



## Interim report Q3

1 JANUARY–30 SEPTEMBER 2022

### Third quarter

- Net sales increased 4.7% to MSEK 617.0 (589.0)
- Comparable growth amounted to 1.1% (3.4)
- Gross profit increased 6.9% to MSEK 267.6 (250.2) and the gross margin was 43.4% (42.5)
- Adjusted EBITA totalled MSEK 40.8 (51.2) and the adjusted EBITA margin was 6.6% (8.7)
- Operating profit amounted to MSEK 36.4 (22.7) and the operating margin to 5.9% (3.9)
- Net profit for the quarter amounted to MSEK 25.7 (1.3)
- Cash flow from operating activities totalled MSEK 83.4 (49.7)
- Earnings per share before and after dilution amounted to SEK 0.83 (-0.63\*)

### 1 January–30 September (the period)

- Net sales increased 16.9% to MSEK 1,846.0 (1579.2)
- Comparable growth amounted to 6.6% (7.3)
- Gross profit increased 14.1% to MSEK 788.9 (691.4) and the gross margin was 42.7% (43.8)
- Adjusted EBITA totalled MSEK 77.7 (100.2) and the adjusted EBITA margin was 4.2% (6.3)
- Operating profit amounted to MSEK 64.7 (54.2) and the operating margin to 3.5% (3.4)
- Net profit for the period amounted to MSEK 39.7 (-3.8)
- Cash flow from operating activities totalled MSEK -29.3 (8.2)
- Earnings per share before and after dilution amounted to SEK 1.27 (-3.09\*)

### Significant events during and after the end of the quarter

- A new service point was opened in Norway during the quarter. After the end of the quarter, an additional service point was opened in Sweden.
- On 30 August, Kjell & Company announced that it would partner with SkiStar AB, a tourism company that specialises in mountain experiences. The partnership will begin as a pilot project where, starting in December, the company's products will be available via Kjell & Company Express for consumers at 14 SkiStar stores in Sweden and Norway.
- At the Retail Awards on 6 October, arranged by the Swedish Trade Federation, Kjell & Company won the purchasing experience of the year award for 2022, as voted by consumers.

### Performance measures

MSEK	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2022	2021	2022	2021	21/22	2021
Net Sales	617.0	589.0	1,846.0	1,579.2	2,664.8	2,398.0
Sales growth, %	4.7%	19.7%	16.9%	25.4%	18.7%	20.0%
Comparable growth, %	1.1%	3.4%	6.6%	7.3%	-	6.8%
Gross profit	267.6	250.3	788.9	691.4	1,120.8	1,023.3
Gross margin, %	43.4%	42.5%	42.7%	43.8%	42.1%	42.7%
Adjusted EBITA	40.8	51.2	77.7	100.2	165.6	188.1
Adjusted EBITA-margin, %	6.6%	8.7%	4.2%	6.3%	6.2%	7.8%
Operating profit (EBIT)	36.4	22.7	64.7	54.2	150.5	140.0
Cash flow from operating activities	83.4	49.7	29.3	8.2	173.3	152.3
Equity ratio	39.8	33.8	39.8%	33.8%	-	34.7%
Basic earnings (loss) per share, SEK*	0.83	-0.63	1.27	-3.09	-	1.75
Members in loyalty club, thousand	2,965	2,437	2,965	2,437	2,965	2,647

\* Earnings per share excl. the cumulative dividend (after tax) that accrues on the preference shares described in Note 5 amounted to SEK 0.09 and SEK -0.32, respectively, for the quarter in 2021 and for the period January–September 2021. This only had an effect up to and including 31 December 2021.

## Continued growth and profit generation

I'm happy to say that we continued to grow profitably in the third quarter. The agility of both our organisation and our assortment means that we can quickly adapt to customer needs. Given the challenges that consumers are now facing, our relevance in the market is even more important. Despite an uncertain macroeconomic situation in the third quarter, we continued to deliver a good balance between profitability and growth.

During the quarter, sales increased 4.7% to MSEK 617 and the gross margin for the period improved over the previous year to 43.4%. Customer satisfaction also improved in the quarter, which is the most important success metric for us.

### Own brands strengthening the gross margin

During the quarter, we could see that the macroeconomic situation has started to effect consumers, influencing their purchasing patterns. As in previous periods with low consumer confidence, our strong offering of own-brand products helps us remain relevant for our customers. Our assortment of own brands, which have a lower average price and higher gross margins, grew substantially during the quarter. Moreover, they were exposed to a lower degree of price comparison, which helped us adapt our prices to the weakened Swedish currency. The change in the mix from external to own brands in the quarter affected our sales trend through a lower average purchase, but strengthened our gross margin. We are also continuing to optimise our marketing with an emphasis on products that offer better value for money for consumers.

Adjusted EBITA totalled MSEK 40.8 (51.2) for the third quarter and the adjusted EBITA margin was 6.6% (8.7). Earnings for the third quarter amounted to MSEK 25.7 (1.3). Currency effects had a negative impact of MSEK 2.0 compared with the comparative quarter and inflation had an additional impact on profitability. But above all, we continued to invest in structural capital for future growth, particularly in our growth markets of Norway and Denmark.

In August, we started a partnership with the mountain resort and tourism company SkiStar to make our "Kjell & Company Express" concept available in the company's stores and hotels. The new partnership will be introduced in a pilot phase at 14 of SkiStar's stores in Sweden and Norway, and will launch in December 2022. The concept has previously been successfully launched in all of Circle K's 292 staffed stations in Sweden.



### Customers' preferred purchasing experience

This is further confirmation of the entrepreneurial spirit inherent within Kjell. Our ability to constantly develop new solutions is key when customer needs change, which was confirmed at the recent Retail Awards, where consumers voted us Sweden's best purchasing experience. There is simply no better proof that customers appreciate our model and our focus on world-class customer service.

Going forward, we will continue to adapt our assortment and our prices, and also to streamline and invest where we see potential. It is still difficult to predict what Christmas shopping will look like this year, and a great deal of uncertainty prevails in the larger market. However, we are entering the last quarter of the year with confidence and the ability to adapt to customers' changing needs. At the same time, things are turning for the better in some areas which have been challenging for us lately. Shipping costs from Asia have started to return to normal price levels, and we have good access to our products from suppliers and manufacturers.

I am incredibly proud of our organisation. Despite difficult conditions, we have once again delivered a quarter with both profitability and growth. And with more satisfied – and more – customers, we have extra energy to end the year on a high note.

Malmö,  
11 November 2022  
**Andreas Rylander**  
President and CEO

# Summary of the Group's financial performance

## Net sales

Net sales increased 4.7% to MSEK 616.9 (589.0) in the quarter and 16.9% to MSEK 1,846.0 (1,579.2) in the period. Comparable growth amounted to 1.1% (3.4) for the quarter and 6.6% (7.3) for the period.

Net sales in segment Sweden increased 2.0% in the quarter and 6.6% in the period. Net sales for segment Norway rose 14.1% in the quarter and 30.4% in the period. Net sales for segment Denmark rose 13.2% in the quarter and amounted to MSEK 235.5 for the period.

Online sales accounted for 30% of sales and Click&Collect for an additional 8% of sales in the quarter and for rolling 12 months.

## Operating expenses

Operating expenses increased 3.2% in the quarter and 16.9% in the period. A certain effect was attributable to the acquisition of AV-Cables compared with the year-earlier period, since AV-Cables was included in the Group from May 2021. No items affecting comparability arose during the quarter or the period in 2022, while in 2021, items affecting comparability of MSEK 24.3 and MSEK 39.0 were reported for the quarter and the period respectively.

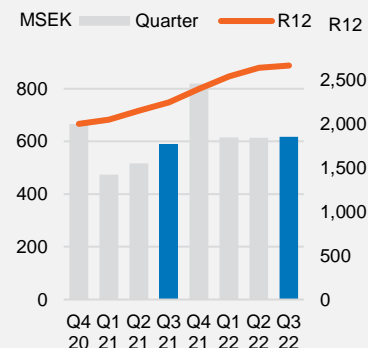
Costs of goods for resale amounted to MSEK 349.3 (338.8) in the quarter and MSEK 1,057.0 (887.8) in the period. Gross profit amounted to MSEK 267.6 (250.2) for the quarter, up 6.9%, and MSEK 788.9 (691.4) for the period, up 14.1%. The gross margin amounted to 43.4% (42.5) for the quarter and 42.7% (43.8) for the period. The improved gross margin for the quarter, despite a weaker SEK and inflation, was primarily the result of a higher share sales of own brands as well as successful price compensation for rising input prices. Growth in net sales was the primary reason for the increased gross profit.

Personnel costs amounted to MSEK 116.1 (116.8) for the quarter and MSEK 365.4 (337.7) for the period, a decrease of 0.6% for the quarter and an increase of 8.2% for the period.

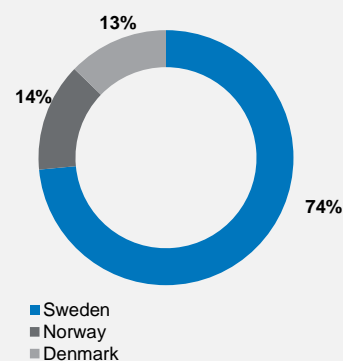
Personnel costs for the quarter and the period did not include any items affecting comparability, while expenses affecting comparability of MSEK 11.2 and MSEK 12.1 were reported for the quarter and the period in the preceding year.

Other external expenses amounted to MSEK 69.9 (71.4) for the quarter and MSEK 220.9 (189.9) for the period. Other external expenses for the quarter and the period did not include any items affecting comparability, while expenses affecting comparability of MSEK 13.1 and MSEK 26.9 were reported for the quarter and the period in the preceding year respectively. In addition to the cost increase from the acquisition, the increase was also attributable to higher selling and marketing expenses to improve the customer experience and drive growth, primarily in our growth markets. We had ten more service points at the end of this quarter than in the year-earlier period, and increased online sales entailed higher shipping costs. Inflation has become more perceptible and is visible not least in freight costs, which are affected by rising fuel surcharges, and in costs of premises, which are affected by increased energy costs.

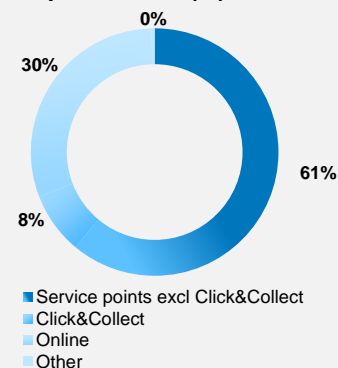
## Net sales (MSEK)



## Net sales per segment (%), period



## Sales<sup>1</sup> per channel (%), R12



<sup>1</sup>Sales before deduction for customer loyalty bonuses

Other operating expenses amounted to MSEK 5.7 (0.8) for the quarter and MSEK 16.7 (2.1) for the period and consisted almost exclusively of currency losses. Other operating income amounted to MSEK 4.6 (0.4) for the quarter and MSEK 8.4 (6.2) for the period. Part of the deviation in the quarter and the period compared with the preceding year is attributable to currency effects. Total currency effects amounted to a net loss of MSEK 2.5 in the quarter, compared with a loss of MSEK 0.5 in the comparative quarter. Total currency effects amounted to a net loss of MSEK 10.1 in the period, compared with a loss of MSEK 1.6 in the comparative period.

Total depreciation and amortisation amounted to MSEK 44.1 (38.9) for the quarter and to MSEK 129.6 (113.7) for the period, of which MSEK 4.4 (4.2) in the quarter and MSEK 13.0 (7.0) in the period pertained to amortisation of intangible assets arising from the acquisition of AV-Cables. Depreciation of right-of-use assets in accordance with IFRS 16 amounted to MSEK 29.9 (26.2) for the quarter and MSEK 87.5 (82.1) for the period.

## Adjusted EBITA

The Group's adjusted EBITA amounted to MSEK 40.8 (51.2) for the quarter and to MSEK 77.7 (100.2) for the period. The third quarter was negatively impacted by currency effects of MSEK 2.0 compared with the comparative quarter. Currency effects had a negative impact of MSEK 11.7 compared with the comparative period.

## Operating profit

The Group's operating profit (EBIT) amounted to MSEK 36.4 (22.7) for the quarter and MSEK 64.7 (54.2) for the period, corresponding to an operating margin of 5.9% (3.9) in the quarter and 3.5% (3.4) in the period. As with adjusted EBITA, the quarter and the period were negatively impacted in an amount of MSEK 2.0 and MSEK 11.7 respectively.

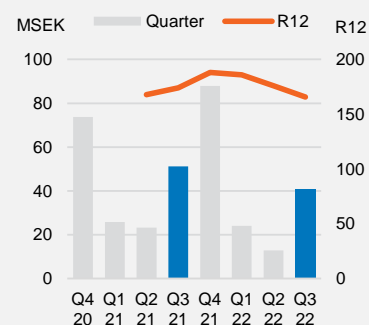
## Net financial items

The Group's net financial items amounted to MSEK -7.5 (-17.8) for the quarter and MSEK -18.9 (-48.7) for the period, including MSEK 2.0 (2.4) in interest expenses attributable to lease liabilities in the quarter and MSEK 6.5 (7.5) in the period.

## Profit

Earnings amounted to MSEK 25.7 (1.3) for the quarter and MSEK 39.7 (-3.8) for the period.

### Adjusted EBITA (MSEK)



### Adjusted EBITA margin

Period: 4.2% (6.3)

Rolling 12 months: 6.2%

## Cash flow and financial position

The Group's cash flow from operating activities totalled MSEK 83.4 (49.7) for the quarter and MSEK 29.2 (8.2) for the period. The year-on-year improvement for the quarter was the result of improved profit. During the quarter, inventory levels were stable and outgoing inventory value was in line with the previous quarter and somewhat higher than the year-earlier quarter. The increase in operating liabilities was at the same level as the year-earlier quarter after adjustments for a recognised liability for the earnout pertaining to the acquisition of AV-Cables. Cash flow for the period was positively impacted by improved profit but negatively impacted by the working capital trend earlier in the year.

Cash flow from investing activities amounted to MSEK -10.8 (-8.5) for the quarter and MSEK -108.3 (-271.6) for the period. The change in the quarter was primarily the result of the establishment of service points and the further development of our omni-channel model, which also reflects the increase in tangible and intangible assets for the period. In the year-earlier period, a purchase consideration of MSEK 242.8 was transferred to the seller for the acquisition of AV-Cables. An earnout, which also represents the final payment, of MSEK 73.9 was paid to the seller during the period.

Cash flow from financing activities amounted to MSEK -73.6 (20.0) in the quarter and MSEK -80.2 (0.8) in the period. The difference in the quarter and the period primarily comprised the change in the utilisation of the revolving credit facility.

The Group's cash and cash equivalents amounted to MSEK 37.6 at the end of the reporting period, compared with MSEK 193.8 at the beginning of the year, not taking into account unutilised credit facilities.

The Group's financial net debt amounted to MSEK 574.7 at the end of the quarter, compared with MSEK 402.3 at the beginning of the year, corresponding to financial net debt in relation to adjusted EBITDAaL (rolling 12 months)<sup>1</sup> of 2.9x. Net debt decreased in the quarter through the positive cash flow from operating activities. The change in net debt for the period was affected in part by seasonal variations in working capital as well as to raising external borrowings for financing the earnout included in the acquisition of AV-Cables in the first quarter.

The Group's equity amounted to MSEK 957.9 at the end of the reporting period, compared with MSEK 889.5 at the beginning of the year.

## Significant events during and after the first quarter of 2022

- A new service point was opened in Norway during the quarter. After the end of the quarter, an additional service point was opened in Sweden.
- On 30 August, Kjell & Company announced that it would partner with SkiStar AB, a tourism company that specialises in mountain experiences. The partnership will begin as a pilot project where the company's products will be available via Kjell & Company Express for consumers at 14 SkiStar stores in Sweden and Norway starting in December
- At the Retail Awards on 6 October, arranged by the Swedish Trade Federation, Kjell & Co won the purchasing experience of the year award for 2022, as voted by consumers

## Financial targets

The Group has the following financial targets:

### NET SALES

Net sales to reach at least SEK 4 billion by the 2025 financial year.

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<sup>1</sup> Including adjusted EBITDAaL for the periods in which acquired companies were not included in the Group's consolidated financial statements for the most recent 12-month period. Refer to the section "Definitions – Alternative performance measures" for more information.



**PROFITABILITY**

Adjusted EBITA margin of 8% in the medium term.

**CAPITAL STRUCTURE**

Financial net debt in relation to adjusted EBITDAaL (rolling 12 months) should be below 2.5x.

**DIVIDEND POLICY**

To pay a dividend of at least 60% of net profit, considering the Group's financial position, acquisition opportunities and future growth prospects.

**Parent Company**

The object of the Parent Company's operations is to own and manage shares in subsidiaries and to provide intra-Group services.

The Parent Company's net sales amounted to MSEK 6.2 (1.2) for the quarter and MSEK 18.1 (1.6) for the period and pertained entirely to intra-Group invoicing. Operating expenses amounted to MSEK 7.8 (24.2) for the quarter and MSEK 23.1 (35.0) for the period and consisted of personnel costs for the management team of MSEK 5.5 (13.2) in the quarter and MSEK 17.8 (15.6) in the period. Other external expenses comprised other operating expenses of MSEK 2.2 (11.0) for the quarter and MSEK 5.3 (19.4) for the period. The quarter and the period were charged with interest expenses of MSEK 4.4 and MSEK 10.6, respectively, for the Group's credit facility. These interest expenses for the Parent Company first arose in the third quarter of the previous year, in conjunction with the Group's financing raised in Kjell Group AB. The year-earlier quarter and period were charged with costs of MSEK 1.1 and MSEK 1.9, respectively. A loss after financial expenses of MSEK -5.4 (-24.1) was reported for the quarter and MSEK -14.4 (-35.3) for the period.

Financial non-current assets amounted to MSEK 1,611 (729) due to shareholders' contributions in subsidiaries during the fourth quarter of the previous year. Short-term receivables amounted to MSEK 172.8 (888.7), which largely consisted of inter-company transactions due to the cash pool established in the beginning of 2022. The difference from last year consists of inter-company transactions that, after the third quarter of 2021, were settled within the Group.

Equity increased from the year-earlier period, which is largely due to net profit for the period. Long-term interest-bearing liabilities that were taken up by the Parent Company in the third quarter of the previous year were reduced through capital repayments made during the first and third quarters of 2022. The increase in current interest-bearing liabilities was the result of a utilised bank overdraft facility. Other operating liabilities increased compared with the year-earlier period and year-end 2021, and primarily related to utilised bank overdraft facilities with Nordea.

**The share**

Kjell Group AB's (publ) share is listed on Nasdaq First North Growth Market under the ticker KJELL, with the ISIN SE0016797591. The highest and lowest share prices during the quarter were SEK 49.5 and SEK 32.30 on 1 August and 27 September, respectively.

A total of 1,884,192 shares were traded during the quarter, corresponding to a turnover rate of 6.0% during the measurement period.

As of 30 September 2022, Kjell Group AB (publ) had approximately 4,543 shareholders, the largest of which were FSN Capital (22.87%), Fosielund Holding (9.63%), AMF Pension & Fonder (6.95%), Cervantes Capital (5.81%) and Nordea Fonder (3.47%).

The number of shares in issue as of 30 September 2022 was 31,151,514, all of which were common shares.

For more information, visit [www.kjellgroup.com](http://www.kjellgroup.com)

## Condensed consolidated statement of profit or loss

TSEK	Note	Q3		Jan-Sep		Jan-Dec
		2022	2021	2022	2021	2021
<b>Operating income</b>						
Net sales	4	616,958	589,042	1,845,966	1,579,242	2,398,033
Other operating income		4,602	395	8,392	6,157	10,366
		<b>621,560</b>	<b>589,437</b>	<b>1,854,358</b>	<b>1,585,399</b>	<b>2,408,399</b>
<b>Operating expenses</b>						
Goods for resale		-349,321	-338,779	-1,057,033	-887,809	-1,374,762
Personnel costs		-116,099	-116,816	-365,428	-337,705	-467,241
Other external expenses		-69,927	-71,442	-220,923	-189,930	-266,916
Other operating expenses		-5,714	-764	-16,717	-2,066	-3,354
Depreciation/amortisation of tangible and intangible assets		-44,092	-38,952	-129,605	-113,727	-156,101
		<b>36,407</b>	<b>22,683</b>	<b>64,652</b>	<b>54,162</b>	<b>140,025</b>
<b>Financial items</b>						
Financial income		227	-	1,957	373	3
Financial expenses		-7,696	-17,843	-20,860	-49,047	-59,350
<b>Net financial items</b>		<b>-7,469</b>	<b>-17,843</b>	<b>-18,903</b>	<b>-48,674</b>	<b>-59,347</b>
<b>Profit (loss) before tax</b>		<b>28,938</b>	<b>4,840</b>	<b>45,749</b>	<b>5,488</b>	<b>80,678</b>
Income tax		-3,201	-3,528	-6,095	-9,275	-18,259
<b>Net profit (loss) for the period</b>		<b>25,737</b>	<b>1,312</b>	<b>39,654</b>	<b>-3,787</b>	<b>62,419</b>
<b>Net profit (loss) for the period attributable to:</b>						
Parent Company's shareholders		25,737	1,312	39,654	-3,787	62,419
<b>Net profit (loss) for the period</b>		<b>25,737</b>	<b>1,312</b>	<b>39,654</b>	<b>-3,787</b>	<b>62,419</b>
<b>Earnings (loss) per share</b>						
Basic earnings (loss) per share, SEK*	5	0.83	-0.63	1.27	-3.09	1.75
Diluted earnings (loss) per share, SEK*	5	0.83	-0.63	1.27	-3.09	1.75

\* Earnings per share excl. the cumulative dividend (after tax) that accrues on the preference shares described in Note 5 amounted to SEK 0.09 and SEK -0.32, respectively, for the quarter in 2021 and for the period January–September 2021. This only had an effect up to and including 31 December 2021.

## Condensed consolidated statement of profit or loss and other comprehensive income

TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Net profit (loss) for the period</b>	<b>25,737</b>	<b>1,312</b>	<b>39,654</b>	<b>-3,787</b>	<b>62,419</b>
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange differences of foreign operations	5,548	3,569	27,068	-261	5,483
Cash flow hedges	-	-	-	-	95
Tax attributable to items that have been or may be reclassified to net profit (loss) for the period	-	-	-	-	-16
<b>Other comprehensive income for the period</b>	<b>5,548</b>	<b>3,569</b>	<b>27,068</b>	<b>-261</b>	<b>5,562</b>
<b>Total comprehensive income for the period</b>	<b>31,285</b>	<b>4,881</b>	<b>66,722</b>	<b>-4,048</b>	<b>67,981</b>
<b>Comprehensive income for the period attributable to:</b>					
Parent Company's shareholders	31,285	4,881	66,722	-4,048	67,981
<b>Total comprehensive income for the period</b>	<b>31,285</b>	<b>4,881</b>	<b>66,722</b>	<b>-4,048</b>	<b>67,981</b>



## Condensed consolidated statement of financial position

TSEK	Note	30 Sep		31 Dec
		2022	2021	2021
<b>Assets</b>				
Intangible assets		1,371,183	1,363,008	1,360,084
Tangible assets		99,823	79,225	92,034
Right-of-use assets		246,150	256,072	266,024
Deferred tax assets		442	444	433
<b>Total non-current assets</b>		<b>1,717,598</b>	<b>1,698,749</b>	<b>1,718,575</b>
Inventory		564,435	540,547	545,737
Tax assets		32,365	38,029	27,106
Accounts receivable		25,539	23,667	26,687
Prepaid expenses and accrued income		29,521	35,389	45,434
Other receivables		1,349	1,198	7,355
Cash and cash equivalents		37,590	80,868	193,770
<b>Total current assets</b>		<b>690,799</b>	<b>719,698</b>	<b>846,089</b>
<b>Total assets</b>		<b>2,408,397</b>	<b>2,418,447</b>	<b>2,564,664</b>
<b>Equity</b>				
Share capital		515	515	515
Other contributed capital		455,673	453,420	453,978
Reserves		32,752	-139	5,684
Retained earnings including net profit (loss) for the period		468,924	363,064	429,270
<b>Equity attributable to Parent Company's shareholders</b>		<b>957,864</b>	<b>816,860</b>	<b>889,447</b>
<b>Total equity</b>		<b>957,864</b>	<b>816,860</b>	<b>889,447</b>
<b>Liabilities</b>				
Non-current interest-bearing liabilities	6	513,323	446,704	446,909
Non-current lease liabilities		143,996	151,974	158,750
Other non-current liabilities		102	102	1,496
Deferred tax liabilities		128,417	138,540	130,086
<b>Total non-current liabilities</b>		<b>785,838</b>	<b>737,320</b>	<b>737,241</b>
Current interest-bearing liabilities	6	99,002	124,200	149,200
Current lease liabilities		95,594	101,015	103,318
Accounts payable		292,026	355,673	377,181
Tax liabilities		26,496	33,453	39,853
Other liabilities	6	58,892	133,093	151,781
Accrued expenses and deferred income		84,884	109,630	109,278
Provisions		7,801	7,203	7,365
<b>Total current liabilities</b>		<b>664,695</b>	<b>864,267</b>	<b>937,976</b>
<b>Total liabilities</b>		<b>1,450,533</b>	<b>1,601,587</b>	<b>1,675,217</b>
<b>Total equity and liabilities</b>		<b>2,408,397</b>	<b>2,418,447</b>	<b>2,564,664</b>

# Condensed consolidated statement of changes in equity

TSEK	Equity attributable to Parent Company's shareholders					Retained earnings incl. net profit (loss) for the period	Total equity
	Share capital	Other contributed capital	Translation reserve	Hedge reserve			
Balance at 1 Jan 2022	515	453,978	5,684	-	429,270	889,447	
<b>Transactions with owners of the company</b>							
Incentive programme		1,695				1,695	
<b>Comprehensive income for the period</b>							
Net profit (loss) for the period	-	-	-	-	39,654	39,654	
Other comprehensive income for the period	-	-	27,068	-	-	27,068	
<b>Total comprehensive income for the period</b>	-	-	<b>27,068</b>	-	<b>39,654</b>	<b>66,722</b>	
<b>Closing balance 30 Sep 2022</b>	<b>515</b>	<b>455,673</b>	<b>32,752</b>	<b>-</b>	<b>468,924</b>	<b>957,864</b>	
Balance at 1 Jan 2021	162	1,999	201	-79	367,045	369,328	
<b>Transactions with owners of the company</b>							
Offset issue and settlement of Promissory note	16	69,678				69,694	
Bonus issue	389				-389	-	
New share issue	143	381,661	-	-	-	381,804	
Redemption of preference shares	-195	-	-	-	195	-	
Incentive programme	-	82	-	-	-	82	
<b>Comprehensive income for the period</b>							
Net profit (loss) for the period	-	-	-	-	-3,787	-3,787	
Other comprehensive income for the period	-	-	-261	-	-	-261	
<b>Total comprehensive income for the period</b>	-	-	<b>-261</b>	<b>-</b>	<b>-3,787</b>	<b>-4,048</b>	
<b>Closing balance 30 Sep 2021</b>	<b>515</b>	<b>453,420</b>	<b>-60</b>	<b>-79</b>	<b>363,064</b>	<b>816,860</b>	

# Condensed consolidated statement of cash flows

TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Cash flow from operating activities</b>					
Profit (loss) before tax	28,938	4,840	45,749	5,488	80,678
Adjustments for non-cash items	52,209	32,839	137,258	117,482	162,702
Income tax paid	-6,931	-11,789	-27,814	-33,654	-33,168
	<b>74,216</b>	<b>25,890</b>	<b>155,193</b>	<b>89,316</b>	<b>210,212</b>
Increase (-)/decrease (+) in inventories	-2,151	-59,606	-13,448	-104,172	-107,343
Increase (-)/decrease (+) in operating receivables	-690	-4,328	23,777	4,379	-14,631
Increase (+)/decrease (-) in operating liabilities	12,009	87,758	-136,271	18,694	64,051
<b>Cash flow from operating activities</b>	<b>83,384</b>	<b>49,715</b>	<b>29,251</b>	<b>8,217</b>	<b>152,289</b>
<b>Investing activities</b>					
Acquisition of tangible assets	-7,483	-2,112	-23,755	-13,183	-31,685
Acquisition of intangible assets	-3,351	-6,389	-10,596	-15,575	-17,396
Acquisition of subsidiaries	-	-	-	-242,858	-242,858
Settlement of additional purchase price related to acquisition of subsidiaries	-	-	-73,944	-	-
<b>Cash flow from investing activities</b>	<b>-10,834</b>	<b>-8,501</b>	<b>-108,295</b>	<b>-271,616</b>	<b>-291,939</b>
<b>Financing activities</b>					
New share issue	-	400,000	-	400,000	400,000
Issue expenses	-	-17,368	-	-17,368	-22,917
Proceeds of loans	27,360	572,235	258,977	663,743	723,743
Repayment of loans	-68,681	-943,728	-244,355	-956,728	-991,750
Repayment of lease liabilities	-32,336	-31,167	-94,838	-88,820	-119,326
<b>Cash flow from financing activities</b>	<b>-73,657</b>	<b>-20,028</b>	<b>-80,216</b>	<b>827</b>	<b>-10,250</b>
<b>Cash flow for the period</b>	<b>-1,107</b>	<b>21,186</b>	<b>-159,260</b>	<b>-262,572</b>	<b>-149,900</b>
Cash and cash equivalents at the beginning of the period	37,877	59,468	193,770	340,422	340,422
Exchange rate differences in cash and cash equivalents	820	214	3,080	3,018	3,248
<b>Cash and cash equivalents at the end of the period</b>	<b>37,590</b>	<b>80,868</b>	<b>37,590</b>	<b>80,868</b>	<b>193,770</b>

# Condensed notes to the financial statements

## Not 1 General information

Kjell Group AB (publ) (the “company”), Corp. Reg. No. 559115-8448, is a company with its registered offices in Malmö, Sweden. This consolidated interim report for the Group (the “Interim Report”) for the period January–September 2022 encompasses the Company and its subsidiaries, referred to jointly below as the “Group”. The Group’s consolidated accounting currency is SEK. All of the amounts are presented in thousands of SEK (TSEK), unless otherwise stated.

## Not 2 Accounting policies

This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable provisions in the Swedish Annual Accounts Act, and should be read together with the Group’s annual report for 2021. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, *Interim Report*. This interim report does not contain all the information required for comprehensive reporting in accordance with IFRS. However, explanatory notes have been included to explain events and transactions that are material for understanding the changes in the Group’s financial position and performance. The accounting policies applied in this interim report are the same as those applied in the annual reports for 2021 for both the Group and the Parent Company. The Group did not apply any new IFRS or new interpretations published by the IFRS Interpretations Committee in advance. Issued standards and interpretations that have not yet come into effect are not expected to have any material impact on the Group.

## Not 3 Important estimates and judgements

The management of the Group makes estimates and assumptions about the future, and makes judgements on which accounting policies should be applied to the preparation of the financial statements. Estimates and judgements are reviewed continuously and assumptions are based on historical experience and other factors, including expectations of future events

considered reasonable under the prevailing circumstances. The resulting accounting estimates will, by definition, seldom correspond to the actual results. The material estimates made by management when applying the Group’s accounting policies and the most important sources of uncertainty in the estimates are the same as those described in Note 33 of the Group’s annual report for 2021. For a description of the effects of the ongoing COVID-19 pandemic on the Group, refer to Note 9 in this interim report.

## Not 4 Revenue and operating segments

The Group’s operations are divided into operating segments based on the parts of the organisation monitored by the company’s chief operating decision maker, known as the management approach. For the Kjell Group, this means that the Group’s operations are divided into three segments: Sweden, Norway and Denmark, which correspond to the operations in each country. The segments encompass sales via service points in Sweden and Norway and online-generated sales in all countries. Segment Sweden includes costs for Group-wide functions, including the purchasing organisation in Shanghai, since this reflects how the segments are monitored internally by the Group. No sales are conducted between the segments. Accordingly, all revenue for the segments is from sales to external customers. The same accounting policies are applied to the segments as for the Group. The performance measure reported for the segments is “adjusted EBITA.”

Information about each reportable segment is provided below.

Jul-Sep TSEK	Sweden		Norway		Denmark		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net sales	459,495	450,502	81,847	71,755	75,616	66,786	616,958	589,042
Depreciation excl.amortisation on intangible assets related to business combinations	31,489	28,922	8,039	5,496	175	330	39,703	34,748
<b>Adjusted EBITA</b>	<b>34,540</b>	<b>38,911</b>	<b>1,268</b>	<b>5,055</b>	<b>4,994</b>	<b>7,204</b>	<b>40,802</b>	<b>51,170</b>
Amortisation on intangible assets related to business combinations							-4,395	-4,204
Items affecting comparability							-	-24,283
<b>Operating profit</b>							<b>36,407</b>	<b>22,684</b>
Net financial items							-7,469	-17,843
<b>Profit (loss) before tax</b>							<b>28,938</b>	<b>4,841</b>

Jan-Sep TSEK	Sweden		Norway		Denmark		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net sales	1,356,848	1,273,279	253,595	194,512	235,523	111,451	1,845,966	1,579,242
Depreciation excl.amortisation on intangible assets related to business combinations	93,143	88,447	22,488	17,786	923	497	116,554	106,730
<b>Adjusted EBITA</b>	<b>59,242</b>	<b>79,007</b>	<b>1,362</b>	<b>7,788</b>	<b>17,103</b>	<b>13,411</b>	<b>77,707</b>	<b>100,206</b>
Amortisation on intangible assets related to business combinations							-13,055	-6,997
Items affecting comparability							-	-39,047
<b>Operating profit</b>							<b>64,652</b>	<b>54,162</b>
Net financial items							-18,903	-48,674
<b>Profit (loss) before tax</b>							<b>45,749</b>	<b>5,488</b>

## Not 5 Earnings per share

Earnings per share are calculated as net profit for the period divided by the weighted average number of shares during the period. Prior to the company's IPO on 16 September 2021, there were preference shares that carried entitlement to a cumulative dividend. When calculating earnings per share, the cumulative dividend (after tax) that accrues on the preference shares reduced net profit for the period. In connection with the IPO, these preference shares were converted to common shares or withdrawn. When calculating earnings per share, net profit for the period was reduced by the amount of the dividend that had accrued on the preference shares as long as these shares were outstanding. This adjustment was taken into consideration for the last time on 31 December 2021.

## Not 6 Fair value of financial instruments

The fair value of the liabilities in the Group's credit facility is estimated at TSEK 615,601 (574,999), compared with the carrying amount of TSEK

612,325 (570,904). The facility bears a floating interest rate plus a margin. Management estimates that there has been no change in credit margins since the loan agreement was signed that could have a material impact on the fair value of the loan. The difference between the fair value and the carrying amount of the bank facilities is thus primarily attributable to the carrying amount of the loan including transaction costs that remain to be amortised as part of the effective interest rate.

The fair value belongs to Level 2 of the fair value hierarchy. The carrying amounts of all other financial liabilities and financial assets are considered to be a reasonable estimate of their fair values.

On 31 December 2021, the Group had a financial liability linked to the acquisition of AV-Cables. This was paid in its entirety during the first quarter of the year. The total earnout paid amounted to MDKK 54.7, corresponding to MSEK 73.9 on the date of the transaction.

Contingent consideration TSEK	30 Sep		31 Dec
	2022	2021	2021
Balance at the beginning of the period	75,387	-	-
Added through business combinations	-	71,929	71,929
Payments	-73,944	-	-
<i>Recognised in profit or loss</i>			
Change in fair value	-	2,038	2,853
Currency effects	-1,443	26	605
<b>Balance at the end of the period</b>	<b>-</b>	<b>73,993</b>	<b>75,387</b>

## Not 7 Seasonal variations

The Group's operations are impacted by the effect of seasonal variations on demand and the Group's revenue also displays seasonal variations, with higher sales figures normally reported in the fourth quarter of the financial year compared with other quarters.

## Not 8 Risks and uncertainties

All business operations are associated with risk. Risks can arise due to world events and can impact a specific industry or be more general in nature or impact a specific company. The Group works continuously to identify, measure and manage risks and can, in certain cases, influence the likelihood that a risk-related event will occur.

The Group's performance is largely impacted by consumer behaviour in the markets where it operates, and to be able to continuously provide customers with an attractive offering and thereby ensure the company's competitiveness, it is necessary to understand how the operating environment is changing. The operations that the Group conducts are associated with risks that could have a negative impact on the Group to varying degrees. These risks are divided into strategic, operating and financial risks.

The Group works to continuously update the Group's risk status following a systematic process whereby risks are identified, assessed and managed. Based on priority, the company focuses on the risks deemed to have the potential to have the greatest negative impact on the operations, and this work forms part of the strategic and operational management of the Group.

From both a short- and a long-term perspective, strategic risks mainly include risks associated with changes in the operating environment and increased competition, technology shifts and customer purchasing behaviour, market position, assortment and offering, and growth. Operating risks mainly comprise risks associated with purchasing, inventories, sustainability, IT systems, logistics and transportation, employees, leases, waste and regulatory risks. Financial risks comprise risks associated with currency exposure, interest-rate exposure and undercapitalisation.

The Group's Board of Directors and management have reviewed the development of these material risks and uncertainties since the publication of the annual report for 2021. At the time this interim report was published, the war between Russia and Ukraine is still ongoing. The Group has no direct exposure to these markets, but Group management and the Board are continuously evaluating the potential negative effects on demand for the Group's products that this conflict may have, such as declining consumer confidence stemming from the indirect effects of the war, higher energy prices, growing interest rates and increased inflation.

Group management and the Board are regularly following changes in the geopolitical situation, such as tensions between China and the US, and the potential impact of these changes on the global economy.

The impact of the COVID-19 pandemic is described in Note 9.

## Not 9 Impact of the COVID-19 pandemic

At the time this interim report was submitted, pandemic restrictions had been lifted in all markets where Kjell Group conducts sales. During the first and second quarters of 2021, service points in Sweden were open, though with fewer customers at any given time in the stores, in line with the recommendations from the Swedish Trade Federation that included a maximum number of customers depending on the size of the store. Towards the end of the third quarter last year, these restrictions were lifted, and we could note a gradual recovery in physical channels as a result. In Norway, 2021 began with closing 11 service points and furloughing some 60 employees due to the high rate of infection. Prior to April 2021, 44 employees were



furloughed and several service points remained closed. On 6 May, all furloughed employees returned to work and stores reopened.

In the first quarter of 2022, the spread of COVID-19 led to double the amount of absenteeism year-on-year while absenteeism levels for the second quarter of 2022 were similar year-on-year. In the third quarter, absenteeism increased approximately 12% year-on-year.

In Shanghai, where the Group has its purchasing office, stringent quarantine rules were introduced at the beginning of April. At the start of June, employees were able to return to the office. Despite lockdowns, the Group's purchasing office remained in operation during the entire interim period, and no significant impact was noted in terms of product purchasing since the majority of products are purchased from other parts of China where the pandemic is under better control. Management and the Board are closely following developments to ensure alternative ways of working should the situation change.

## **Not 10 Other disclosures**

### *Incentive programmes*

An extraordinary general meeting on 19 May 2022 introduced a long-term incentive programme in the form of a performance share savings programme. In order to participate in the long-term incentive programme, participants are required to acquire shares (known as "savings shares") in Kjell Group AB. Participants who retain their savings shares during the vesting period of about three years and remain an employee of Kjell & Company for the entire vesting period will be entitled to receive performance shares free of charge, on the condition that the performance criterion has been fulfilled. The performance criterion refers to the total shareholder return for the company's share during the vesting period of about three years, known as a "TSR criterion."

Full allotment will result in a dilution of approximately 0.84% of the total number of shares outstanding. The costs for the long-term incentive programme are estimated at approximately MSEK 3.7 excluding social security contributions of about MSEK 1.5.

The long-term incentive programme is recognised in accordance with IFRS 2 *Share-based Payment*. Accordingly, the cost for the programme is recognised over the vesting period of approximately

three years. The total cost of IFRS 2 and social security contributions for the interim period amounts to TSEK 61 for the new incentive programme. For more information about the performance share savings programme 2022, refer to the minutes of the Annual General Meeting at [www.kjellgroup.com](http://www.kjellgroup.com).

Kjell Group offers a performance share savings programme that was adopted at the Extraordinary General Meeting on 16 September 2021. The total cost for Kjell Group's performance share savings programme is reported under Equity.

## **Not 11 Significant events after the reporting date**

No significant events took place after the reporting date other than those events referred to earlier in the report.

## Condensed Parent Company income statement

TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<b>Net sales</b>					
Operating income	6,232	1,200	18,094	1,589	5,475
	<b>6,232</b>	<b>1,200</b>	<b>18,094</b>	<b>1,589</b>	<b>5,475</b>
<b>Operating expenses</b>					
Other external expenses	-2,226	-11,040	-5,314	-19,423	-19,108
Personnel costs	-5,538	-13,190	-17,802	-15,594	-22,663
Depreciation of tangible assets	-4		-4		
<b>Operating profit</b>	<b>-1,536</b>	<b>-23,030</b>	<b>-5,026</b>	<b>-33,428</b>	<b>-36,296</b>
<b>Financial items</b>					
Financial income	524	-	1,280	-	-
Financial expenses	-4,408	-1,102	-10,627	-1,871	-4,483
<b>Profit (loss) after financial items</b>	<b>-5,420</b>	<b>-24,132</b>	<b>-14,373</b>	<b>-35,299</b>	<b>-40,779</b>
Appropriations	-	-	-	-	51,925
<b>Profit (loss) before tax</b>	<b>-5,420</b>	<b>-24,132</b>	<b>-14,373</b>	<b>-35,299</b>	<b>11,146</b>
Income tax	-	-	-	-	-3,273
<b>Profit (loss) for the period</b>	<b>-5,420</b>	<b>-24,132</b>	<b>-14,373</b>	<b>-35,299</b>	<b>7,873</b>

# Condensed Parent Company balance sheet

TSEK	Note	30 Sep		31 Dec
		2022	2021	2021
<b>Assets</b>				
<b>Non-current assets</b>				
<b>Tangible assets</b>				
Machinery and equipment		35		
<b>Total Tangible assets</b>		<b>35</b>		
<b>Financial non-current assets</b>				
Participation in group companies		1,609,896	729,196	1,609,548
Deferred tax assets		1,448	-	1,448
<b>Total financial non-current assets</b>		<b>1,611,379</b>	<b>729,196</b>	<b>1,610,996</b>
<b>Total non-current assets</b>		<b>1,611,379</b>	<b>729,196</b>	<b>1,611,008</b>
<b>Current assets</b>				
Current receivables from group companies		164,818	882,241	55,112
Prepaid expenses and accrued income		2,998	1,752	1,923
Other receivables		437	-	4,581
<b>Total current receivables</b>		<b>172,811</b>	<b>888,714</b>	<b>61,616</b>
Cash and cash equivalents		116	117	2,159
<b>Total current assets</b>		<b>172,927</b>	<b>888,831</b>	<b>63,775</b>
<b>Total assets</b>		<b>1,784,306</b>	<b>1,618,027</b>	<b>1,674,783</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Restricted equity				
Share capital		515	515	515
Non-restricted equity				
Share premium reserve		1,091,433	1,091,433	1,091,433
Retained earnings		32,793	22,665	23,224
Profit (loss) for the period		-14,373	-35,300	7,873
<b>Total equity</b>		<b>1,110,368</b>	<b>1,079,313</b>	<b>1,123,045</b>
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	6	438,324	446,705	446,910
<b>Total non-current liabilities</b>		<b>438,324</b>	<b>446,705</b>	<b>446,910</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	6	105,435	44,200	9,200
Accounts payable		867	2,076	974
Current liabilities to group companies		116,700	8,533	86,147
Other current liabilities		5,214	10,852	754
Tax liabilities		615	72	199
Accrued expenses and deferred income		6,783	26,276	7,554
<b>Total current liabilities</b>		<b>235,614</b>	<b>92,009</b>	<b>104,828</b>
<b>Total equity and liabilities</b>		<b>1,784,306</b>	<b>1,618,027</b>	<b>1,674,783</b>

The Board of Directors and CEO give their assurance that the interim report provides a fair review of the development of the Group's and Parent Company's operations, profit and financial position and describes the material risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

**Malmö, 11 November 2022**

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**Ingrid Johansson Blank**

Chairman of the Board

**Fredrik Danelius**

Board member

**Joel Eklund**

Board member

**Thomas Broe-Andersen**

Board member

**Ola Burmark**

Board member

**Andreas Rylander**

CEO

**Simon Larsson**

Board member

The information in this interim report has not been reviewed by the company's auditors.

## Selected financial information

MSEK	Q3		Oct-Sep	Jan-Dec
	2022	2021	21/22	2021
Members in loyalty club, thousand	2,965	2,437	2,965	2,647
Net sales	617.0	589.0	2,664.8	2,398.0
Sales growth, %	4.7%	19.7%	18.7%	20.0%
Comparable growth, %	1.1%	3.4%	-	6.8%
Gross profit	267.6	250.3	1,120.8	1,023.3
Gross margin, %	43.4%	42.5%	42.1%	42.7%
Adjusted EBITA	40.8	51.2	165.6	188.1
Adjusted EBITA margin, %	6.6%	8.7%	6.2%	7.8%
Items affecting comparability	-	24.3	-2.1	36.9
Cash flow from operating activities	83.4	49.7	173.3	152.3
Working capital	183.1	-0.2	-	-33.1
Core working capital	297.9	208.5	-	195.2
Financial net debt	574.7	490.0	-	402.3
Financial net debt/Adjusted EBITDAaL R12	2.9	2.5	-	1.9
Equity ratio, %	39.8%	33.8%	-	34.7%
Investments	-10.8	-8.5	-54.7	-49.1
Number of outstanding shares before dilution	31,151,514	31,151,514		31,151,514
Number of outstanding shares after dilution	31,151,514	31,151,514		31,151,514
Average number of outstanding shares before dilution	31,151,514	11,909,054		16,807,821
Average number of outstanding shares after dilution	31,151,514	11,909,054		16,807,821

## Quarterly data

MSEK	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Net sales	516.2	589.0	818.8	615.3	613.7	617.0
Gross profit	225.9	250.3	331.8	261.7	259.6	267.6
Gross margin, %	43.8%	42.5%	40.5%	42.5%	42.3%	43.4%
Adjusted EBITA	23.2	51.2	87.9	24.1	12.8	40.8
Adjusted EBITA margin, %	4.5%	8.7%	10.7%	3.9%	2.1%	6.6%
Cash flow from operating activities	58.6	49.7	144.1	-129.7	75.5	83.4
Working capital	16.9	-0.2	-33.1	224.2	196.4	183.1
Core working capital	223.3	208.5	195.2	351.9	315.0	297.9
Investments	-10.7	-8.5	-20.3	-11.6	-11.9	-10.8

## Reconciliation of alternative performance measures

Certain information in this report used by management and analysts to assess the company's performance has not been prepared in accordance with International Financial Reporting Standards (IFRS). Management is of the opinion that this information makes it easier for investors to analyse the Group's performance for the reasons stated below. These measures are not a substitute for or better than financial measures reported in accordance with IFRS and should be presented together with such measures. Note that the Group's definitions of these measures may differ from other companies' definitions of the same name. Investors are encouraged not to place undue reliance on these alternative performance measures.

### ADJUSTED EBITA

Management has presented the performance measure of adjusted EBITA because it monitors this performance measure at Group level and believes that this measure is relevant for understanding the Group's financial performance.

Adjusted EBITA is calculated by adjusting net profit for the period so that it excludes the impact of tax, net financial items, amortisation and impairment of intangible assets arising in connection with business combinations and items affecting comparability.

### OPERATING PROFIT (EBIT), EBIT MARGIN, EBITA, EBITA MARGIN, ADJUSTED EBITA, ADJUSTED EBITA MARGIN, EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDAAL

TSEK	Q3		Oct-Sep	Jan-Dec
	2022	2021	21/22	2021
Profit (loss) for the period	25,737	1,312	105,860	62,419
Income tax	3,201	3,528	15,079	18,259
Net financial items	7,469	17,843	29,576	59,347
<b>Operating profit (EBIT)</b>	<b>36,407</b>	<b>22,683</b>	<b>150,515</b>	<b>140,025</b>
Amortisation on intangible assets related to business combinations	4,392	4,204	17,241	11,187
<b>EBITA</b>	<b>40,799</b>	<b>26,887</b>	<b>167,756</b>	<b>151,212</b>
Depreciation excl. amortisation on intangible assets related to business combinations	39,703	34,748	154,738	144,914
<b>EBITDA</b>	<b>80,502</b>	<b>61,635</b>	<b>322,494</b>	<b>296,126</b>
<b>EBITA</b>	<b>40,799</b>	<b>26,887</b>	<b>167,756</b>	<b>151,212</b>
Items affecting comparability	-	24,283	-2,118	36,929
<b>Adjusted EBITA</b>	<b>40,799</b>	<b>51,170</b>	<b>165,638</b>	<b>188,141</b>
<b>EBITDA</b>	<b>80,502</b>	<b>61,635</b>	<b>322,494</b>	<b>296,126</b>
Items affecting comparability	-	24,283	-2,118	36,929
<b>Adjusted EBITDA</b>	<b>80,502</b>	<b>85,918</b>	<b>320,376</b>	<b>333,055</b>
Depreciation right-of-use assets	-29,822	-26,160	-116,287	-110,948
Interest on lease liabilities	-2,021	-2,382	-9,015	-10,070
Impact from business combinations, EBITDAaL	-	-	-	24,421
<b>Adjusted EBITDAaL</b>	<b>87,322</b>	<b>141,757</b>	<b>195,074</b>	<b>236,457</b>
<b>Net sales</b>	<b>616,958</b>	<b>589,042</b>	<b>2,664,757</b>	<b>2,398,033</b>
<b>EBIT-margin, %</b>	<b>5.9%</b>	<b>3.9%</b>	<b>5.6%</b>	<b>5.8%</b>
<b>Adjusted EBITA margin, %</b>	<b>6.6%</b>	<b>8.7%</b>	<b>6.2%</b>	<b>7.8%</b>



**ITEMS AFFECTING COMPARABILITY**

Income and cost items that are presented separately due to their nature and amounts. Items affecting comparability are used by management to explain fluctuations in historical profitability.

No items affecting comparability were identified in 2022.

TSEK	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2022	2021	2022	2021	21/22	2021
Cost for listing	-	13,097	-	21,426	-2,118	19,308
Bonuses related to the IPO	-	11,186	-	11,186	-	11,186
Costs for business combinations	-	-	-	5,508	-	5,508
Severance pay	-	-	-	927	-	927
<b>Items affecting comparability</b>	<b>-</b>	<b>24,283</b>	<b>-</b>	<b>39,047</b>	<b>-2,118</b>	<b>36,929</b>

**NET SALES GROWTH**

%	Q3		Oct-Sep	Jan-Dec
	2022	2021	21/22	2021
Net sales current period	616,958	589,042	2,664,757	2,398,033
Net sales preceeding period	589,042	491,962	2,245,380	1,999,000
Net sales growth, %	4.7%	19.7%	18.7%	20.0%

**COMPARABLE GROWTH**

TSEK	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
<i>Comparable sales comparative period</i>					
Recognised net sales comparative period	589,042	491,962	1,579,242	1,332,862	1,999,000
Adjustment for returns and loyalty programme comparative period	2,883	3,819	4,167	5,378	10,141
Revenue new service points and other channels	-	-54	-6,534	-564	-5,501
<b>Total comparable sales comparative period</b>	<b>591,925</b>	<b>495,727</b>	<b>1,576,875</b>	<b>1,337,676</b>	<b>2,003,639</b>
<i>Comparable sales current period</i>					
Recognised net sales current period	616,958	589,042	1,845,966	1,579,242	2,398,033
Adjustment for returns and loyalty programme current period	2,529	2,752	2,246	4,149	11,306
Revenue new service points and other channels	-15,610	-9,989	-43,949	-31,953	-53,817
Revenue from business combinations	-221	-66,786	-100,303	-111,451	-204,375
Currency effects	-5,470	-2,642	-22,622	-4,891	-11,739
<b>Total comparable sales current period</b>	<b>598,186</b>	<b>512,377</b>	<b>1,681,338</b>	<b>1,435,096</b>	<b>2,139,407</b>
Total comparable sales comparative period	591,925	495,727	1,576,875	1,337,676	2,003,639
Total comparable sales current period	598,186	512,377	1,681,338	1,435,096	2,139,407
Comparable growth, %	1.1%	3.4%	6.6%	7.3%	6.8%

**GROSS PROFIT AND GROSS MARGIN**

TSEK	Q3		Oct-Sep	Jan-Dec
	2022	2021	21/22	2021
Net sales	616,958	589,042	2,425,949	2,398,033
Goods for resale	-349,321	-338,779	-1,385,304	-1,374,762
<b>Gross Profit</b>	<b>267,637</b>	<b>250,263</b>	<b>1,040,645</b>	<b>1,023,271</b>
Gross Profit	267,637	250,263	1,040,645	1,023,271
Net sales	616,958	589,042	2,425,949	2,398,033
<b>Gross margin, %</b>	<b>43.4%</b>	<b>42.5%</b>	<b>42.9%</b>	<b>42.7%</b>

**NET DEBT, FINANCIAL NET DEBT AND FINANCIAL NET DEBT/ADJUSTED EBITDAaL**

TSEK	30 Sep		31 Dec
	2022	2021	2021
Non-current interest bearing liabilities	513,323	446,704	446,909
Current interest bearing liabilities	99,002	124,200	149,200
<b>Interest bearing liabilities</b>	<b>612,325</b>	<b>570,904</b>	<b>596,109</b>
Cash and cash equivalents	-37,590	-80,868	-193,770
<b>Net financial debt</b>	<b>574,735</b>	<b>490,036</b>	<b>402,339</b>
Non-current lease liabilities	143,996	151,974	158,750
Current lease liabilities	95,594	101,015	103,318
<b>Lease liabilities</b>	<b>239,590</b>	<b>252,989</b>	<b>262,068</b>
<b>Total interest bearing liabilities</b>	<b>612,325</b>	<b>570,904</b>	<b>596,109</b>
<b>Total lease liabilities</b>	<b>239,590</b>	<b>252,989</b>	<b>262,068</b>
<b>Total financial liabilities</b>	<b>851,915</b>	<b>823,893</b>	<b>858,177</b>
Cash and cash equivalents	-37,590	-80,868	-193,770
<b>Net debt</b>	<b>814,325</b>	<b>743,025</b>	<b>664,407</b>
<b>Net financial debt</b>	<b>574,735</b>	<b>490,036</b>	<b>402,339</b>
Adjusted EBITDAaL, R12	195,074	197,432	212,036
<b>Net financial debt/Adjusted EBITDAaL, times</b>	<b>2.9</b>	<b>2.5</b>	<b>1.9</b>

**WORKING CAPITAL**

TSEK	30 Sep		31 Dec
	2022	2021	2021
Current assets	690,799	719,698	846,089
Cash and cash equivalents	-37,590	-80,868	-193,770
Current liabilities excl. interest bearing liabilities and lease liabilities	-470,099	-639,052	-685,458
<b>Working capital</b>	<b>183,110</b>	<b>-222</b>	<b>-33,139</b>
<b>Current liabilities excl. interest bearing liabilities and lease liabilities</b>			
Accounts payable	292,026	355,673	377,181
Tax liabilities	26,496	33,453	39,853
Other liabilities	58,892	133,093	151,781
Accrued expenses and deferred income	84,884	109,630	109,278
Provisions	7,801	7,203	7,365
<b>Total</b>	<b>470,099</b>	<b>639,052</b>	<b>685,458</b>

**CORE WORKING CAPITAL**

TSEK	30 Sep		31 Dec
	2022	2021	2021
Inventory	564,435	540,547	545,737
Accounts receivable	25,539	23,667	26,687
Accounts payable	-292,026	-355,673	-377,181
<b>Core working capital</b>	<b>297,948</b>	<b>208,541</b>	<b>195,243</b>

**CORE WORKING CAPITAL**

TSEK	Q3		Oct-Sep	Jan-Dec
	2022	2021	21/22	2021
Acquisition of tangible assets	-7,483	-2,112	-42,257	-31,685
Acquisition of intangible assets	-3,351	-6,389	-12,417	-17,396
<b>Investments</b>	<b>-10,834</b>	<b>-8,501</b>	<b>-54,674</b>	<b>-49,081</b>

**EQUITY/ASSETS RATIO**

%	30 Sep		31 Dec
	2022	2021	2021
Total equity	957,864	816,860	889,447
Total assets	2,408,397	2,418,447	2,564,664
<b>Equity ratio, %</b>	<b>39.8%</b>	<b>33.8%</b>	<b>34.7%</b>

## Definitions – Alternative performance measures

Earnings measures	Definition	Reason that the earnings measure is used
Gross margin, %	Gross profit divided by net sales.	The gross margin shows the company's profitability after the costs of goods for resale, which facilitates a comparison of the average gross margin on goods sold over time.
Gross profit	Net sales less costs of goods for resale.	The company's gross profit shows the amount that remains for financing other expenses after goods for resale have been sold.
Core working capital	Inventories plus accounts receivable less accounts payable.	This performance measure shows the business's tied-up capital for sales of goods.
EBIT margin, %	EBIT divided by net sales.	The performance measure shows the company's profitability generated by the operating activities after amortisation, depreciation and impairment.
EBITA	Operating profit before amortisation and impairment of intangible assets arising in connection with business combinations.	EBITA provides an overview of the profit generated in the operations before amortisation and impairment of intangible assets arising in connection with business combinations, which provides a more comparable performance measure over time.
EBITA margin, %	EBITA divided by net sales.	This performance measure shows the company's profitability from the operating activities before amortisation and impairment of intangible assets arising in connection with business combinations.
EBITDA	Profit before tax, financial items, amortisation, depreciation and impairment.	EBITDA provides an overview of the profit generated in the operations before amortisation, depreciation and impairment, which provides a more comparable performance measure over time.
Financial net debt	Net debt excluding current and non-current lease liabilities.	Used to monitor the debt trend and evaluate the level of refinancing requirements.
Financial net debt/Adjusted EBITDAaL (multiple)	Financial net debt in relation to 12 months' adjusted EBITDAaL.	This performance measure illustrates the company's capacity to repay its debts. Management uses the performance measure to monitor the level of financial gearing.
Investments	Acquisitions of tangible and intangible assets	This performance measure describes the company's continuous investments in the operations.

Adjusted EBITA	EBITA excluding items affecting comparability.	<p>Management has presented the performance measure of adjusted EBITA because it monitors this performance measure and believes that this measure is relevant for understanding the Group's financial results.</p> <p>The measure shows the financial results of the operations without the effect of material cost or income items that impact comparability over time, as described under the heading "Items affecting comparability."</p>
Adjusted EBITA margin, %	EBITA excluding items affecting comparability divided by net sales.	This performance measure shows the company's profitability from the operating activities excluding items affecting comparability and amortisation and impairment of intangible assets arising in connection with business combinations, which enables a comparison with the underlying operating profitability.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	This measure indicates the company's underlying profit generated by the operating activities before amortisation, depreciation and impairment excluding items affecting comparability, which provides a more comparable performance measure over time.
Adjusted EBITDAaL	Adjusted EBITDA less amortisation, depreciation and interest expenses related to leases under IFRS 16 plus adjusted EBITDAaL for the periods in which acquired companies were not included in the Group's consolidated financial statements for the relevant period.	Adjusted EBITDAaL is used as the denominator in financial net debt/adjusted EBITDAaL for monitoring financial gearing.
Comparable growth, %	The change in comparable sales between the current and comparative period in which comparable sales are sales in comparable units and channels, excluding currency translation effects. Comparable units and channels are sales units and channels that were operational for the entire current and the entire comparative period.	The measure facilitates a comparison of net sales over time by excluding revenue from sales units and channels that were not operational for corresponding periods, adjusted for currency effects. The measure makes it possible to evaluate sales growth in existing channels.
Items affecting comparability	Income and cost items that are presented separately due to their nature and amounts. All items that are included are larger and material in certain periods and smaller or non-existent in other periods.	Items affecting comparability are used by management to explain fluctuations in historical profitability. Presenting and specifying items affecting comparability separately makes it possible for readers of the financial statements to understand

		and evaluate the adjustments made by management when presenting adjusted EBITA. Taking into account items affecting comparability increases comparability and thus understanding of the Group's financial performance.
Net sales growth, %	Net sales for the current period in relation to net sales for the relevant comparative period, expressed as a percentage.	The measure makes it possible to analyse the Group's total net sales growth and compare it in relation to the market as a whole and competitors.
Net debt	The total of current and non-current interest-bearing liabilities and current and non-current lease liabilities less cash and cash equivalents.	Net debt illustrates the company's total indebtedness.
Working capital	Total current assets excluding cash and cash equivalents, less total current liabilities excluding interest-bearing and lease liabilities.	The measure is used to analyse the company's short-term tied-up capital.
Operating profit (EBIT)	Operating profit (EBIT) refers to the company's net sales and other operating income less goods for resale, personnel costs, other external expenses, other operating expenses, and depreciation, amortisation and impairment of tangible and intangible assets.	The measure indicates the company's underlying profit generated by the operating activities.
Equity/assets ratio, %	Total equity divided by total assets.	This performance measure describes the company's long-term payment capacity.

## Definitions – Operating performance measures

Operating performance measures	Definition
Number of customer club members	Number of unique individuals who actively choose to be a member of Kjell & Company's customer club.
Customer NPS (Net Promoter Score)	Describes the likelihood that a customer would recommend Kjell & Company to a friend or colleague on a scale of -100 to 100.





## TELEPHONE CONFERENCE IN CONNECTION WITH THE PUBLICATION OF THE INTERIM REPORT

Andreas Rylander, President and CEO, and Niklas Tyrén, CFO, will hold a webcast in connection with the publication of the interim report at 10:00 a.m. on 11 November 2022. To participate in the conference, follow the link <https://ir.financialhearings.com/kjell-group-q3-2022>.

The presentation material is available on the Group's website:  
<https://www.kjellgroup.com/en/investors/financial-reports/>.



## INTERIM REPORTS

The complete interim report for the period January–September 2022 and earlier reports are available on [www.kjellgroup.com](http://www.kjellgroup.com).



## FINANCIAL CALENDAR

Forthcoming reports:	
Year-end report 2022	16 February 2023
Annual Report 2022	17 April 2023
First quarter 2023	10 May 2023
Annual General Meeting 2023	16 May 2023
Second quarter 2023	1 August 2023
Third quarter 2023	31 October 2023

# Kjell & Company

*This is the type of information that Kjell Group AB (publ) is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact persons set out below on 11 November 2022 at 7:00 a.m. CET.*



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Kjell Group offers the market's most comprehensive product range in electronic accessories, including advisory services and installation. The business is conducted online in Sweden, Norway and Denmark and via 142 service points, of which 112 in Sweden and 30 in Norway.

Through Kjell & Company's customer club, with over 2.9 million members, and wholly owned Danish company AV-Cables, the company has a unique understanding of people's technology needs, and the Group's approximately 1,200 employees work every day to improve people's lives through technology.