income 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 30 April 2020	Year ended 30 April 2019
Sale of goods	36 392	33 990
Commission revenue	3 322	3 001
Support services revenue	716	601
Other service revenue	915	847
Total revenue	**41 345**	**38 439**

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

Remaining performance obligations at year end is NOK 57 million (2018/2019: NOK 37 million) where NOK 13 million is due within one year (2018/2019: NOK 6 million) and NOK 44 million is due in more than one year (2018/2019: 29).

The majority of Group sales are settled at point of sale. Sales to franchise, B2B and commission are normally settled within a 30 days range.

Revenue recognised that was included in the contract liability at the beginning of the period amounts to NOK 504 million.

5 EMPLOYEE AND OTHER PERSONNEL COSTS

Accounting policies pensions
The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pensions.

Company contributions to defined contribution pension schemes and contributions made to state pension schemes for certain employees are charged to the income statement on an accruals basis when employees have rendered service entitling them to the contributions.

For defined benefit pension schemes, the difference between the market value of the assets and the present value of the accrued pension liabilities is shown as an asset or liability in the consolidated balance sheet. The calculation of the present value is determined using the projected unit credit method.

Actuarial gains and losses arising from changes in actuarial assumptions together with experience adjustments and actual return on assets are recognised in the consolidated statement of comprehensive income and expense as they arise. Such amounts are not reclassified to the income statement in subsequent years.

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

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Salaries and performance bonuses	3 545	3 212
Other employee cost	217	199
Social security costs	592	542
Pension cost	204	164
Share based payments	68	-55
Total employee costs	**4 627**	**4 061**

The average number of employees was 10,113 (10,045 in 2018/2019).

The pension charge in respect of defined contribution schemes was NOK 201 million (2018/2019: NOK 178 million).

The Group's defined benefit plan provided the right to defined future benefits. These were mainly dependent on the number of years of service, the level of salary at the retirement age and the level of the government funded pension benefits. The obligations were funded through an insurance company. The schemes were terminated during last financial year and net pension liability of 17 million was released.

See also note 24 Management remuneration for additional information
.

6 OPERATING EXPENSES

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Operating leases of buildings, land and equipment	87	990
Marketing and advertising	765	753
Operation, maintenance and other costs of premises, vehicles etc.	403	389
Other operating expenses	741	637
Total operating expenses	**1 997**	**2 768**

Other operating expenses comprise IT, travel, security, warranties, stationery and supply expenses etc.

Auditor's remuneration comprises the following:

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Fees payable to the company's auditor for audit of the company's annual accounts	1,3	1,2
Fees payable to the company's auditor and its associates for their audit of the company's subsidiaries	2,4	2,2
Total audit fees	**3,7**	**3,4**
Other services	0,2	0,1
Total audit and non-audit fees	**3,9**	**3,5**

7 OTHER ITEMS; NET CURRENCY GAINS (LOSSES) AND OTHER EXPENSES

Net currency gains (losses) are disaggregated as follows:

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Foreign exchange rate gain	1 050	368
Foreign exchange rate loss	-1 022	-412
Net currency gains (losses)	**28**	**-44**

Other expenses include the following non-recurring expenses:

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Rebranding	-	-
Restructuring	-	-
Other	-1	-
Other expenses	**-1**	**0**

Current year the Group has no transformation or restructuring costs.

8 NET FINANCE COSTS

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Interest income from cash pool	11	11
Gain on sale of shares	-	0
Finance income	**11**	**11**
Interest expense on cash pool	-75	-44
Interest expense related to lease obligation	-240	-
Other interest expense	-5	-6
Finance cost	**-320**	**-50**
Total net finance costs	**-308**	**-39**

See note 27 for further details regarding IFRS 16 and interest calculation on the lease liability.

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 2020	Year ended 30 April 2019
Current tax		
Current tax on profits for the year	215	155
Tax effect on group contribution distributed (Norway)	44	55
	-	
Deferred tax income	-	
Decrease/(increase) in deferred tax assets	6	29
(Decrease)/increase in deferred tax liabilities	23	15
Deferred tax on equity items	-5	19
Total income tax expense	**283**	**274**

The group gives group contribution to holding company DSG Retail Norway 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 2020	Year ended 30 April 2019
Net income before tax	1 117	1 296
Expected income tax assessed at the tax rate for the Parent company 22%	246	285
Adjusted for tax effect of the following items:		
Permanent differences	9	3
Effect of change in tax rate	0	2
Effect from currency effects and other items	28	(16)
Total income tax expense for operations	**283**	**274**
Effective income tax rate	25,3 %	21,1 %

The effective tax rate on profit before tax of 25.3% (2018/2019: 21.1%) has increased due to currency effects, changes in statutory tax rates in the Group and a prior year adjustment.

Deferred tax

Specification of tax effects of temporary differences:

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Intangible assets	-175	-178
Tangible assets	15	-19
Swedish P-funds	-52	-37
Pensions	1	9
Other temporary differences	0	68
Tax losses carried forward (Sweden)	26	25
Total deferred tax liability	**-185**	**-132**

Whereof:

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Presented as deferred tax asset	12	18
Presented as deferred tax liability	-197	-150
Deferred tax asset (+) / liability (-)	**-185**	**-132**

The Group has no transition adjustment in relation to implementation of IFRS 16.

Movements in deferred tax:

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Carrying amount net deferred tax assets (+)/ liabilities(-) at 1 May	-132	-88
Recognised as income/expense (-) in income statement	-29	-44
Valuation allowance for deferred tax assets		
Effect from currency effects and other items	-24	0
Carrying amount net deferred tax assets (+)/ liabilities(-) at 30 April	**-185**	**-132**

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

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Derivatives	-5	18
Pension	-	1
Total	**-5**	**19**

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. At the acquisition date, goodwill is allocated to each group of Cash Generating Units ('CGUs') expected to benefit from the combination and held in the currency of the operations to which the goodwill relates.

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 future cash flows of the group of CGUs to which the goodwill relates, at the level at which this is monitored by management. Where the future discounted cash flows are less than the carrying value of goodwill, an impairment charge is recognised in the income statement.

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 30 April 2020	Year ended 30 April 2019
At beginning of period	1 083	1 082
Additions	2	0
Foreign exchange	108	1
At the end of the period	**1 193**	**1 083**

Carrying value of goodwill
The components of goodwill comprise the following businesses:

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Norway	461	461
Sweden	13	12
Denmark	672	573
Finland	46	38
Total	**1 193**	**1 083**

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;
- 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 2020/21 together with a five-year strategic plan. These projections have regard to 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 expenditure 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, 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. Further information on the assumptions used for Covid-19 estimations can be found in the going concern section of the accounting policies note

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 2020				30 April 2019			
	Compound annual growth in sales	Compound annual growth in costs	Growth rate beyond five years	Pre-tax discount rate	Compound annual growth in sales	Compound annual growth in costs	Growth rate beyond five years	Pre-tax discount rate
Norway	3.4%	3.4%	2.0 %	7.6 %	3.2 %	3.2 %	1.7 %	9.4 %
Sweden	1.9%	1.9%	1.3 %	7.6 %	2.6 %	2.6 %	1.7 %	9.4 %
Denmark	2.6 %	2.6 %	2.0 %	7.6 %	2.6 %	2.6 %	1.7 %	9.4 %
Finland	3.6%	3.6%	1.5 %	7.6 %	2.4 %	2.4 %	1.7 %	9.4 %

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 overheads. 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 assets on a straight-line basis between three and seven years, and is recorded in administrative expenses.

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. Where assets are to be taken out of use, an impairment charge is levied. Where 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 conclusions that the net book value is not supportable, the recoverable amount of the CGU is determined by calculating its value in use. The value in use is calculated by applying discounted cash flow modelling to management's projection of future profitability and any impairment is determined by comparing the net book value with the value in use.

NOK in million	30 April 2020 Software and licences	30 April 2019 Software and licences
Balance at beginning of the year	**410**	**379**
Additions	409	234
Amortisation	-169	-203
Disposal	-4	-0
Foreign exchange	3	-0
Balance at end of the year	**648**	**410**
Cost	1 558	1 199
Accumulated amortisation	-909	-789
Balance at end of the year	**648**	**410**
Amortisation period	3-7 years	3-7 years

Software and licences include assets with a cost of NOK 334 million in 2019/2020 (NOK 109 million in 2018/2019) on which amortisation has not been charged as the assets have not yet been brought into use.

12 PROPERTY, PLANT & EQUIPMENT

Accounting policies

Property, plant & equipment are 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 from the date the asset was brought into use or capable of being used on a straight-line basis.

Property, plant & equipment 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. Where assets are to be taken out of use, an impairment charge is levied. Where the property, plant & equipment form part of a separate CGU, such as a store or group of stores, and business indicators exist which could lead to the conclusions that the net book value is not supportable, the recoverable amount of the CGU is determined by calculating its value in use. The value in use is calculated by applying discounted cash flow modelling to management's projection of future profitability and any impairment is determined by comparing the net book value with the value in use.

NOK in million	30 April 2020 Fixtures, fittings and other equipment	30 April 2019 Fixtures, fittings and other equipment
Balance at beginning of the year	**901**	**844**
Additions	280	354
Depreciation	-302	-278
Disposal	-8	-19
Foreign exchange	106	-1
Balance at end of the year	**975**	**901**
Cost	3 044	2 676
Accumulated depreciation	-2 069	-1 775
Balance at end of the year	**975**	**901**
Depreciation period	3-10 years	3-10 years

For the year ended 30 April 2020 the Group had a capital commitment of NOK 7 million related to its investments.

13 RIGHT-OF-USE ASSETS

Accounting policies

IFRS 16 – For the year ended 30 April 2020

The Group has adopted IFRS 16: 'Leases' effective for the current financial year from 1 May 2019 using the modified retrospective approach. Comparatives for the prior reporting period have not been restated and continue to be reported under IAS 17: 'Leases', as permitted under the specific transitional provisions of IFRS 16. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 May 2019.

IFRS 16 introduces new requirements with respect to lease accounting. It presents significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

Impact of the new definition of a lease

The group has performed a review of all leasing arrangements and applied the definition of a lease and related guidance as set out in IFRS 16. The change in definition mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet and charged to the income statement on a straight-line basis over the period of the lease.

On initial application of IFRS 16, for all leases (except as noted below), the Group:

a) Recognises right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement; and
c) Recognises the total amount of cash paid (both principal and interest portion) within financing activities (previously presented within operating activities under IAS 17) in the consolidated cash flow statement.

On transition to IFRS 16 these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 5.1%.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

On initial adoption, the right-of-use assets were adjusted for any previously recognised prepaid and accrued lease payments as well as any liabilities from previously applying IFRS 3: 'Business Combinations' relating to unfavourable terms of an operating lease.

Payments associated with short-term leases, leases of low-value assets, and variable lease payments not included in the right-of-use asset are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Impact on lessor accounting
IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Practical expedients applied on adoption
In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

A lease is classified as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

The Group as a lessor
The Group is a lessor predominantly when subleasing retail store properties that are no longer open for trading. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the eased asset and recognised on a straight-line basis over the lease term.

The Group as a lessee
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.

Right-of-use assets
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 lease term and 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.

			30 April 2020
NOK in million	Land and buildings	Vehicles, equipment and other	Total
Balance at beginning of the year	**4 584**	**41**	**4 625**
Additions	523	18	540
Depreciation	-848	-21	-869
Disposal	-	-	-
Foreign exchange	443	5	448
Balance at end of the year	**4 702**	**42**	**4 744**
Cost	5 602	64	5 666
Accumulated depreciation	-900	-22	-922
Balance at end of the year	**4 702**	**42**	**4 744**

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 cost and those overheads that have 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 where appropriate.

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Finished goods and goods for resale	4 947	5 002

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.

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). 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.

The Group reviews several factors when considering a significant increase in credit risk including but not limited to: credit rating changes; adverse changes in general economic and/or market conditions; material changes in the operating results or financial position of the debtor.

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 30 April 2020	Year ended 30 April 2019
Business to Business	253	301
Franchise debtors	370	317
Total	**622**	**618**

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

			Year ended 30 April 2020
	Gross amounts recognised in financial assets	Weighted average loss rates	Expected credit losses
Not yet due	549	0,6%	3
0-90 days	48	2,5%	1
91-180 days	5	85,9%	4
180+ days	20	94,4%	19
	622		28

The Group will derecognise 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.

Specification of trade and other receivables

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Trade receivables	1 360	961
Expected credit loss	-32	-30
Prepayments	160	254
Other receivables	547	766
Accrued income	196	292
Total	**2 232**	**2 243**
Non-current	37	75
Current	2 195	2 168
Total	**2 232**	**2 243**

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

	30 April 2020			30 April 2019		
	Gross trade receivables	Provision	Net trade receivables	Gross trade receivables	Provision	Net trade receivables
Ageing of gross trade receivables and provisions:						
Not yet due	1 028	-3	1 025	800	0	800
Past due:						
Under two months	261	-1	260	103	-2	101
Two to four months	26	-2	24	11	-4	7
Over four months	44	-25	19	46	-24	22
Total	**1 360**	**-32**	**1 328**	**961**	**-30**	**931**

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

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Opening balance	-30	-24
Charged to the income statement	-12	-19
Receivables written off as irrecoverable	11	14
Closing balance	**-32**	**-30**

The timing of revenue recognition, billings and cash collection 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, Dixons Carphone plc's, cash pool arrangement. The cash pool agreements are a balancing netting cash pool. All entities in the Group have individual agreements with Dixons Carphone plc, whereby Dixons Carphone plc have the head account against the bank.

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

NOK in million	Year ended 30 April 2020	Year ended 30 April 2019
Cash pool receivable	3 900	610
Cash pool liability	-1 753	-76
Net balance	**2 147**	**533**

17 TRADE AND OTHER PAYABLES

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 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 2020	Year ended 30 April 2019
Trade payables	4 700	4 319
Other taxes and social security	1 973	833
Contract liabilities	738	551
Other current payables	503	431
Accruals	728	532
Total	**8642**	**6 667**

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 2020	Year ended 30 April 2019
Opening balance	551	471
Reveue recognised in the period that was included in the opening balance	-504	-438
Revenue recognised in the period from sales in the year	-8 222	-8 275
Increase due to money owed/ received in the year	8 913	8 793
Closing balance	**738**	**551**

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.

As shown above, NOK 504 million included in contract liabilities at the start of the period was recognised as revenue during the year.

18 DEFERRED AND CONTINGENT CONSIDERATION

The deferred and contingent considerations total carrying amount is NOK 37 million (2018/2019: NOK 54 million). Of which NOK 17 million is first year instalment and classified as current liability (2018/2019: NOK 17 million). The remaining NOK 21 million (2018/2019: NOK 37 million) is classified as non-current liability.

Earn-out consideration of up to NOK 37 million is payable in cash (2018/2019: NOK 54 million) and is contingent on the performance of The Epoq kitchen business against earnings growth targets over a period of up to one year from the balance sheet date. 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.

19 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.

				30 April 2020						30 April 2019
NOK million	Re-organisation	Sales	Property	Share options	Total	Re-organisation	Sales	Property	Share options	Total
At beginning of period	37	47	3	28	115	93	43	9	83	228
Adjustment on initial application of IFRS 16	-25	-	-	-	-25	-	-	-	-	-
Additions	-	113	20	68	200	-	98	19	27	143
Released in the period	-	-	-	-	-	-	-	-	-82	-82
Utilised in the period	-7	-117	-22	-	-146	-55	-94	-24	-	-174
At end of period	**5**	**43**	**1**	**96**	**144**	**37**	**47**	**3**	**28**	**115**
Analysed as:										
Current	1	23	1	6	31	15	31	3	-	49
Non-current	4	19	-	90	113	22	16	-	28	66
	5	**43**	**1**	**96**	**144**	**37**	**47**	**3**	**28**	**115**

Reorganisation provisions relate principally to redundancy costs and other onerous contracts arising as a result of reorganisation, and are only recognised where 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. Share option provision relates to the Group's participation in Dixons Carphone plc's share-based arrangements and provision is based on fair value of options using a Monte Carlo model.

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

20 ADDITIONAL EQUITY INFORMATION

Paid in capital

NOK million	Numer of shares	Share capital	Other paid in capital	Total Paid in capital
At 1 May 2018	**35 800 050**	**72**	**107**	**179**
At 30 April 2019	**35 800 050**	**72**	**107**	**179**
At 30 April 2020	**35 800 050**	**72**	**107**	**179**

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

Other reserves

NOK million	Translation reserve	Pension remeasurement reserve	Cash flow hedge reserve	Taxes on pension remeasurement reserve	Taxes on cash flow hedge reserve	Total Other reserves
At 1 May 2018	**10**	**-9**	**167**	**2**	**-37**	**134**
Changes during the year	-11	-6	-15	1	3	-28
Recycled to profit and loss from comprehensive Income			-68		15	-53
At 30 April 2019	**-2**	**-15**	**83**	**3**	**-18**	**52**
Changes during the year	279	-	112	-	-25	366
Recycled to profit and loss from comprehensive Income			-94		21	-73
At 30 April 2020	**277**	**-15**	**102**	**3**	**-22**	**345**

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 remeasurement of pension obligation arising due to change in assumptions, such as discount rate and long-term demographic trends and the related tax effect.

Cash flow hedge reserve and taxes on 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 holding company DSG Retail Norway AS of NOK 200 million is proposed but had not been effected at 30 April 2020 and is subject to shareholders' approval at the forthcoming Annual General Meeting.

21 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 18. The impact of Covid-19 has had no material impact on the fair value of contingent consideration.

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.
The management consider 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 2020	Year ended 30 April 2019
Cash Pool assets (1)	3 900	610
Cash and cash equivalents (1)	325	333
Trade and other receivables excluding derivative financial assets (1)	2 195	2 168
Derivative assets (2)	897	158
Derivative liabilities (4)	-609	-61
Cash pool liabilities (3)	-1 753	-76
Trade and other liabilities (3)	-8 607	-6 667
Deferred and contingent consideration - current (4)	-17	-17
Deferred and contingent consideration - non-current (4)	-21	-37

(1) Financial assets measured at amortised cost
(2) Financial assets measured at fair value through profit and loss.
(3) Financial liabilities measured at amortised cost.
(4) 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 Dixons Carphone plc's treasury function, which operates treasury policies approved by the Dixons Carphone plc Board, uses certain financial instruments to mitigate potentially adverse effects on the Dixons Carphone 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 Dixons Carphone plc.

Throughout the period under review, 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 22 for information about derivatives.

Foreign exchange risk
For the Group, the foreign exchange risk exposure is in the Norwegian parent Elkjøp Nordic AS.

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 Krone fluctuations. Further, the Group's revenue is exposed to fluctuation in Swedish Krone, Danish Krone 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 one year.

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 2020 Effect on Profit and Loss	Year ended 30 April 2019 Effect on Profit and Loss
+/-10% movement in the US dollar exchange rate	18	20
+/-10% movement in the Euro exchange rate	453	329
+/-10% movement in the Swedish Krona exchange rate	99	32
+/-10% movement in the Danish Krona exchange rate	80	32

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. These floating rates used in cash pool are linked to NIBOR (NOK), LIBOR (USD), STIBOR (SEK), EURIBOR (EUR), CIBOR (DKK), DRI/DRU (CZK) and other interest rate bases as appropriate to the instrument and currency.

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 parent company Dixons Carphone plc that has committed bank facilities, excluding overdrafts repayable on demand, totalling £1,360 million (2019: £1,093 million). In response to Covid-19, the Group entered into a one year facility of £266m due to mature in April 2021. The Group only has an indirect risk as part of parent company's cash pool.

All receivables and payables within the Group are current and expected to be settled within 1 year at latest. There are no monetary long-term assets or liabilities, except for the earn-out agreement related to Epoq, see note 18.

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 sale to franchise, business to business consumers and consumer credit receivables. 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 risks on cash and cash equivalents and derivative financial instruments are closely monitored and credit ratings are used in determining maximum counterparty credit risk.

The Group's funding, through Dixons Carphone plc's cash pool facility, is reliant on its £1,360 million bank facilities, which are provided by ten 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 (Dixons Carphone plc) manages and administers the cash pool.

22 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 stock 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 the instruments 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 forecast 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 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 is 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.

			30 April 2020			30 April 2019
Designated	**Notional values**			**Notional values**		
Currency million	**Buy**	**Sale**	**Fair Value in NOK**	**Buy**	**Sale**	**Fair Value in NOK**
DKK (06.05.20 - 07.04.21)	-	1 403	-159	-	1 431	7
EUR (05.05.20 - 07.04.21)	649	-	395	1 283	-	-23
SEK (05.05.20 - 07.04.21)	-	3 190	-223	-	3 236	77
USD (06.05.20 - 07.04.21)	91	-	90	96	-	23
			102			**84**

			30 April 2020			30 April 2019
Not designated	**Notional values**			**Notional values**		
Currency million	**Buy**	**Sale**	**Fair Value in NOK**	**Buy**	**Sale**	**Fair Value in NOK**
DKK (31.05.19 - 06.04.20)	-	430	-30	-	401	0
EUR (31.05.19 - 07.04.20)	310	-	231	-324	-	-0
SEK (31.05.19 - 02.04.20)	-	1 025	-32	-	979	7
USD (31.05.19 - 02.04.20)	31	-	17	27	-	7
			186			**14**

23 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 amounts of cash which have been received from customers but which have not yet been deposited with banks are still included as cash. This includes amounts, which are no longer on Group premises, but have not yet reached the banks (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.

24 MANAGEMENT REMUNERATION

Compensation earned by key management is as follows:
Year ended 30 April 2020:

					Share options		
NOK 1 000	Salary, bonus and other short-term benefits	Pensions	Post-employment benefits	Share options	Issued	Expired	Closing balance
Total key management compensation	29 821	2 135	10 091	466	1 184 574	0	2 286 853
Erik G Sønsterud (CEO)	6 105	562	0	466	531 458	0	955 655

Year ended 30 April 2019:

NOK 1 000	Salary, bonus and other short-term benefits	Pensions	Other-long term benefits	Share options	Share options: Issued	Share options: Expired	Share options: Closing balance
Total key management compensation	25 871	1 809	0	0	1 233 412	1 619 761	974 051
Jaan Ivar Semlitch (CEO)	4 943	631	0	0	848 685	1 232 761	0

Key management are:

	Per 30 April 2020	Per 30 April 2019
Jaan Ivar Gjærum Semlitsch		x
Erik Gunset Sønsterud	x	x
Marianne Nøkleby	x	x
Per Erik Wernersson	x	x
Åshild Indresøvde		x
Stein Riibe	x	x
Morten Johnsen	x	
Andreas Westgaard	x	
Morten Syversen	x	

Board members are:

	Per 30 April 2020	Per 30 April 2019
Jonathan Peter Mason	x	x
Jaan Ivar Gjærum Semlitsch		x
Marianne Nøkleby	x	x
Erik Gunset Sønsterud	x	x
Per Erik Wernersson	x	x

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

Share-based payments
Accounting policies

The Group participates in Dixons Carphone plc's share-based payments arrangements. The arrangements are connected to Dixons Carphone plc's shares and accordingly recognised as a cash settled share-based payment in the Group's financial statements. The fair value of options was estimated using a Monte Carlo model.

The 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.

25 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 5 (a) for details of related party transactions with key management personnel. The Group is 100 % owned by Dixons Carphone plc.

The Group had the following transactions and balances:

Transactions	Counterpart	Year ended 30 April 2020 *NOK million*	Year ended 30 April 2019 *NOK million*
Purchases of goods from parent companies	DSG Retail Ltd	646	550
Shared service center	Dixons Carphone CoE s.r.o.	64	55
IT recharges (service and maintenance fee)	DSG Retail Ltd	24	-
Interests income	Dixons Carphone PLC	11	11
Interests expense	Dixons Carphone PLC	30	13
Group contribution	Dixons Stores Group Retail Norway AS	195	231

Balances	Counterpart	Year ended 30 April 2020 *NOK million*	Year ended 30 April 2019 *NOK million*
Receivable	DSG Retail Ltd	92	89
Cashpool receivable	Dixons Carphone PLC	3900	610
Amounts receivable to Dixons		**3 992**	**699**
Cashpool payable	Dixons Carphone PLC	-1 753	-76
Payable	Dixons Retail SSC s.r.o.	-6	-5
Payable	Dixons Carphone Holdings Limited	-	-8
Payable	DSG Retail Ltd	-65	-73
Amounts owed to Dixons		**-1 823**	**-162**

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

26 SUBSIDIARIES

The Group consists of the following subsidiaries, all consolidated:

Subisidiaries	Place of incorporation	Ownership share
Elkjøp Norge AS	Oslo, Norway	100 %
Elgiganten AB	Kista, Sweden	100 %
Elgiganten Logistik AB	Jønköping, Sweden	100 %
Elgiganten AS	Copenhagen, Denmark	100 %
Gigantti OY	Helsinki, Finland	100 %
CCC Nordic AS	Copenhagen, Denmark	100 %
Elcare Nordic AS	Kongsvinger, Norway	100 %
Infocare CS AB	Växjö, Sweden	100 %
Infocare Workshop OY	Vantaa, Finland	100 %
Epoq Logistics DC k.s.	Modrice, Czech Republic	99 %

27 OPERATING LEASE ARRANGEMENTS

Accounting policies

Lease liabilities

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.

The following table reconciles the minimum lease commitments for the year ended 30 April 2019, to the amount of lease liabilities recognised on 1 May 2019:

NOK in million	
Operating lease commitments at 30 April 2019	4 821
Discounted using the lessee's incremental borrowing rate at the date of initial application	-913
Short-term leases recognised on a straight-line basis as expense	-50
Adjustments as a result of a different treatment of extension and termination options	700
Total lease liabilities	**4 557**
Of which are:	
Current	697
Non-current	3861
Total lease liabilities	**4 557**

IAS 17 - For the comparative year ended 30 April 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The determination of the classification of property leases is made by reference to the land and buildings elements separately. All leases not classified as finance leases are classified as operating leases. The Group has no finance lease.

The Group as a lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as a lessee

Rental payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Benefits received and receivable as an incentive to enter into operating leases are amortised through the income statement over the period of the lease.

NOK in million	30 April 2020
Analysed as:	
Current	1 098
Non-current	3 721
Total lease liabilities	**4 818**

Total undiscounted future committed payments due are as follows:

NOK in million	30 April 2020
Amounts due:	
Year 1	1139
Year 2	978
Year 3	884
Year 4	787
Year 5	560
Onward	1 346
Total undiscounted future committed payments	**5 694**

NOK in million	30 April 2020
Summary of the lease liabilities in the financial statements:	
At initial application 01.05.2019	-4 557
New lease liabilities recognised in the year	-551
Cash payments for the principal portion of the lease liability	960
Cash payments for the interest portion of the lease liability	-240
Reassessment of the discount rate on previous lease liabilities	0
Currency exchange differences	-429
Total lease liabilities	**-4 818**
Expensed variable payments linked to performance or use	
- Expenses related to contracts with exception for short term leases	78
- Expense relating to variable lease payments not included in the measurement of the lease liability	13
- Expenses related to contracts with exception for low value assets (short term contract excluded)	0

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

The Group has adopted IFRS 16: 'Leases' using the modified retrospective approach. Comparatives for the prior reporting period have therefore not been restated and continue to be reported under IAS 17: 'Leases', as permitted under the specific transitional provisions of IFRS 16. For the year ended 30 April 2019, the obligations under those leases previously defined as finance leases is as follows.

Total undiscounted future committed payments due are as follows:

		30 April 2020
NOK in million	**Land and buildings**	**Other assets**
Within 1 year	927	18
Between 2 and 5 years	2 629	28
After 5 years	1 218	1
Total undiscounted future committed payments due	**4 774**	**47**

Operating lease commitments represent rentals payable for retail, distribution and office properties, as well as vehicles, equipment and office equipment. Contingent rentals are payable on certain retail store leases based on store revenues and figures shown include only the minimum rental component.

The above figures include committed payments under onerous lease contracts for which provisions or accruals exist on the balance sheet, including those for businesses exited.

28 EVENTS AFTER THE BALANCE SHEET DATE

In the period between 30 April 2020 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.

The Group's owner, Dixons Carphone plc, has decided to explore the option of a partial IPO, listing a minority stake in 2021 announced 10th of September. Further details can be found on Dixons Carphone website https://www.dixonscarphone.com/.

The impact of the Covid-19 pandemic on the Group's operations is discussed within note 2 Transactions and events in 2019/2020 which summarises the impact.

Subsequent to the balance sheet date, the Group has monitored trade performance, internal actions, as well as other relevant external factors (such as changes in any of the government restrictions). No adjustments to the key estimates and judgements that impact the balance sheet as at 30 April 2020 have been identified.

29 RECENT ACCOUNTING DEVELOPMENTS

The group has adopted IFRS 16: 'Leases' from 1 May 2019 using the modified retrospective approach. Comparatives for the prior reporting period have not been restated and continue to be reported under IAS 17: 'Leases', as permitted under the specific transitional provisions of IFRS 16. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 May 2019.

IFRS 16 introduces new requirements with respect to lease accounting. It presents significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described in note 13 and 27.

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 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements with the exception of IFRS 16: 'Leases' as discussed above. The Group has considered the following standards whose impact is not deemed to be material:

IFRIC 23: 'Uncertainty over Income Tax Treatments'

Amendments to IFRS 9 Prepayment Features with Negative Compensation

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

Annual Improvements to IFRS Standards 2015-2017 Cycle: Amendments to IFRS 3: 'Business Combinations', IFRS 11: 'Joint Arrangements', IAS 12: 'Income Taxes' and IAS 23: 'Borrowing Costs' Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

Certain other new accounting standards, amendments to existing accounting standards and interpretations which are in issue but not yet effective, either do not apply to the Group or are not expected to have any material impact on the Group's net results or net assets:

IFRS 17: 'Insurance Contracts'

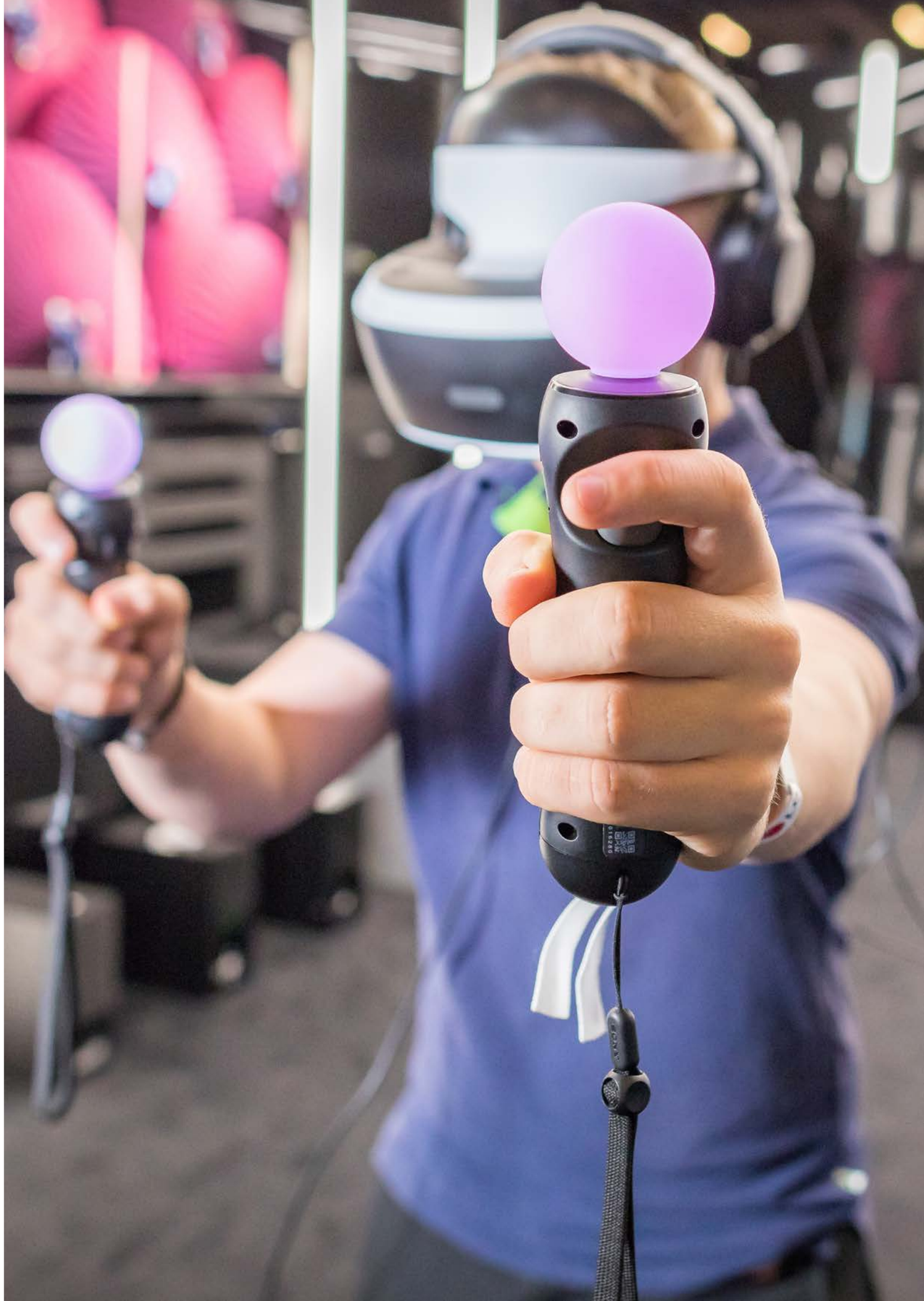
IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 3 Definition of a business

Amendments to IAS 1 and IAS 8 Definition of material

Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 9: 'Financial Instruments', IAS 39: 'Financial Instruments: Recognition and Measurement' and IFRS 7: 'Financial Instruments: Disclosures' on interest rate benchmark reform



ANNUAL ACCOUNTS

ELKJØP NORDIC AS, 2019/2020

INCOME STATEMENT

all numbers in '000

NOTE	REVENUES AND OPERATING EXPENSES	2019/2020	2018/2019
2, 16	Operating revenues	32 628 005	31 179 686
	Operating revenues	**32 628 005**	**31 179 686**
16	Cost of goods sold	30 139 950	28 857 038
3,10,19	Wages and salaries	632 866	458 467
4,5	Depreciations and amortisation	156 722	189 843
3	Other operating expenses	1 191 014	1 038 749
	Operating expenses	**32 120 553**	**30 544 097**
	Operating profit	**507 453**	**635 589**
	FINANCIAL INCOME AND EXPENSES		
6	Income from investments in subsidiaries	569 021	574 495
16	Interest received from group companies	1 328	4 770
17	Financial income	1 034 420	360 745
16	Interest paid to group companies	-25 562	-6 602
	Interest expenses	-46 517	-33 635
17	Financial expenses	-1 008 257	-402 842
	Net financial items	**524 433**	**496 932**
	Profit before tax	**1 031 886**	**1 132 521**
12	Taxes	181 225	178 778
	PROFIT AFTER TAX	**850 661**	**953 743**
	ALLOCATION		
9	Transferred to/from other equity	-205 339	-141 257
9	Dividend	900 000	900 000
9	Group contribution (net after tax)	156 000	195 000
	Total allocation	**850 661**	**953 743**

BALANCE SHEET AS OF 30 APRIL

all numbers in '000 NOK

NOTE	ASSETS	30.04.2020	30.04.2019
	Fixed assets		
	Intangible assets		
12	Deferred tax asset	0	48 325
4	Other intangible assets	628 457	376 700
	Total intangible assets	628 457	425 025
	Tangible fixed assets		
5	Machinery and equipment	6 435	6 243
5	Fixtures and fittings	10 846	14 142
	Total tangible fixed assets	17 281	20 385
	Financial non-current assets		
6	Investment in subsidiaries	1 273 231	1 273 231
	Other long term receivables	2 267	2 677
	Total financial non-current assets	1 275 499	1 275 909
	Total fixed assets	**1 921 237**	**1 721 319**
	Current assets		
7	**Inventories**	1 925 982	2 076 573
	Receivables		
	Accounts receivables	455 968	211 998
11	Receivables from group companies	3 887 427	2 807 101
18	Other receivables	1 193 746	519 316
	Total receivables	5 537 140	3 538 416
	Total current assets	**7 463 122**	**5 614 989**
	TOTAL ASSETS	**9 384 359**	**7 336 307**

BALANCE SHEET AS OF 30 APRIL

all numbers in '000 NOK

NOTE	EQUITY AND LIABILITIES	30.04.2020	30.04.2019
	Equity		
	Paid-in capital		
8,9	Share capital	71 600	71 600
9	Share premium	106 031	106 031
9	Other paid-in capital	1 006	1 006
	Total paid-in capital	178 637	178 637
	Retained earningas		
9	Other equity	1 887 865	2 078 813
	Total retained earnings	1 887 865	2 078 813
	Total equity	**2 066 502**	**2 257 450**
	Liabilities		
	Long term obligations		
10	Pension obligations	6 189	8 933
12	Deferred tax liability	15 902	0
14	Other long term obligations	37 736	54 120
	Total long term obligations	59 827	63 054
	Current liabilities		
	Accounts payable	5 604 434	3 938 230
12	Income tax payable	167 587	178 119
	Public duties payable	30 704	27 209
11	Short-term liabilities to group companies	447 229	552 821
14,18,19,20	Other short-term liabilities	1 008 075	319 424
	Total current liabilities	7 258 030	5 015 803
	Total liabilities	**7 317 856**	**5 078 857**
	TOTAL EQUITY AND LIABILITIES	**9 384 359**	**7 336 307**

Oslo, 30 September 2020

Jonathan Peter Mason
styrets leder / Chairman of the board

Erik Gunset Sønsterud
daglig leder / Managing Director
styremedlem / Member of the Board

Per Erik Wernersson
styremedlem / Member of the Board

Andreas Ørnholt Westgaard
styremedlem / Member of the Board

CASH FLOW STATEMENT

all numbers in '000 NOK

CASH FLOWS FROM OPERATIONS	2019/2020	2018/2019
Profit on ordinary activities before taxation	1 031 886	1 132 521
Taxes paid for the period	-87 589	-3 394
Depreciation and amortisation	156 722	189 843
Gain/loss from sale of fixed assets	-11 178	1 059
Pension expenses	-2 744	-16 558
Change in inventory	150 591	-108 598
Change in accounts receivables	-243 969	47 829
Change in accounts payables	1 666 204	161 285
Changes in intercompany balances	-1 311 573	-1 010 551
Changes in other current assets and other liabilities	20 193	8 165
Net cash flows from operations	**1 368 544**	**401 601**
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Outflows due to purchases of fixed assets	-4 284	-7 952
Outflows due to purchases of intangibles	-389 914	-225 197
Inflows due to sales of financial non-current assets	0	100
Net cash flows from investment activities	**-394 197**	**-233 049**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in cash pool	-74 192	780 855
Payments of dividend	-900 000	-900 000
Payments in due to group contribution	249 846	250 594
Payments out due to group contribution	-250 000	-300 000
Net cash flows from financing activities	**-974 345**	**-168 551**
Net change in bank deposits, cash and equivalents	0	0
Bank deposits, cash and equivalents at 1 May	0	0
Bank deposits, cash and equivalents at 30 April	0	0

NOTES TO THE ACCOUNTS 19/20

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 Dixons Carphone 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 Dixons Carphone 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.

Pension

Elkjøp Nordic AS follows IAS 19 - Employee Benefits. The defined benefit pension liability is recognised as the present value of the benefit obligation at the balance sheet date, less fair value of plan assets. Actuarial gains and losses arising from changes in actuarial assumptions together with experience adjustments and actual return on assets are recognised in retained earnings as they arise.

Defined benefit costs recognised in the income statement comprise mainly of net interest expense or income with such interest being recognised within finance costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset taking into account any changes in the net defined benefit obligation during the year as a result of contribution or benefit payments.

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	2019/2020	2018/2019
Norway	10 420 669	9 959 366
Sweden	10 194 711	9 765 287
Denmark	6 905 735	6 740 089
Finland	4 726 018	4 327 359
Other	380 872	387 586
Total	**32 628 005**	**31 179 686**

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	2019/2020	2018/2019
Payroll	489 566	363 543
Social security tax	53 461	48 777
Pension costs (see note 10)	24 296	15 114
Other benefits	65 544	31 033
Total	**632 866**	**458 467**
Average number of employees during the year	352	344

Directors' remuneration	CEO (from end of June 2019)	CEO (before July 2019)
Payroll	3 419	2 038
Bonus	0	0
Pension costs	96	66
Options	466	0
Other benefits	184	85
Final settlement	0	3 046

No compensation is paid to the Board of Directors in 2019/2020. 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:

	2019/2020	2018/2019
Statutory audit	1 305	1 222
Other services	0	12

4 INTANGIBLE ASSETS (amounts in 1.000)

	Software	Total
Cost at 1 May 2019	1 093 319	1 093 319
Additions	389 914	389 914
Disposals	47 992	47 992
Cost at 30 April 2020	**1 435 242**	**1 435 242**
Acc. amortisation at 1 May 2019	-716 620	-716 620
Amortisation retirement for the year	59 171	59 171
Current year amortisation	-149 336	-149 336
Sum accumulated amortisation 30 April 2020	**-806 785**	**-806 785**
Balance at 30 April 2020	**628 457**	**628 457**
Current year amortisation	149 336	149 336
Economic life	3-7 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 2019	2 454	7 979	21 857	32 290
Additions	157	2 831	1 296	4 284
Disposals	0	1 141	0	1 141
Cost at 30 April 2020	**2 611**	**9 669**	**23 153**	**35 433**
Acc. depreciation at 1 May 2019	-266	-3 924	-7 715	-11 905
Depreciation retirement for the year	0	1 140	0	1 140
Current year depreciation	-255	-2 540	-4 592	-7 387
Sum accumulated depreciation 30 April 2020	**-521**	**-5 323**	**-12 307**	**-18 151**
Balance at 30 April 2020	2 090	4 345	10 846	17 281
Current year depreciation	255	2 540	4 592	7 387
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			1 223	
Lease term			1-5 years	

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	19/20	100 %	285 462	171 399	151 548
Elgiganten AB	Kista	19/20	100 %	133 673	302 913	194 940
Elgiganten Logistik AB	Jönköping	19/20	100 %	8 000	44 155	1 065
Elgiganten AS	Copenhagen	19/20	100 %	91 708	263 922	687 462
Gigantti OY	Helsinki	19/20	100 %	685	17 967	111 465
CCC Nordic AS	Copenhagen	19/20	100 %	5 324	28 315	-
Infocare Workshop OY	Vantaa	19/20	100 %	381	2 509	6 142
Elcare Nordic AS	Kongsvinger	19/20	100 %	2 843	36 777	32 098
InfoCare CS AB	Växjö	19/20	100 %	4 360	40 927	88 511
Total						**1 273 231**

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 Infocare Workshop AS, dividend from Elgiganten AS, Elgiganten AB, and Epoq Logistics DC.

7 INVENTORIES (amounts in 1.000)

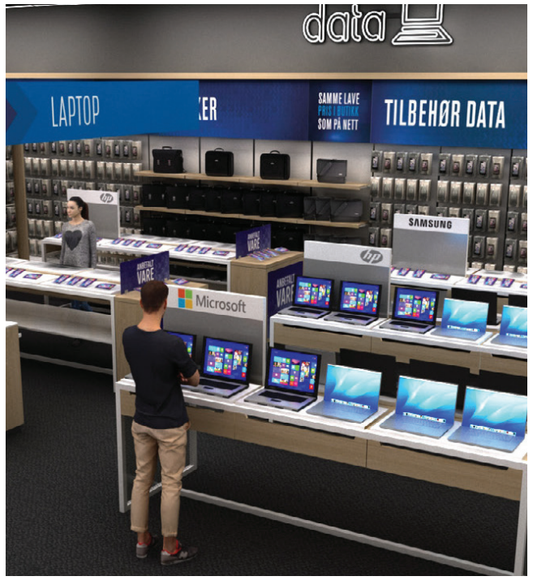
	2019/2020	2018/2019
Goods for resale	1 948 183	2 106 479
Provision for obsolete inventories	-22 201	-29 906
Total	**1 925 982**	**2 076 573**

8 SHARE CAPITAL AND SHAREHOLDER INFORMATION (amounts in 1.000)

The share capital in the company at 30 April 2020 consists of the following classes:

	Number	Nominal amount	Carrying value
Ordinary shares	35 800 050	2	71 600 100
Sum	**35 800 050**		**71 600 100**

All shares are held by Dixons Stores Group Retail Norway AS which have 100 % of the voting rights in Elkjøp Nordic AS. Dixons Stores Group Retail Norway AS is a subsidiary of Dixons Carphone plc.



9 EQUITY (amounts in 1.000)

	Share capital	Share permium	Other paid-in capital	Other equity	Total
Equity at 1 May 2019	71 600	106 031	1 006	2 078 813	2 257 450
Profit/(loss) of the year				850 661	850 661
Value change forward contracts				14 391	14 391
Group contribution paid (after tax)				-156 000	-156 000
Distributed dividends				-900 000	-900 000
Equity at 30 April 2020	**71 600**	**106 031**	**1 006**	**1 887 865**	**2 066 502**

The company has paid group contribution (after tax) of 156 000 TNOK to Dixons Stores Group Retail Norway AS.

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 on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan must meet the requirements of this legislation. The company has a defined contribution pension plan covering 330 employees.
During this year, the company has paid TNOK 15 701 (2018/2019: TNOK 13 016) to the pension plan and the premium fund is recognised in the balance sheet with face value of TNOK 0 (2018/2019: TNOK 0).

The defined benefit pension plan was terminated during the financial year 2018/2019. The entity's defined benefit plan provided the right to defined future benefits. These were mainly dependent on the number of years of service, the level of salary at the retirement age and the level of the government funded pension benefits. The obligations were funded through an insurance company.

Executive officers of the entity are included in a separate pension plan in addition to the general pension plan. The supplementary pension is financed through the company's operations and is unfunded.

	Funded		Unfunded	
	2019/2020	2018/2019	2019/2020	2018/2019
Present value of current year service cost	0	2 643	0	0
Interest cost on projected benefit obligations	0	245	0	0
Settlement including social security cost	0	-14 508	0	0
Pension expense defined contribution plan	0	0	17 818	14 568
Defined benefit cost, pension accruals and internal cross-charges	0	0	6 478	12 166
Net pension costs	**0**	**-11 620**	**24 296**	**26 734**

	Funded		Unfunded	
	2019/2020	2018/2019	2019/2020	2018/2019
Accrued post-employment benefit obligations	0	0	-6 189	-8 933
Net post-employment benefit obligations	**0**	**0**	**-6 189**	**-8 933**
Financial assumptions (defined benefit plans)				
Discount rate		2,60 %		
Expected return on pension plan assets		2,60 %		
Expected increase in salaries/pensions		2,50 %		
Expected increase in the base amount (G-amount)		2,25 %		
Expected increase in pension		0,80 %		

Actuarial assumptions applied for demographic factors and turnover is similar to those used within insurance.

11 RELATED PARTY TRANSACTIONS AND BALANCES (amounts in 1.000)

Related party balance items

	Current receivables		Current liabilities	
	30.04.20	30.04.19	30.04.20	30.04.19
Debtors group companies	3 525 323	2 546 956	0	0
Bank accounts in group cash pool	0	0	162 735	236 926
Group contribution	358 840	249 846	200 000	250 000
Other receivables/liabilities	3 264	10 299	84 495	65 895
Group companies	3 887 427	2 807 101	447 229	552 821

Internal debtors and creditors are presented with net amounts.

12 INCOME TAX EXPENSE (amounts in 1.000)

Specification of income tax expense:	2019/2020	2018/2019
Current income tax payable	77 057	121 366
Changes in deferred tax	64 228	-17 417
Changes in tax rate	0	1 405
Tax on group contribution	44 000	55 000
Change in temporary differences booked against equity	-4 059	19 327
Difference in tax from previous years	0	-904
Tax on profit/(loss)	181 225	178 778

Specification of current income tax payable:	2019/2020	2018/2019
This year's payable income tax expense	121 057	176 366
Income tax on given group contribution	-44 000	-55 000
Tax credit for Swedish tax	-1 511	-2 544
Excess tax payable previous years	75	0
Prior year payable income tax	91 966	60 914
Paid tax for FY1718	0	-1 617
Current income tax payable in the balance sheet	167 587	178 119

Reconciliation from nominal to actual income tax rate:	2019/2020	2018/2019
Profit/(loss) before taxation	1 031 886	1 132 521
Estimated income tax according to nominal tax rate 22 %	227 015	249 155
The tax effect of the following items:		
Dividends	-45 522	-70 837
Other permanent differences	62	202
Other	-330	-1 147
Changes in tax rate	0	1 405
Income tax expense	181 225	178 777
Effective income tax rate	17,6 %	15,8 %

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

	2019/2020		2018/2019	
	Benefit	Liability	Benefit	Liability
Fixed assets	60 291	0	86 183	0
Inventories	22 201	0	29 906	0
Receivables	4 873	0	4 917	0
Pension liability	6 189	0	8 933	0
Provisions under NGAAP	103 314	0	160 488	0
Forward exchange contracts	0	288 018	0	97 827
Other differences	18 868	0	27 060	0
Total	215 736	288 018	317 488	97 827
Deferred tax benefit/liability	0	15 902	48 325	0
Net deferred benefit/liability in the balance sheet	**0**	**15 902**	**48 325**	**0**

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	2019/2020	2018/2019
Warranty provision	42 498	46 866

The company has issued guarantees for 96 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 shall be paid over 10 years based on the group's yearly sale of Epoq kitchen in the period 2011-2021. Allocation at 30.04.20 is NOK 37,7 million.

15 LEASE OBLIGATIONS (amounts in 1.000)

	2019/2020		2018/2019	
	Land/ buildings	Other assets	Land/ buildings	Other assets
Total undiscounted lease obligations				
Due within one year	22 874	713	19 467	826
Due between two and five years	85 230	511	77 866	1 532
Over five years	54 106	0	58 400	320
Total obligations	162 209	1 223	155 733	2 678

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

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	2019/2020	2018/2019
Sales of goods and services to group companies	32 211 214	30 535 973
Purchases of goods from parent companies	664 120	550 305
Intercompany interest income	1 328	4 770
Intercompany interest cost	25 562	6 602
Service center	15 107	21 104
Bookkeeping expenses	8 963	8 549
Handling Fees Central Distribution	666 008	600 889

17 FINANCIAL INCOME / FINANCIAL EXPENSES (amounts in 1.000)

Financial income	2019/2020	2018/2019
Foreign exchange gain	1 034 400	360 745
Other	20	0
SUM	1 034 420	360 745

Financial expenses	2019/2020	2018/2019
Foreign exchange loss	1 007 249	401 705
Other	1 008	1 137
SUM	1 008 257	402 842

18 SPESIFICATION OF BALANCE SHEET ITEMS (amounts in 1.000)

	2019/2020	2018/2019
Other receivables:		
VAT receivables	32 982	31 866
Other accruals	264 222	329 017
Forward exchange contracts	896 542	158 433
Other receivables	**1 193 746**	**519 316**
Other short-term liabilities:		
Vacation allowances	44 872	41 494
Warranty provision	42 498	46 866
Other accruals	312 181	170 458
Forward exchange contracts	608 523	60 606
Other short-term liabilities	**1 008 075**	**319 424**

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, Dixons Carphone plc. New share options have been issued during this financial year.
An amount of TNOK 28 642 has been charged in the profit and loss statement for 2019/2020 relating to the share based program, and TNOK 46 180 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 October 2014 to February 2019

Warranty provision in the balance sheet	Outstanding options at 1 May 2019	Granted	Lapsed/ terminated	Excercised	Outstanding options at 30 April 2020	Weighted average excercise price
Erik Gunset Sønsterud, CEO	424 197	531 458	-	-	955 655	£-
Other employees	1 881 728	1 357 630	-	-	3 239 358	£-
Other employees (All Colleague Shareholder award)	307 623	57 726	-	-	365 349	£-
Sum	**2 613 548**	**1 946 814**	**-**	**-**	**4 560 362**	**£-**

The company offers discretionary awards of nil-priced options under the Long Term Incentive Plan (LTIP) to senior employees. Awards are granted annually and will usually vest after three years subject to continued service. Some awards are also subject to the achievement of performance conditions.

All awards granted during the year ended 29 April 2017 are subject to performance conditions based on a combination of EPS growth and relative TSR performance against the constituents of the FTSE 51-150 at 1 May 2016. For subsequent years, awards granted to executive directors and key management are subject to performance conditions. For options issued to other senior management, awards are not subject to performance conditions.

For awards granted during the years ended 30 April 2018 and 30 April 2019, performance conditions are based on a combination of relative TSR performance against the constituents of the FTSE 51-150 at the beginning of the performance period and either EPS growth or cumulative free cash flow. For awards granted during the year ended 30 April 2020, performance conditions are based on a combination of relative TSR performance against a bespoke comparator group of 22 European Special Line Retailers and other comparable companies and cumulative free cash flow.

In February 2019, the Group launched the Colleague Shareholder Award which 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: 8,8 years
Weighted average fair value of outstanding options at the end of the period: £0,0

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

	2019/2020
Exercise price	£0 - £0,97
Expected option life	4 - 10 years
Weighted average share price	£1,24
Volatility	31 % - 37 %
Dividend yield	0 % - 5,7 %

20 FINANCIAL INSTRUMENTS

The company uses financial instruments to manage its financial risk.

At year-end the company has 142 different forward exchange contracts with a net present value of TNOK 288 018. 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 grouped by currency:

	Expiration date		Currency amount	
Currency	Pay	Receive	Pay	Receive
DKK		06.05.20 - 07.04.21	0	1 901 845 959
EUR	05.05.20 - 07.04.21		941 908 000	0
SEK		06.05.20 - 07.04.21	0	4 262 035 000
USD	06.05.20 - 07.04.21		129 299 000	0

21 EVENTS AFTER THE BALANCE SHEET DATE

The Covid-19 pandemic has impacted the business and there is a high degree of uncertainty in the future. The pandemic contributed to an increase in demand of mixed electrical appliances, as home office and home school became new ways of working. The company is serious about its corporate social responsibility in providing such goods to meet the demand and secure availability of necessary products. The company has responded and adapted to the challenging situation, both to keep customers and colleagues safe and helping our customers.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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To the General Meeting of Elkjøp Nordic AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements
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 2020, 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 2020, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 30 April 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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
Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 fair presentation.
- 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.

Deloitte.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements
Opinion on the Board of Directors' report
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 September 2020
Deloitte AS

Stian Jilg-Scherven
State Authorised Public Accountant (Norway)

ALTERNATIVE PERFORMANCE MEASURES

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.

EBITDA is short for earnings before interest, taxes, depreciation and amortisation and impairments.

Operating profit before other expenses adjusted: Elkjøp Nordic AS is part of Dixons Carphone plc and must adhere to Dixons' 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 Dixons Carphone plc as this is the performance measure that Nordic management is measured on. Adjustments for current year is -34 million NOK (2018/2019: NOK -108 million). The adjustment is related to cut-off and use of different accounting measure for share options. Included IFRS effect in operating profit of 116 million the net adjustment of Operating profit before other expenses is 82 million.

IFRS 16: As a result of implementing IFRS 16, operating expenses will be lower and interest expense will be higher. The effect of IFRS 16 in operating profit is 115 million and 240 million in finance cost. Net effect is 125 million.

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.

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

Revenue timing: The accounting year included one additional week in current financial year. To clarify comparison the following table will present relevant revenue figures;

Period	Revenue
FY1920 - 52 weeks	41,1 billion
FY1920 - 53 weeks	41,8 billion
FY1920 - accounting year 01.05.19-30.04.20	41,3 billion

ELKJOP
NORDIC AS