Interim report Q1

1 JANUARY–31 MARCH 2023

- Net sales declined 6.0% to MSEK 578.2 (615.3)
- Comparable growth amounted to -8.1% (10.3)
- Gross profit declined 3.9% to MSEK 251.5 (261.7) while the gross margin improved to 43.5% (42.5)
- Adjusted EBITA totalled MSEK 11.1 (24.1) and the adjusted EBITA margin was 1.9% (3.9)
- Operating profit amounted to MSEK 6.5 (19.8) and the operating margin to 1.1% (3.2)
- The company posted a net loss for the quarter of MSEK -7.5 (profit: 12.6)
- Cash flow from operating activities totalled MSEK -19.8 (-129.7)
- Earnings per share before and after dilution amounted to SEK -0.24 (0.41)

Significant events during and after the end of the quarter

- A new service point was opened in Sweden during the first quarter.
- Kjell & Company was ranked as Sweden's most sustainable brand in the category "Home Appliances & Electronics – Stores" in the Sustainable Brand Index, Europe's largest brand study with a focus on sustainability, for the second year in a row.
- After the end of the quarter, Kjell & Company launched an initiative to offer recycling and resale of secondhand phones, tablets and computers in a partnership with ReuseIT, which is part of Elanders Group.

Performance measures

	Q1		Apr-Mar	Jan-Dec
MSEK	**2023**	**2022**	**22/23**	**2022**
Net Sales	578.2	615.3	2,570.8	2,607.9
Sales growth, %	-6.0%	29.8% *	1.2%	8.8%
Comparable growth, %	-8.1%	10.3%	-	0.7%
Gross profit	251.5	261.7	1,089.0	1,099.2
Gross margin, %	43.5%	42.5%	42.4%	42.1%
Adjusted EBITA	11.1	24.1	121.8	134.8
Adjusted EBITA-margin, %	1.9%	3.9%	4.7%	5.2%
Operating profit (EBIT)	6.5	19.8	103.9	117.2
Cash flow from operating activities	-19.8	-129.7	352.2	242.3
Equity ratio	41.4%	37.4%	-	40.8%
Basic earnings (loss) per share, SEK*	-0.24	0.41	-	2.29
Members in loyalty club, thousand	3,125	2,779	3,125	3,107

*Net sales growth in Q1 2022 includes the acquisition of AV-Cables. Excluding acquisition, net sales growth amounted to 13.4%.

Kjell & Company

Focus on adapting the customer offering and new initiatives

In the first quarter of 2023, we saw more cautious and price-conscious consumers who in many cases deprioritised external brands with higher price points. On the other hand, our own brands with lower price points continued to grow during the quarter, which was beneficial for our gross margin. At the start of 2023, the retail sector and Kjell experienced greater restraint among customers as their disposable income decreased. The contrasts compared with the start of the preceding year were considerable as early 2022 was impacted by an intense prepping trend as a result of the conflict in Ukraine.

During the first quarter, sales declined 6% to MSEK 578.2, while the gross margin for the period improved year-on-year and amounted to 43.5%.

During the start of the year, we invested in strengthening the customer offering and new initiatives that will enable us to adapt to more cautious consumers and new purchasing patterns.

AV-Cables growing – expanding outside Denmark

In our growth market of Denmark, AV-Cables – which is the country's leading online store for cables and consumer electronics accessories – captured market share. AV-Cables currently has an industry-leading level of customer satisfaction based on data from Trustpilot, where AV-Cables has an average rating of 4.9 out of 5.0 on the basis of more than 134,000 reviews.

We are planning to launch AV-Cables in the Swedish market in the second quarter, and we are convinced that Swedish consumers will appreciate AV-Cables just as much as their Danish counterparts. AV-Cables will assume somewhat of a different market position than Kjell & Company, and we will therefore address a different customer group than what is typical for Kjell & Company. The establishment of AV-Cables in the Swedish market is an important strategic step for the Group, as we will be combining our two brands in the same market for the first time. With Kjell & Company's focus on knowledge and service and AV-Cables' unsurpassed value-for-money offering and broad assortment, we are now also able to assist consumers in more ways and make technology accessible for everyone.

New offering in secondhand technology

The expansion of AV-Cables is far from our only initiative to adapt to our customers' various needs and financial situations. Millions of functioning computers, telephones and tablets are currently not being used in Swedish homes. For this reason, Kjell & Company is launching an initiative to place the right technology in the right hands. Together with ReuseIT, which is part of Elanders Group, we are offering recycling and resale of secondhand hardware such as computers, tablets and mobile phones.

Continued optimisation of store network

In the first quarter, we continued to optimise the store network through the relocation of selected service points to further enhance our position in our customers' purchasing flows and strengthen the profitability and future potential of the stores. Two stores have been relocated to new and improved locations to date this year, and an additional two stores are set to be relocated in Q2.

The flexibility of our store network has helped us to avoid some of the severe rent indexation we have witnessed in the retail industry this year. In addition to the store network, we are continually implementing efficiency enhancements and adapting the cost base in order to continue to grow with profitability. During the quarter, we adapted our prices in a balanced manner, and we see considerable opportunities to compensate for further price increases, but in order to retain customer confidence, we will implement these increases with continued precision over time.

Customers continue to display a significant need for technology and digitalisation, and there are ample opportunities in the market for players who are quick to adapt and remain relevant. Kjell's entrepreneurial spirit and our strong needs-driven business model will enable us to continue to adapt to customer demand and grow our business.

Malmö,
10 May 2023
Andreas Rylander
President and CEO

Kjell & Company

Summary of the Group's financial performance

Net sales

Net sales declined 6.0% to MSEK 578.2 (615.3) in the quarter. Comparable growth amounted to -8.1% (10.3) in the quarter.

Net sales in segment Sweden declined 9.2% in the quarter to MSEK 408.0 (449.1). Net sales for segment Norway declined 4.1% in the quarter to MSEK 84.7 (88.3) while net sales for segment Denmark increased 9.8% in the quarter to MSEK 85.5 (77.9).

Customers increasingly chose to visit us at service points rather than digitally during the quarter. Online sales accounted for 29% of sales for the rolling 12-month period, and Click&Collect for an additional 8% of sales.

Operating expenses

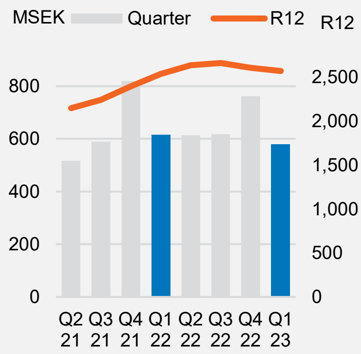
Operating expenses declined 4.1% to MSEK 573.8 (598.6) in the quarter.

Costs of goods for resale declined 7.6% to MSEK 326.7 (353.6) in the quarter. Gross profit amounted to MSEK 251.5 (261.7) for the quarter, down 3.9%. The gross margin was 43.5% (42.5). The gross margin for the quarter was strengthened by a higher share of own brands and a successful customer traffic strategy in segment Denmark. During the quarter, we adapted our prices in a balanced manner, and we see considerable opportunities to compensate for price increases, but in order to retain customer confidence, we plan to implement these increases in a balanced manner over time. The lower gross profit for the quarter was mainly attributable to lower net sales.

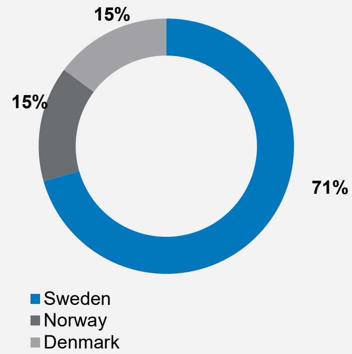
Personnel costs amounted to MSEK 125.5 (122.2) for the quarter, an increase of 2.7%. The increase is partly attributable to general salary increases and to the fact that we had seven more service points at the end of the quarter compared with the same period in the preceding year. We are continually enhancing our in-store efficiency to optimise our staff in relation to customer traffic.

Other external expenses amounted to MSEK 72.1 (75.5) for the quarter, a decline of 4.5%. The decline is partly attributable to lower sales, but also a result of significant focus on cost efficiencies. These efficiency enhancements are helping us to offset the effects of inflation, such as rent indexation and salary increases. When looking at the cost trend, it should also be taken into account that we had seven more service points at the end of the quarter than in the year-earlier period.

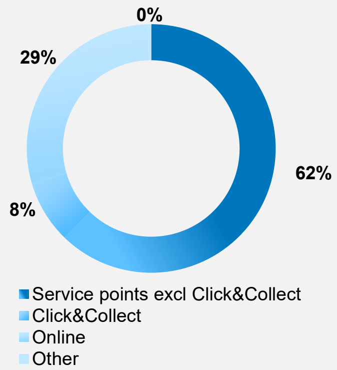
Net sales (MSEK)



Net sales per segment (%), period



Sales[1] per channel (%), R12



[1]Sales before deduction for customer loyalty bonuses

Other operating expenses amounted to MSEK 2.9 (4.7) for the quarter and primarily consisted of currency losses. Other operating income amounted to MSEK 2.1 (3.1) for the quarter and mainly comprised compensation for relocation of service points. Income for the preceding year was primarily attributable to currency effects. Total currency effects amounted to a net loss of MSEK 3.1 in the quarter, compared with a loss of MSEK 1.6 in the comparative quarter.

Total depreciation and amortisation amounted to MSEK 46.6 (42.5) for the quarter, of which MSEK 4.6 (4.3) in the quarter 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 31.7 (28.6) for the quarter.

There were no items affecting comparability in the quarter or the comparative quarter.

Adjusted EBITA

The Group's adjusted EBITA amounted to MSEK 11.1 (24.1) for the quarter. In comparison with first quarter last year adjusted EBITA was negatively impacted by currency effects of MSEK 1.5.

Operating profit

The Group's operating profit (EBIT) amounted to MSEK 6.5 (19.8) for the quarter, corresponding to an operating margin of 1.1% (3.2). As with adjusted EBITA, the quarter was negatively impacted by an amount of MSEK 1.5 in comparison with the same period last year due to currency effects.

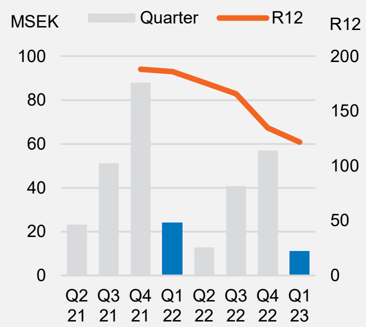
Net financial items

The Group's net financial items amounted to MSEK -9.2 (-5.0) for the quarter, including MSEK 2.2 (2.3) in interest expenses attributable to lease liabilities. Increased interest-rate levels had a negative impact compared with the preceding year.

Earnings

Earnings for the quarter amounted to a loss of MSEK -7.5 (profit: 12.6).

Adjusted EBITA (MSEK)



Adjusted EBITA margin

Period: 1.9% (3.9%)

Cash flow and financial position

The Group's cash flow from operating activities for the quarter totalled MSEK -19.8 (-129.7). The company's natural seasonal variation in working capital requirements during the year entails that the company traditionally has a negative cash flow during the first quarter, which we also saw this year, albeit to a lesser extent than in previous years. We have devoted considerable efforts to improving our inventory turnover rate which, combined with a significantly more predictable and stable situation in our supply chains compared with the preceding year, has led to improved working capital utilisation.

Cash flow from investing activities amounted to MSEK -8.8 (-85.6) for the quarter. The change in the quarter was primarily the result of the establishment of service points and the further development of our omni-channel model. The comparative quarter was charged with the payment of an earnout of MSEK 73.9 to the seller of AV-Cables, which marked the final payment.

Cash flow from financing activities in the quarter amounted to MSEK -41.8 (55.9). Cash flow for the quarter comprised the repayment of lease liabilities and bank financing according to plan. The comparative quarter was positively impacted by external loans raised for financing the earnout for AV-Cables and a change in the utilisation of the revolving credit facility.

The Group's cash and cash equivalents amounted to MSEK 47.2 at the end of the reporting period, compared with MSEK 117.6 at the beginning of the year.

The Group's financial net debt amounted to MSEK 471.1 at the end of the quarter, compared with MSEK 405.1 at the beginning of the year, corresponding to financial net debt in relation to adjusted EBITDAaL (rolling 12 months)[1] of 3.1 (3.0).

The Group's equity amounted to MSEK 991.7 at the end of the reporting period, compared with MSEK 998.8 at the beginning of the year.

Significant events during and after the first quarter of 2023

- A new service point was opened in Sweden during the first quarter.
- Kjell & Company was ranked as Sweden's most sustainable brand in the category "Home Appliances & Electronics – Stores" in the Sustainable Brand Index, Europe's largest brand study with a focus on sustainability, for the second year in a row.
- After the end of the quarter, Kjell & Company initiated a partnership for the recycling and resale of secondhand hardware. The initiative was carried out in collaboration with Reuse IT, which is part of Elanders Group AB (publ). Our members are now able to recycle computers, tablets and mobile phones at Kjell. The highest-quality products will then be made available for purchase at kjell.com.

[1] 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.

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.

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 6.8 (4.3) for the quarter and pertained entirely to intra-Group invoicing. Operating expenses amounted to MSEK 7.9 (6.7) for the quarter and consisted of personnel costs for the management team of MSEK 6.7 (5.3) in the quarter. The management team has increased in number compared with the same quarter last year. Other external expenses comprised other operating expenses of MSEK 1.2 (1.5) for the quarter as well as depreciation and amortisation. The quarter was charged with interest expenses of MSEK 5.5 (2.9) for the Group's credit facility as a result of increased interest-rate levels for financing given the prevailing market conditions. A loss after financial items of MSEK -6.5 (-4.9) was reported for the quarter.

Financial non-current assets amounted to MSEK 1,611 (1,611). Short-term receivables amounted to MSEK 124.1 (222), which largely consisted of inter-company transactions due to the cash pool.

Equity has declined during the year as a result of the loss for the quarter. Long-term interest-bearing liabilities declined as a result of repayments made during the quarter. Other operating liabilities increased compared with year-end 2022 and primarily related to inter-company transactions.

Kjell Group AB's Annual General Meeting

Kjell Group AB's 2023 Annual General Meeting will be held on 16 May in Malmö. The Board's proposal to the Meeting is that profit for the 2022 financial year be carried forward and that no dividend be paid for 2022.

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 36.20 and SEK 24.45 on 31 January and 29 March, respectively.

A total of 1,872,550 shares were traded during the quarter, corresponding to a turnover rate of 6% during the measurement period.

As of 31 March 2023, Kjell Group AB (publ) had approximately 4,543 shareholders, the largest of which were FSN Capital (22.87%), Fosielund Holding (10.98%), Cervantes Capital (6.95%), AMF Pension & Fonder (6.95%) and Avanza Pension (3.54%). The number of shares issued as of 31 March 2023 was 31,151,514, all of which were common shares. For more information, visit www.kjellgroup.com

Kjell & Company

Condensed consolidated statement of profit or loss

		Q1		Jan-Dec
TSEK	**Note**	**2023**	**2022**	**2022**
Operating income				
Net sales	4	578,202	615,303	2,607,929
Other operating income		2,083	3,053	13,884
		580,285	**618,356**	**2,621,813**
Operating expenses				
Goods for resale		-326,735	-353,628	-1,508,760
Personnel costs		-125,490	-122,210	-493,672
Other external expenses		-72,090	-75,470	-307,491
Other operating expenses		-2,871	-4,737	-18,836
Depreciation/amortisation of tangible and intangible assets		-46,604	-42,538	-175,873
Operating profit		**6,495**	**19,773**	**117,181**
Financial items				
Financial income		134	1,730	2,083
Financial expenses		-9,310	-6,679	-31,404
Net financial items		**-9,176**	**-4,949**	**-29,321**
Profit (loss) before tax		**-2,681**	**14,824**	**87,860**
Income tax		-4,782	-2,250	-16,660
Net profit (loss) for the period		**-7,463**	**12,574**	**71,200**
Net profit (loss) for the period attributable to:				
Parent Company's shareholders		-7,463	12,574	71,200
Net profit (loss) for the period		**-7,463**	**12,574**	**71,200**
Earnings (loss) per share				
Basic earnings (loss) per share, SEK*	5	-0.24	0.41	2.29
Diluted earnings (loss) per share, SEK*	5	-0.24	0.41	2.29

Condensed consolidated statement of profit or loss and other comprehensive income

	Q1		Jan-Dec
TSEK	**2023**	**2022**	**2022**
Net profit (loss) for the period	**-7,463**	**12,574**	**71,200**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences of foreign operations	-374	5,782	35,996
Other comprehensive income for the period	**-374**	**5,782**	**35,996**
Total comprehensive income for the period	**-7,837**	**18,356**	**107,196**
Comprehensive income for the period attributable to:			
Parent Company's shareholders	-7,837	18,356	107,196
Total comprehensive income for the period	**-7,837**	**18,356**	**107,196**

Condensed consolidated statement of financial position

		31 Mar		31 Dec
TSEK	**Note**	**2023**	**2022**	**2022**
Assets				
Intangible assets		1,371,656	1,359,222	1,372,032
Tangible assets		98,920	94,868	100,514
Right-of-use assets		274,055	255,727	275,888
Deferred tax assets		260	450	258
Total non-current assets		**1,744,891**	**1,710,267**	**1,748,692**
Inventory		520,912	598,676	487,525
Tax assets		24,163	22,483	28,774
Accounts receivable		26,084	23,999	28,369
Prepaid expenses and accrued income		30,012	26,694	34,321
Other receivables		599	9,224	1,616
Cash and cash equivalents		47,244	36,428	117,619
Total current assets		**649,014**	**717,504**	**698,224**
Total assets		**2,393,905**	**2,427,771**	**2,446,916**
Equity				
Share capital		515	515	515
Other contributed capital		456,855	454,521	456,111
Reserves		41,306	11,466	41,680
Retained earnings including net profit (loss) for the period		493,007	441,844	500,470
Equity attributable to Parent Company's shareholders		**991,683**	**908,346**	**998,776**
Total equity		**991,683**	**908,346**	**998,776**
Liabilities				
Non-current interest-bearing liabilities	6	501,910	517,514	513,528
Non-current lease liabilities		150,904	154,241	153,152
Other non-current liabilities		-	102	102
Deferred tax liabilities		128,342	128,804	127,350
Total non-current liabilities		**781,156**	**800,661**	**794,132**
Current interest-bearing liabilities	6	16,423	165,818	9,200
Current lease liabilities		115,520	96,058	113,465
Accounts payable		308,751	270,809	330,028
Tax liabilities		14,987	3,304	22,342
Other liabilities	6	51,055	70,628	74,592
Accrued expenses and deferred income		106,853	104,595	96,773
Provisions		7,477	7,552	7,608
Total current liabilities		**621,066**	**718,764**	**654,008**
Total liabilities		**1,402,222**	**1,519,425**	**1,448,140**
Total equity and liabilities		**2,393,905**	**2,427,771**	**2,446,916**

Condensed consolidated statement of changes in equity

TSEK	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings incl. net profit (loss) for the period	Total equity
	Equity attributable to Parent Company's shareholders					
Balance at 1 Jan 2023	515	456,111	41,680	-	500,470	998,776
Transactions with owners of the company						
Incentive programme		744				744
Comprehensive income for the period						
Net profit (loss) for the period	-	-	-	-	-7,463	-7,463
Other comprehensive income for the period	-	-	-374	-	-	-374
Total comprehensive income for the period	**-**	**-**	**-374**	**-**	**-7,463**	**-7,837**
Closing balance 31 Mar 2023	**515**	**456,855**	**41,306**	**-**	**493,007**	**991,683**
Balance at 1 Jan 2022	515	453,978	5,684	-	429,270	889,447
Transactions with owners of the company						-
Incentive programme	-	543	-	-	-	543
						-
Comprehensive income for the period						-
Net profit (loss) for the period	-	-	-	-	12,574	12,574
Other comprehensive income for the period	-	-	5,782	-	-	5,782
Total comprehensive income for the period	-	-	5782	-	12,574	18,356
Closing balance 31 Mars 2022	**515**	**454,521**	**11,466**	**0**	**441,844**	**908,346**

Condensed consolidated statement of cash flows

	Q1		Jan-Dec
TSEK	**2023**	**2022**	**2022**
Cash flow from operating activities			
Profit (loss) before tax	-2,681	14,824	87,860
Adjustments for non-cash items	41,400	40,744	174,939
Income tax paid	-7,262	-19,813	-39,460
	31,457	**35,755**	**223,339**
Increase (-)/decrease (+) in inventories	-37,497	-47,462	65,505
Increase (-)/decrease (+) in operating receivables	7,295	20,500	16,280
Increase (+)/decrease (-) in operating liabilities	-21,012	-138,460	-62,874
Cash flow from operating activities	**-19,757**	**-129,667**	**242,250**
Investing activities			
Acquisition of tangible assets	-4,799	-7,599	-30,042
Acquisition of intangible assets	-3,985	-4,049	-14,163
Acquisition of subsidiaries	-	-	-
Settlement of additional purchase price related to acquisition of subsidiaries	-	-73,944	-73,944
Cash flow from investing activities	**-8,784**	**-85,592**	**-118,149**
Financing activities			
New share issue	-	-	-
Issue expenses	-	-	-
Proceeds of loans	-	231,617	258,977
Repayment of loans	-4,600	-144,600	-332,916
Repayment of lease liabilities	-37,140	-31,142	-130,460
Cash flow from financing activities	**-41,740**	**55,875**	**-204,399**
Cash flow for the period	**-70,281**	**-159,384**	**-80,298**
Cash and cash equivalents at the beginning of the period	117,619	193,770	193,770
Exchange rate differences in cash and cash equivalents	-94	2,042	4,147
Cash and cash equivalents at the end of the period	**47,244**	**36,428**	**117,619**

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. These consolidated interim financial statements for the Group ("interim report") for the period January–December 2022 encompass 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 2022. 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 2022 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 2022.

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. 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 recognised for the segments is "Adjusted EBITA." Information about each reportable segment is provided below.

Jan-Mar	Sweden		Norway		Denmark		Total	
TSEK	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	408,000	449,106	84,702	88,333	85,500	77,864	578,202	615,303
Depreciation excl.amortisation on intangible assets related to business combinations	34,269	30,705	7,415	7,273	292	229	41,976	38,207
Adjusted EBITA	**474**	**16,473**	**-1,879**	**122**	**12,528**	**7,509**	**11,123**	**24,104**
Amortisation on intangible assets related to business combinations							-4,628	-4,331
Items affecting comparability							-	-
Operating profit							**6,495**	**19,773**
Net financial items							-9,176	-4,949
Profit (loss) before tax							**-2,681**	**14,824**

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.

Not 6 Fair value of financial instruments

The fair value of the liabilities in the Group's credit facility is estimated at TSEK 521,199 (687,017), compared with the carrying amount of TSEK 518,333 (683,332). The facility carries 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.

Final settlement of the acquisition of AV-Cables was completed in the first quarter of 2022. The total earnout paid amounted to MDKK 54.7, corresponding to MSEK 73.9 on the date of the transaction.

Contingent consideration	31 Mar		31 Dec
TSEK	2023	2022	2022
Balance at the beginning of the period	-	**75,387**	**75,387**
Added through business combinations	-	-	-
Payments	-	-73,944	-73,944
Recognised in profit or loss			
Change in fair value	-	-	-
Currency effects	-	-1,443	-1,443
Balance at the end of the period	**-**	**-**	**-**

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 2022. 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.

Not 9 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 431 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.

Kjell Group offers a performance share savings programme that was adopted at the Extraordinary General Meeting on 16 September 2021. The total IFRS 2 cost for Kjell Group's performance share savings programme is reported under Equity.

Kjell Group intends to launch a new performance share savings programme in 2023 provided this is approved at the Annual General Meeting on 16 May.

Not 10 Significant events after the reporting date

After the end of the quarter, Kjell & Company launched an initiative to offer recycling and resale of secondhand phones, tablets and computers in a partnership with ReuseIT, which is part of Elanders Group AB (Publ). From now on, members can hand in used computers, tablets and mobile phones at Kjell. The products that are of the highest quality will then be available to buy on Kjell.com.

Condensed Parent Company income statement

	Q1		Jan-Dec
TSEK	**2023**	**2022**	**2022**
Net sales			
Operating income	6,839	4,334	24,607
	6,839	**4,334**	**24,607**
Operating expenses			
Other external expenses	-1,180	-1,470	-7,584
Personnel costs	-6,699	-5,294	-21,788
Depreciation of tangible assets	-3	-	-8
Operating profit	**-1,043**	**-2,430**	**-4,773**
Financial items			
Financial income	30	296	1,724
Financial expenses	-5,460	-2,852	-17,393
Profit (loss) after financial items	**-6,473**	**-4,986**	-20,442
Appropriations	-	-	55,825
Profit (loss) before tax	**-6,473**	**-4,986**	**35,383**
Income tax	-	-	-7,181
Profit (loss) for the period	**-6,473**	**-4,986**	**28,202**

Condensed Parent Company balance sheet

		31 Mar	
TSEK	**Note**	**2023**	**2022**
Assets			
Non-current assets			
Tangible assets			
Machinery and equipment		29	11
Total Tangible assets		**29**	**11**
Financial non-current assets			
Participation in group companies		1,610,272	1,609,657
Deferred tax assets		422	1,448
Total financial non-current assets		**1,610,694**	**1,611,105**
Total non-current assets		**1,610,723**	**1,611,116**
Current assets			
Account receivables		22	-
Current receivables from group companies		112,913	215,567
Prepaid expenses and accrued income		2,715	2,759
Other receivables		-	294
Tax receivables		8,428	3,652
Total current receivables		**124,078**	**222,272**
Cash and cash equivalents		11,123	12
Total current assets		**135,201**	**222,284**
Total assets		**1,745,924**	**1,833,400**
Equity and liabilites			
Equity			
Resticted equtiy			
Share capital		515	515
Non-restricted equity			
Share premium reserve			
Retained earnings		62,175	31,640
Profit (loss) for the period		-6,473	-4,986
Total equity		1,147,650	1,118,602
Untaxed reserves			
Tax allocation reserves		9,275	-
Total untaxed reserves		9,275	-
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	6	434,134	442,515
Other non-current liabilities		-	-
Total non-current liabilities		434,134	442,515
Current liabilities			
Current interest-bearing liabilities	6	9,200	165,818
Accounts payable		1,103	406
Current liabilities to group companies		130,377	86,293
Other current liabilities		2,333	11,234
Tax liabilities		6,649	-
Accrued expenses and deferred income		5,203	8,532
Total current liabilities		154,865	272,283
Total equity and liabilities		**1,745,924**	**1,833,400**

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, 10 May 2023

Ingrid Johansson Blank
Chairman of the Board

Fredrik Dahnelius
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	Q1 2023	Q1 2022	Apr-Mar 22/23	Jan-Dec 2022
Members in loyalty club, thousand	3,125	2,779	3,125	3,107
Net sales	578.2	615.3	2,570.8	2,607.9
Sales growth, %	-6.0%	29.8%	1.2%	8.8%
Comparable growth, %	-8.1%	10.3%	-	0.7%
Gross profit	251.5	261.7	1,089.0	1,099.2
Gross margin, %	43.5%	42.5%	42.4%	42.1%
Adjusted EBITA	11.1	24.1	121.8	134.8
Adjusted EBITA margin, %	1.9%	3.9%	4.7%	5.2%
Items affecting comparability	-	-	-	-
Cash flow from operating activities	-19.8	-129.7	352.2	242.3
Working capital	112.6	224.2	-	49.3
Core working capital	238.2	351.9	-	185.9
Financial net debt	471.1	646.9	-	405.1
Financial net debt/Adjusted EBITDAaL	3.1	3.0	-	2.5
Equity ratio, %	41.4%	37.4%	-	40.8%
Investments	-8.8	-11.6	-41.3	-44.2
Number of outstanding shares before dilution	31,151,514	31,151,514	31,151,514	31,151,514
Number of outstanding shares after dilution	31,151,514	31,151,514	31,151,514	31,151,514
Average number of outstanding shares befor dilution	31,151,514	31,151,514	31,151,514	31,151,514
Average number of outstanding shares after dilution	31,151,514	31,151,514	31,151,514	31,151,514

Quarterly data

MSEK	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Net sales	818.8	615.3	613.7	617.0	762.0	578.2
Gross profit	331.8	261.7	259.6	267.6	310.2	251.5
Gross margin, %	40.5%	42.5%	42.3%	43.4%	40.7%	43.5%
Adjusted EBITA	87.9	24.1	12.8	40.8	57.1	11.1
Adjusted EBITA margin, %	10.7%	3.9%	2.1%	6.6%	7.5%	1.9%
Cash flow from operating activities	144.1	-129.7	75.5	83.4	213.0	-19.8
Working capital	-33.1	224.2	196.4	183.1	49.3	112.6
Core working capital	195.2	351.9	315.0	297.9	185.9	238.2
Investments	-20.3	-11.6	-11.9	-10.8	-9.9	-8.8

Kjell & Company

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

	Q1		Apr-Mar	Jan-Dec
TSEK	**2023**	**2022**	**22/23**	**2022**
Profit (loss) for the period	-7,463	12,574	51,163	71,200
Income tax	4,782	2,250	19,192	16,660
Net financial items	9,176	4,949	33,548	29,321
Operating profit (EBIT)	**6,495**	**19,773**	**103,903**	**117,181**
Amortisation on intangible assets related to business combinations	4,628	4,330	17,872	17,574
EBITA	**11,123**	**24,103**	**121,775**	**134,755**
Depreciation excl. amortisation on intangible assets related to business combinations	41,980	38,209	162,067	158,299
EBITDA	**53,103**	**62,312**	**283,842**	**293,054**
EBITA	**11,123**	**24,103**	**121,775**	**134,755**
Items affecting comparability	-	-	-	-
Adjusted EBITA	**11,123**	**24,103**	**121,775**	**134,755**
EBITDA	**53,103**	**62,312**	**283,842**	**293,054**
Items affecting comparability	-	-	-	-
Adjusted EBITDA	**53,103**	**62,312**	**283,842**	**293,054**
Depreciation right-of-use assets	-31,661	-28,632	-122,271	-119,242
Interest on lease liabilities	-2,249	-2,327	-8,648	-8,726
Adjusted EBITDAaL	**19,193**	**31,353**	**152,923**	**165,086**
Net sales	578,202	615,303	2,570,828	2,607,929
EBIT-margin, %	**1.1%**	**3.2%**	**4.0%**	**4.5%**
Adjusted EBITA margin, %	**1.9%**	**3.9%**	**4.7%**	**5.2%**

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 for the current year or the comparative year.

NET SALES GROWTH

	Q1		Apr-Mar	Jan-Dec
%	**2023**	**2022**	**22/23**	**2022**
Net sales current period	578,202	615,303	2,570,828	2,607,929
Net sales preceeding period	615,303	473,987	2,539,349	2,398,033
Net sales growth, %	-6.0%	29.8%	1.2%	8.8%

COMPARABLE GROWTH

	Q1		Jan-Dec
TSEK	**2023**	**2022**	**2022**
Comparable sales comparative period			
Recognised net sales comparative period	615,303	473,987	2,398,033
Adjustments for returns and loyalty programme comparative period	-1,456	1,148	11,349
Revenue new service points and other channels	-1,935	-6,534	-9,419
Total comparable sales comparative period	**611,912**	**468,601**	**2,399,963**
Comparable sales current period			
Recognised net sales current period	578,202	615,303	2,607,929
Adjustments for returns and loyalty programme current period	-1,166	-1,274	8,414
Revenue new service points and other channels	-12,159	-14,707	-65,735
Revenue from business combinations	-	-77,864	-100,236
Currency effects	-2,459	-4,511	-33,779
Total comparable sales current period	**562,418**	**516,947**	**2,416,593**
Total comparable sales comparative period	611,912	468,601	2,399,963
Total comparable sales current period	562,418	516,947	2,416,593
Comparable growth, %	-8.1%	10.3%	0.7%

GROSS PROFIT AND GROSS MARGIN

	Q1		Apr-Mar	Jan-Dec
TSEK	**2023**	**2022**	**22/23**	**2022**
Net sales	578,202	615,303	578,202	2,607,929
Goods for resale	-326,735	-353,628	-326,735	-1,508,760
Gross Profit	**251,467**	**261,675**	**251,467**	**1,099,169**
Gross Profit	251,467	261,675	251,467	1,099,169
Net sales	578,202	615,303	578,202	2,607,929
Gross margin, %	**43.5%**	**42.5%**	**43.5%**	**42.1%**

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

	31 Mar		31 Dec
TSEK	**2023**	**2022**	**2022**
Non-current interest bearing liabilities	501,910	517,514	513,528
Current interest bearing liabilities	16,423	165,818	9,200
Interest bearing liabilities	**518,333**	**683,332**	**522,728**
Cash and cash equivalents	-47,244	-36,428	-117,619
Net financial debt	**471,089**	**646,904**	**405,109**
Non-current lease liabilities	150,904	154,241	153,152
Current lease liabilities	115,520	96,058	113,465
Lease liabilities	**266,424**	**250,299**	**266,617**
Total interest bearing liabilities	**518,333**	**683,332**	**522,728**
Total lease liabilities	**266,424**	**250,299**	**266,617**
Total financial liabilites	**784,757**	**933,631**	**789,345**
Cash and cash equivalents	-47,244	-36,428	-117,619
Net debt	**737,513**	**897,203**	**671,726**
Net financial debt	**471,089**	**646,904**	**405,109**
Adjusted EBITDAaL, R12	152,923	217,130	165,086
Net financial debt/Adjusted EBITDAal, times	**3.1**	**3.0**	**2.5**

WORKING CAPITAL

	31 Mar		31 Dec
TSEK	**2023**	**2022**	**2022**
Current assets	649,014	717,504	698,224
Cash and cash equivalents	-47,244	-36,428	-117,619
Current liabilities excl. interest bearing liabilities and lease liabilities	-489,123	-456,888	-531,343
Working capital	**112,647**	**224,188**	**49,262**
Current liabilities excl. interest bearing liabilities and lease liabilities			
Accounts payable	308,751	270,809	330,028
Tax liabilities	14,987	3,304	22,342
Other liabilities	51,055	70,628	74,592
Accrued expenses and deferred income	106,853	104,595	96,773
Provisions	7,477	7,552	7,608
Total	**489,123**	**456,888**	**531,343**

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CORE WORKING CAPITAL

	31 Mar		31 Dec
TSEK	**2023**	**2022**	**2022**
Inventory	520,912	598,676	487,525
Accounts receivable	26,084	23,999	28,369
Accounts payable	-308,751	-270,809	-330,028
Core working capital	**238,245**	**351,866**	**185,866**

INVESTMENTS

	Q1		Apr-Mar	Jan-Dec
TSEK	**2023**	**2022**	**22/23**	**2022**
Acquisition of tangible assets	-4,799	-7,599	-27,242	-30,042
Acquisition of intangible assets	-3,985	-4,049	-14,099	-14,163
Investments	**-8,784**	**-11,648**	**-41,341**	**-44,205**

EQUITY/ASSETS RATIO

	31 Mar		31 Dec
%	**2023**	**2022**	**2022**
Total equity	991,683	908,346	998,776
Total assets	2,393,905	2,427,771	2,446,916
Equity ratio, %	**41.4%**	**37.4%**	**40.8%**

Definitions – Alternative performance measures

Earnings measures	Definition	Reason why 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.	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. 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."
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 current and 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.

WEBCAST 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 10 May 2023. To participate in the conference, follow the link https://ir.financialhearings.com/kjell-group-q1-2023.
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 January–March 2023 and earlier reports are available on www.kjellgroup.com.

FINANCIAL CALENDAR

Forthcoming reports:

Annual General Meeting 2023	16 May 2023
Second quarter 2023	1 August 2023
Third quarter 2023	31 October 2023

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 10 May 2023 at 7:00 a.m. CEST.

FOR MORE INFORMATION, CONTACT

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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 145 service points, of which 115 in Sweden and 30 in Norway.

Through Kjell & Company's customer club, with over 3.1 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.