2022

January–December

Kjell Group Annual Report

Contents

About Kjell Group

Since its inception over 30 years ago, Kjell Group has become the leading group in electronic accessories in the Nordics, with rapid growth in Norway and Denmark. The Kjell & Company brand combines a market-leading curated assortment of approximately 8,000 products with advisory services and installation – online, via 144 service points, including 114 in Sweden and 30 in Norway, and together with collaboration partners. AV-Cables.dk, which has been part of Kjell Group since April 2021, also offers consumer electronics accessories, with sales primarily in Denmark. AV-Cables' assortment offers customers over 30,000 products.

The majority of the Group's customers begin their customer journey at Kjell.com or AV-Cables.dk, where they search on their own or receive advice by video or by using the chat function. The products are delivered from service points or the central warehouse, frequently within a day and sometimes within an hour if the products were bought online. Kjell Group also expands through selected partners when alliances can create mutual value.

In 2022, sales amounted to MSEK 2,608, adjusted EBITA totalled MSEK 134.8 and the number of employees was approximately 1,200.

Number of employees approximately
1,200

Sales
2,608
MSEK

Adjusted EBITA
134.8
MSEK

The year in brief

During the first quarter, three new service points were established: one in Oslo and one in Trondheim, Norway, and one in Ängelholm, Sweden.

After five years, Kjell & Company's customer club reached 2.6 million members in February. The loyalty club offer members exclusive offers, points on all purchases, extended return periods and warranties, digital access to their purchase history, priority for promotions, and faster access to customer service. To mark this milestone, Kjell & Company held a seven-day celebration with exclusive offers for all members.

During the second quarter, one new service point was opened in Trondheim, Norway. In April, Kjell & Company also opened its first microstore. At Malmö Central Station, passengers can purchase electronic accessories suitable for travel from our new pop-up solution.

During the second quarter, our partnership with Circle K was expanded to include Norway. The test period, which started in April, included four pilot stations in the Oslo area, one in Bergen and one in Alta. The aim of the pilot project is to evaluate the Norwegian market for a potential expansion of Kjell & Company Express at approximately 270 staffed Circle K stations.

During the third quarter, one new service point was opened in Stavanger, Norway. In September, Kjell & Company opened its second microstore. This time, the pop-up concept with an adapted assortment for passengers was launched at Helsingborg Central Station.

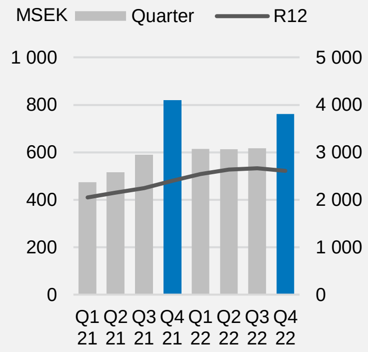
In August, Kjell & Company started a partnership with the mountain resort and tourism company SkiStar to make our Kjell & Company Express concept available in the company's stores and hotels. The new partnership was introduced in a pilot phase at 14 of SkiStar's stores in Sweden and Norway and was launched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

During the fourth quarter, two new service points were opened in Sweden: one in Norrtälje and one in Mörby.

In October, Kjell & Company won the "Sweden's Best Purchasing Experience" award at the 2022 Retail Awards. The category was the only one in which the winner was voted on by the consumers themselves. This competition is organised by the Swedish Trade Federation and the leading trade news channel Market, which have been celebrating high performers within Swedish retail since 2008.

At year-end, the Kjell loyalty club had surpassed three million members.

Net sales (MSEK)

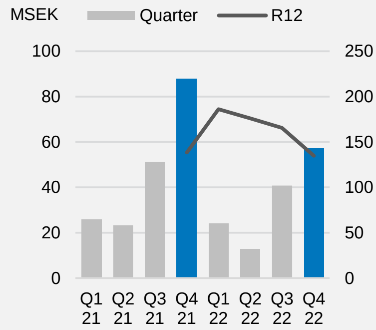


Net sales 2022

2,608

MSEK

Adjusted EBITA (MSEK)



Adjusted EBITA margin

2022: 5.2% (7.8)

Message from the CEO

Growth and profitability – even in uncertain times

During a year characterised by geopolitical and economic uncertainty, Kjell continued to grow, and more customers than ever are now finding their way to Kjell.

2022 was certainly an eventful year, both for Kjell and for the world as a whole. Last year's optimism at the prospect of pandemic restrictions being lifted quickly gave way to concerns about the geopolitical situation and lower disposable incomes. For Kjell, the year was marked by a high tempo and new ventures.

Despite challenging circumstances, our fantastic Kjell organisation was always on its toes and adapted to the new conditions. And always with the customer in focus. We strengthened our omni-channel platform with new partnerships, more service points and channel-independent customer service in order to always remain available to our customers and to improve their lives through technology.

We invested in our new growth markets Norway and Denmark as well as in new structural capital. We installed our "Kjell & Company Express" concept at all of Circle K's 292 staffed stations in Sweden and conducted a pilot test to do the same in Norway. We also initiated a pilot test of the concept at 14 SkiStar stores and hotels.

Our ability to continually develop new solutions is never more important than when our customers' needs change. As a testament to this ability, we were voted "Sweden's Best Purchasing Experience" by consumers at the 2022 Retail Awards. We could hardly receive better proof that customers appreciated our model and our focus on world-class customer service.

Increase in sales and earnings

During the year, sales increased 8.8% to MSEK 2,608 MSEK and profit amounted to MSEK 71.2 (62.4). The strides we've made are proof that we have worked together to build a strong omni-channel model that provides our customers with excellent customer service and a carefully curated assortment, regardless of the channel a customer uses to visit us.

Of course, Kjell is by no means immune to the current economic climate, and we – like consumer retail in general – have been impacted by several external factors. For Kjell Group, the rising inflation has been most pronounced when it comes to costs for freight and premises, driven by increasing fuel and energy prices. The weak SEK has also been a major obstacle to further improving our gross margin.

Kjell's niche is normally characterised by more need-driven consumption, which means that our model is less sensitive to market fluctuations over longer periods. However, the fourth quarter differs from other quarters since the traditional sales increase in the quarter is largely attributable to purchases of Christmas presents. The fourth quarter is thus the period when our performance most closely resembles that of the rest of the consumer electronics market, and we therefore experienced

greater caution among customers towards the end of the year. Nevertheless, our inventory levels at the end of the year were lower than in the same quarter last year, which is a sign of our strength given that our sales were weaker than expected. We succeeded in maintaining our gross margin in line with the preceding year and received further confirmation that the strength of our proprietary brands is continuing to grow.

Our strong offering of own products will likely become even more relevant to our customers going forward as products with lower price points become more attractive, which provides us with confidence. Our growth markets, Norway and Denmark, also delivered strong performances towards the end of the year, which gave us clear proof that growth initiatives are paying off.

Optimisation of the store network

With our profitable and need-driven business model, we are highly optimistic that we will be able to serve even more customers in 2023. We will continue to adjust our assortment and prices and to streamline and invest where we see potential.

We will optimise the store network in Sweden by relocating selected service points in order to maximise their potential and profitability. Our space- and resource-efficient store concept gives us an advantage when it comes to adapting quickly based on customer traffic.

The entrepreneurial spirit inherent within Kjell is strongest in a challenging market. My colleagues and I look forward to leveraging new and improved solutions to take advantage of the opportunities that arise in the market in 2023.

Malmö, 17 April 2023

Andreas Rylander
President and CEO

Business model and strategy

The leading consumer electronics expert in the Nordics

Kjell Group combines technological and retail expertise in order to improve people's lives through technology – and to make technology accessible for all. As a retailer specialising in consumer electronics accessories (CEA), we have been developing and implementing solutions to meet each generation's technological needs for over 30 years. With an ecosystem of retailer platforms, a sourcing company, our own brands, distribution partners and the knowledge gained from over three million loyalty club members, we are the leading technology and retail expert in the Nordics.

Central aspects of the value proposition are accessibility, opportunities to inspire and offer customers the right solutions through high-quality customer service and advice, and the opportunity to fulfil customers' delivery requirements with a seamless omni-channel offering. A majority of customers begin their purchasing journey in the Group's digital channels. The online channel is adapted to inspire customers to discover new ways to use technology by highlighting the opportunities technology provides in a comprehensive knowledge library, which includes product guides, inspirational videos and customer reviews.

Omni-channel strategy

The online channel kjell.com and the company's physical presence with 144 service points provide a combined platform for Kjell & Company's experts to provide the best available service in the channel chosen by the customer. Service and the assortment are complemented by a set of matching services, such as Click&Collect, deliveries to customers and installation support. By making the customer offering increasingly seamless – from customer service and online ordering to the physical meeting, delivery and installation support – the company is able to meet the customer's technology needs in the best manner possible.

AV-Cables.dk offers consumer electronics products online, with delivery within 24 hours from its warehouse in Jutland. These products largely complement Kjell & Company's range of approximately 8,000 products. The businesses work together to further strengthen their offerings in their respective markets.

Through the integrated omni-channel platform, customers can enjoy the convenience of online shopping together with the advantages offered by physical service points. Online orders are available to collect at the service point selected by the customer within an average of ten minutes. In cases when the product does not meet the customer's needs or expectations, Kjell & Company has a flexible and customer-friendly return policy.

Flexible and space-efficient service points

Our service points have a dynamic and compact design with a relatively small sales area designed to provide customers with personalised advice and customer service from our experts. The part of the service points that is accessible to customers is designed around customer service stations, and nine out of ten products are typically stored behind the counter which leads to a natural meeting with the company's sales personnel.

Of the total space, approximately 65% is warehouse space, which enables a high level of availability for products sold directly at a service point and for products sold through kjell.com, where the customer can select Click&Collect as the delivery alternative. Click&Collect contributes great value as customers reserve products online and then collect the products from a service point, which allows Kjell & Company to influence and help customers find the right solution, with an opportunity for additional sales.

The extensive network of service points and the high product availability allow the premises to be used as delivery hubs to ensure fast deliveries of products sold through kjell.com.

Competent personnel with an interest in technology

Kjell Group's mission is to help people use technology in ways they didn't know were possible. It is therefore important to recruit personnel with a genuine interest in technology and a willingness to help customers in the best possible manner.

To ensure that the Group recruits competent personnel with an interest in technology, all recruitment is handled by dedicated recruiters. Further education and investments in personnel are an important element in customer satisfaction work and thus in the strategy to drive profitable growth. Sales personnel take part in regular internal training through the company's own training programme, Kjell Academy, to strengthen technical know-how and develop skills in customer interaction and service.

Our greatest assets and the key to our success

Kjell Group's employees are crucial to the business. They are passionately interested in technology and maximising the potential of technology for customers. Our philosophy is that the right technical solution can make customers' lives much easier, improving their quality of life in many ways.

When our employees share their enthusiasm and knowledge, this creates a customer relationship characterised by trust and loyalty, which has led to Kjell & Company having approximately three million members of its customer club. And this is all thanks to our employees.

Parts of Kjell Group's management team have spent their entire careers in the Group and most of the store managers started with the company as salespersons. This guarantees that the strong corporate culture that has always characterised the company, the "Kjell Spirit," lives on.

A focus on customer satisfaction

Customer reviews are the ultimate indication that our customers appreciate our brand offering. AV-Cables.dk has an industry-leading level of customer satisfaction based on data from trustpilot.com, where AV-Cables.dk has an average rating of 4.9 out of 5.0 on the basis of more than 132,000 reviews, which is the highest of the largest players in the CEA market in Denmark. We are now developing a new method for measuring customer satisfaction at Kjell & Company in order to gain an even better understanding of customer preferences.

Loyalty club a key factor

Kjell & Company's loyalty club, which has over three million members, is a key factor for the Group's continued success. Through the programme's members, Kjell & Company has built up a comprehensive customer database containing information about the customers' shopping patterns and preferences. Data from the loyalty club is used to develop the assortment and design relevant communication to members, containing for example membership points and membership offers, and to monitor customer satisfaction.

Relevant and curated assortment

To remain relevant and provide solutions to as many potential customer problems as possible, the Group offers a customer-centric and curated assortment of high-quality consumer electronics accessories and complementary services, such as installation support. A curated and customer-centric assortment is an advantage as this limits the time customers need for a decision. The assortment is divided into eight main product categories and one service category. Kjell & Company sells approximately 8,000 products, and AV-Cables.dk sells approximately 30,000 items.

Broad product mix

Kjell & Company has a broad product mix and offers a curated range of about 100 A and B brands and eight own brands and no-name brands. The Group continuously strives to optimise the pricing of products in these brand categories using a strategic and data-driven approach. For example, data from the loyalty club is used to identify purchasing behaviour, demand and price sensitivity.

- A brands: Well-known brands help to increase traffic to our sales channels, provide credibility for the assortment and enable additional sales of other products with higher margins.
- B brands: Less well-known brands that allow us to assess demand for complex products among our customers.
- Own brands: Kjell Group's brands that offer higher average margins than A and B brands and make an important contribution to the Group's gross margin.
- No-name brands: These brands are primarily used to provide a relevant and curated assortment of various niched products, such as converters or adapters between different types of connectors, at the same time as they have a similar margin profile as own-brand products and therefore have a positive impact on gross margin.

Four trends in focus

We currently mainly work with four trends that shape our assortment development: the mobile lifestyle, the connected home, an active lifestyle, and media on demand. The mobile lifestyle refers to the fact that consumers want to remain constantly mobile, flexible and within reach for friends and work, regardless of the location of the consumer. The connected home refers to the fact that the home is becoming increasingly connected to technology to assist in everyday life. An active lifestyle refers to the fact that consumers want to optimise their training and everyday life with consumer electronics accessories, such as smart watches and smart scales. Media on demand refers to the fact that consumers want to have the opportunity to consume and create, for example, culture, music and videos whenever the consumer wants, regardless of the location of the consumer. We are constantly updating our assortment to maintain a relevant assortment that reflects customer demand.

Focus on raising the value of own brands

Kjell & Company has a long tradition of developing own brands and has over time successfully developed products that have contributed to the business's positive growth. Sales of Kjell's own brands are showing strong growth, and data from Kjell & Company's loyalty club indicates strong purchasing power among the customer base for these products. The focus going forward will be on developing the products to enable higher price points and to offer greater value and higher quality.

Partnerships to expand distribution

In May 2020, Kjell & Company entered into a partnership with Circle K under which certain products from Kjell & Company are to be sold at selected staffed Circle K stations. Since February 2021, the partnering concept has been rolled out in all of Circle K's 292 staffed stations in Sweden as well as selected stations in Norway for a test period. In December 2022, "Kjell & Company Express" moved in to a number of SkiStar hotels and stores. The new partnership was introduced in a pilot phase at 14 of SkiStar's stores in Sweden and Norway. This new concept has significantly increased Kjell & Company's physical availability.

Local sourcing makes new technology available quickly

Kjell & Company has a central purchasing function that works closely with category managers to handle warehouse planning, product allocation and the analysis of product demand. The purchasing function is primarily situated adjacent to Kjell & Company's central warehouse and head office in Malmö. We also have a local presence in China to ensure that new technology trends are identified at an early stage.

AV-Cables.dk's logistics and purchasing functions are managed separately by the Danish operation. A large share of AV-Cables.dk's cost of goods relates to European suppliers, which enables short delivery times for goods which usually arrive at the warehouse within one to seven days.

Data-driven marketing maximises potential

Future growth is dependent on the strength of the Kjell & Company and AV-Cables.dk brands as well as customers' perception, and awareness, of their offering. Since the company's inception in 1988, Kjell & Company has developed a strong brand in the Swedish market with increasing awareness in the Norwegian market as well.

Its marketing follows a clear seasonal theme, whereby campaigns for the spring, summer, autumn and winter are planned nine to ten months in advance. During the spring, campaigns focus on activities that often take place during the season's festivals, such as Easter. During the summer, the focus is instead on holiday activities while autumn campaigns focus on indoor activities, such as gaming. During the autumn and winter seasons, there is a particular focus on carrying out successful campaigns with relevant offerings for Black Friday and Christmas shopping.

The operations use a broad marketing mix including channels under their own control, e-mail marketing, social media, such as Facebook and YouTube, and television advertising. Since the launch in 2017, the loyalty club has become an important channel that enables cost-efficient marketing with personalised offers based on previous shopping patterns and behaviour in all channels.

As with the rest of the organisation, the marketing organisation is data-driven, meaning that communication with potential customers is personalised as far as possible and that marketing focuses on those customer segments that the business currently deems to have the most potential.

The operations work continuously with search engine optimisation (SEO) and search engine marketing (SEM) with the aim of increasing brand awareness and remaining relevant. The ambition is to be among the first hits in search engine results, for example Google, when customers search for products and services that Kjell & Company and AV-Cables.dk offer. By monitoring trends for popular search words, the operations can identify customers online who intend to purchase a specific product.

Market and position

Unique position in an attractive market

Most of the assortment sold by Kjell & Company and AV-Cables.dk comprises products defined as consumer electronics accessories. The CEA market in Sweden, Norway and Denmark is a sub-category of the larger consumer electronics (CE) market.

The CEA market in Sweden, Norway and Denmark has been characterised by stable growth, driven by market trends such as an increasing number of accessories per consumer electronics product, an increasing number of connected devices and growing demand for convenience and customer service.

The market trends are driven by general technology development, creating demand for consumer electronics accessories when new consumer electronics products are launched. Accessories are frequently needed for the new products launched in the market in order to get the most value from the product as a customer or to connect the product to others in an ecosystem.

The CEA market in Sweden, Norway and Denmark is fragmented and consists of numerous players with a different primary focus, who compete in numerous product categories.

The key players in the CEA market are largely consumer electronics chains which, unlike Kjell & Company and AV-Cables.dk, sell consumer electronics products, such as phones and televisions, as their primary focus with an assortment of complementary accessories. Players with a primary focus other than consumer electronics, such as do-it-yourself chains and grocery and furniture retailers, also operate in the CEA market and compete with Kjell & Company and AV-Cables.dk in some product categories, including smart home, batteries/chargers and lighting. There are also several smaller specialised players who frequently compete in at least one sub-category such as electric torches.

New behaviours driving growth

The expected growth in the addressable CEA market is driven by several underlying growth factors related to new and changed consumer

behaviour, which are driven by general technology development creating new consumer needs. Four growth factors are considered key drivers of long-term growth in the CEA market and are described below.

1. Increased number of connected devices

Connected products included in the Internet of Things (IoT) are one example of an overall digitalisation trend where everyday products are connected wirelessly to the Internet to create added value for consumers by making their daily life easier. Significant volume growth is expected for smart home, where product solutions such as smart locks and lighting systems are customised to increase convenience, improve security and save time in the daily life of consumers. The number of IoT connections per resident is expected to increase and follow this volume growth.

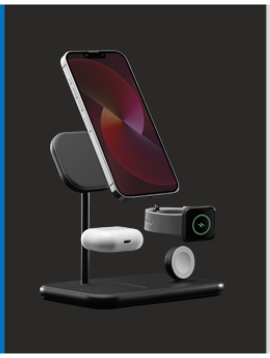
This shift to new connected products is also driving volume growth for other consumer electronics accessories, including products in the lighting and network product categories since older accessories may not be compatible with new technology. The fast-growing smart home product category is also giving rise to new product categories, and new products in existing product categories may be added in the future because the new technology is affecting consumer behaviour and consumer needs.

2. Increased number of accessories per consumer electronics product

An increased number of accessories per consumer electronics product is expected to be a key growth driver for the addressable CEA market, particularly in the major product categories of mobile accessories and audio. In mobile accessories, this is partly driven by the fact that consumers are keeping their existing phones for a longer period of time or re-using their mobile phones to a higher degree than in the past, which means that consumers are spending more money on a variety of accessories, such as docking stations, mobile phone cases and mobile phone holders, to personalise and improve the functionality of the product.

Premium. More of everything.

With Linocell Premium, we highlight design, exciting materials, and high performance to offer that little extra in accessories intended for a life on the move. Among the customers' favorites, we find Kevlar charging cables, a powerful multi-charger that charges your computer, tablet and phone at the same time, and an elegant charging station for iPhone, Apple Watch and Airpods.



3-in-1 Magnetic Wireless Charger

- For iPhone 12, 13 and 14
- Charges Apple Watch and AirPods
- Stylish and elegant design

LINOCELL® PREMIUM

Mobile phones have generally become more expensive over time, which means that consumers are choosing to spend more money on accessories, including mobile phone cases and screen protectors, which are designed to extend the lifetime of the product. In addition, the high purchase cost is leading to a larger secondhand market, which in turn is having a positive impact on sales of accessories. In the audio product category, the increase in the number of accessories is mainly driven by consumer demand for headphones that serve different needs. For example, consumers want different types of headphones for exercise, everyday use and work.

Two consumer trends in particular are underpinning, and driving, this growing need for accessories: a more mobile lifestyle and a more active lifestyle. Consumers are living a more mobile lifestyle than in the past and want to be constantly reachable and available. This requires a more seamless user experience, where consumers want personalised solutions to meet their individual needs.

Current health and fitness trends also mean that many consumers live an active lifestyle, which is creating new interests and perceived needs, including measuring and monitoring exercise performance and health development via digital devices. This is considered to be a growth driver of smart wearables – which are products such as smartwatches, running armbands, smart bathroom scales and sleep trackers that can be connected to mobile phones or computers. This trend is also driving growth in product categories such as mobile accessories and audio to meet such needs as carrying a mobile phone while running, or wearing headphones for activities such as running and swimming.

3. Increased need for convenience and customer service

Many consumers are living increasingly busy lives with a constant need to coordinate work and private life in terms of time. This means that consumers are increasingly seeking service and more convenient solutions to free up time for work and private life, such as installation support online or in the home to minimise the time and effort they need to invest in the installation of products to achieve full functionality. Greater product complexity in certain product categories, such as the choice and installation of electric car charging boxes, is also driving growth when it comes to assistance in choosing installation and an overall solution.

4. Increased focus on sustainability among consumers

Climate change and efforts to limit global warming have led to greater focus on sustainability at all stages of production and sales of goods and services, from manufacturing to consumer sales. An increased focus on sustainability among consumers will lead to higher demand for environmentally friendly products and a greater willingness to extend the lifetime of consumer electronics products.

Substantial need for personal service and advice

A high level of personal service and advice is a key factor for success in the CEA market. Since the CEA market includes a wide range of both simpler and more high-tech products, the type of personal service and advice required by consumers varies for each product. Above all, demand for a high degree of personal service and advice is increasing in line with the growing popularity of more advanced products, such as products in the smart home product category.

Strong bargaining power relative to suppliers

The CEA market is characterised by a number of product categories with a wide range of products in each category. In general, there is a relatively low degree of brand and supplier differentiation for many products, which contributes to the fact that CEA market players generally have stronger bargaining power compared with the overall CE market.

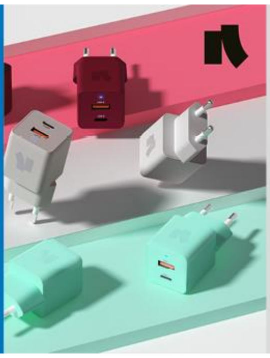
Low brand preference

Brand preference in the CEA market is generally lower compared with the overall CE market, and a higher proportion of the assortment of some retailers comprises own brands. Kjell Group believes that consumers in the CE market are more likely to have clear brand preferences since these brands can be associated with strong brand awareness among consumers in general and as such, personal identity.

Customers in the CEA market are seeking solutions to needs rather than specific brands and products, which increases opportunities for players to offer substitute products of other brands. This enables CEA market players to adjust their assortment to achieve higher margins. A lower brand preference for products in the CEA market also means that the player's own brand becomes more important, since consumers choose the player that can offer the best support for finding the right product and solving their problem.

The right to be yourself.

Nomadelic is a lifestyle brand. At its center is the customer who appreciates color and shape more than megabits, watts, and hertz. The product becomes an expression of your style. In the three series Solo, Loud and Active you find cables, chargers and power banks in different colors, portable speakers, wireless headphones and bright bicycle lights.



Fast Charger Solo 350

- Fast charger in a small format
- Charges two devices simultaneously
- Six fresh colors to choose from

Nomadelic

Low price sensitivity among accessories

The CEA market is characterised by a high share of products with a relatively low average basket size, where consumers often buy products spontaneously when the need arises. This contributes to the fact that the CEA market is generally characterised by lower price sensitivity compared with the overall CE market, since consumers are less likely to compare prices for products before purchasing consumer electronics accessories.

Market structure and players

The addressable CEA market can be divided into five major retailer segments, which combined account for the vast majority of the CEA market. The five retailer segments are described below.

- **Specialists in consumer electronics accessories:** This retailer segment includes players that are mainly focused on one or more product categories in consumer electronics accessories, and includes Kjell & Company. Kjell & Company holds a unique position in this segment of the Swedish and Norwegian CEA market as the only player of considerable size with a main focus on consumer electronics accessories. In the Danish market, there are several online-based players in this segment but there is no player of considerable size with a physical presence. AV-Cables.dk commands a strong position in the Danish CEA market among e-commerce players thanks to its broad assortment of accessories combined with high customer satisfaction.
- **Traditional consumer electronics chains:** This retailer segment consists of players with consumer electronics products, such as televisions, computers and white goods, as their primary product offering. These players also have a secondary assortment that includes a number of consumer electronics accessories that complement the primary product offering, including mobile accessories, smart home products and complementary accessories for televisions and computers.
- **Online players:** This retailer segment consists of players whose main sales channel is online, and who sell consumer electronics accessories to varying degrees. Smaller online-based specialised players focused on specific product categories, such as gaming, are also included in this segment.
- **Do-it-yourself chains:** This segment includes players who primarily offer a wide assortment of products classified as household goods. Among other goods, they offer products in building, gardening, home furnishings and kitchen accessories, as well as consumer electronics accessories such as headphones, cables and lighting.
- **Grocery and furniture retailers:** This segment includes the major supermarket chains, furniture retailers and supermarkets. These players mainly have high market shares in product categories in consumer electronics accessories with a high level of standardisation and that complement their primary assortment. For example, these players largely offer products such as batteries and lighting, as well as certain products in the smart home category.
- **Marketplaces:** This segment comprises platforms that sell products from their own warehouses and products from third-party sellers who sell directly to customers through their marketplaces. Players in this segment have a wide assortment in multiple product categories.

Product categories

The CEA market can be divided into nine product categories. A summary of the product categories with a description and product examples are presented below.

Product category	Description	Product example
Batteries/charging	Includes different types of batteries for a variety of purposes, and various charging solutions and related products	Alkaline batteries, camera batteries, tool batteries, battery chargers and EV chargers
Lighting	Includes a wide range of lighting products for a variety of purposes and of varying complexity	Light bulbs, LED strip lights, UV lights, interior lamps and task lighting
Computer accessories	Includes a wide range of computer accessories	Keyboards, hard disks, graphics cards and computer cables
Gaming	Includes computer gaming accessories	Keyboards, microphones, cameras and gamepads
Audio	Mainly consists of speakers and headphones, in which there is a wide selection of products to meet various customer needs	Wireless headphones, noise-cancelling headphones, sports headphones, portable speakers and Bluetooth speakers
Mobile accessories	Includes a wide range of products that complement and enable the use of mobile phones in various ways	Mobile phone cases, screen protectors and chargers
Network	Includes products that enable network connections for customers in various ways	Wireless routers, mesh systems and network cables
Services	Includes various types of services for consumers	Installation services for network products and arranging charging station installations
Smart home	Includes connected products in the sub-categories of controllers/connection/automation, security and smart lighting	Remote controls, connected cameras, digital locks, fire sensors and connected lighting

Performance in our markets

Segment Sweden

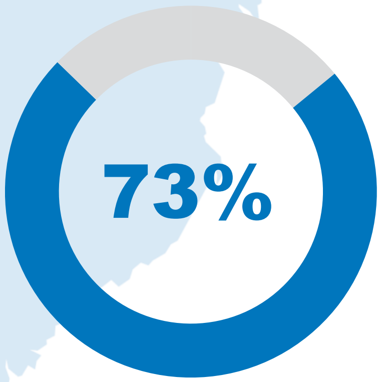
Net sales in segment Sweden increased 0.8% to MSEK 1,908.8 (1,893.0) in 2022 compared with the previous year, and adjusted EBITA amounted to MSEK 91.3 (142.3).

Kjell Group has been established in the Swedish market since the chain was founded and has created a store network with more than 114 service points over the years. From a macroeconomic perspective, 2022 was a turbulent year during which many Swedish households, in particular, felt the effects of high inflation, rising interest rates and energy prices, which had a major impact on retail. This was particularly evident during the last two quarters of the year as the highlight of the retail year – the Christmas shopping period – did not live up to the expectations at the start of the year. Otherwise, the first two quarters of the year were positive compared with the preceding year.

Although Sweden is a mature market, we delivered overall growth, which is proof that our adaptable, smoothly functioning omni-channel model makes it possible to help our customers in the channels they prefer at any given time.

During the year, we established four new service points. Kjell & Company in Sweden won the “Purchasing Experience of the Year” award at the 2022 Retail Awards, the only category voted on by the consumers themselves. During the year, a pilot project was also initiated with SkiStar to conduct sales through Kjell & Company Express at 14 stores in Sweden and Norway.

Net sales per segment (%), period



The Swedish CEA market

Over the last five years, the Swedish CEA market has shown stable annual growth, driven by positive growth in major product categories, including mobile accessories and audio, and favourable growth factors such as a higher accessory intensity.

As smart home products reach the mass market, long-term demand for the company’s services is expected to remain favourable. A transition to connected products required for smart homes requires a shift to infrastructure that is compatible with the new technology, including complementary products and accessories. This includes products in lighting, network and audio, in particular. The number of accessories per consumer electronics product is also expected to increase in major product categories, such as mobile accessories and audio.

Competitive landscape

The CEA market in Sweden is relatively fragmented. The key market players include traditional consumer electronics chains, online players and do-it-yourself chains. In contrast to Kjell & Company, the traditional consumer electronics chains have CEA products as their secondary focus and consumer electronics products as their primary focus. Online players consist of online-based technology retailers.

Kjell & Company has a leading position in the CEA market in Sweden and this market position has been achieved through, inter alia, growth in the majority of all product categories and particularly high growth in the audio, smart home, network and mobile accessories product categories.

Segment Norway

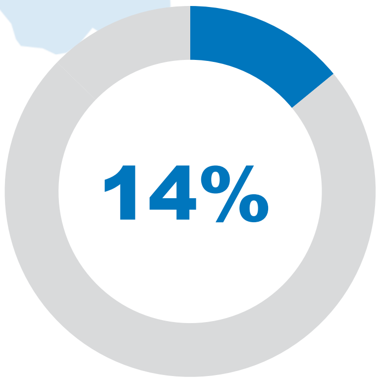
Net sales in segment Norway increased 22.0% to MSEK 366.7 (300.7) in 2022 compared with the previous year, and adjusted EBITA amounted to MSEK 14.1 (17.3).

Norway, which is one of our growth markets, reported a sharp increase in sales in comparable service points to 8.8%. Four newly established stores also contributed to sales during the year. Norway was also affected by the macroeconomic turbulence that negatively impacted consumer purchasing sentiment, particularly during the last two quarters of the year. In other respects, the first two quarters of the year were characterised by a positive trend compared with the preceding year in terms of sales in service points and online.

As in segment Sweden, this growth is powerful evidence that our omni-channel model, with seamless and channel-independent customer service, is fully functional in the Norwegian market as well.

During the year, we established four new service points in the Norwegian market. During the year, a pilot project was also initiated with SkiStar to conduct sales through Kjell & Company Express at 14 stores in Sweden and Norway. Another pilot project was carried out with Circle K, with sales conducted at six selected stations.

Net sales per segment (%), period



The Norwegian CEA market

The Norwegian CEA market, like the Swedish market, has been characterised by stable growth. Although the Swedish market is larger than the Norwegian market, the Group sees excellent potential in the Norwegian market since the population in relation to the market as a whole is smaller, indicating that the population of Norway spends more per capita on CEA products than the population of Sweden.

Demand for CEA products in the Norwegian market is also expected to remain favourable in the long term, largely driven – like in Sweden – by smart home and IoT products and an increased number of accessories per consumer electronics product in major product categories, including mobile accessories and audio.

Competitive landscape

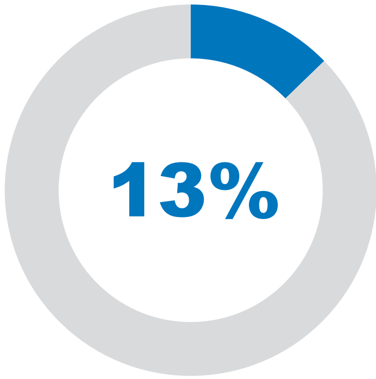
Compared with the CEA market in Sweden, which is more fragmented, traditional consumer electronics chains have a relatively high share of the CEA market in Norway.

Similar to the Swedish CEA market, some major players have gained market share in recent years, while smaller players generally have lost market share due to the strong growth demonstrated by some of the major players. We believe that Kjell & Company has grown faster than all other players in the market since its launch in 2015.

Segment Denmark

AV-Cables.dk has been consolidated in the Kjell Group since 30 April 2021, when the Danish company was acquired. Denmark thus represents our third segment. Net sales for 2022 amounted to MSEK 332.4 and adjusted EBITA to MSEK 29.4. AV-Cables.dk's operations differ from the Group's operations in its other markets since all sales in the Danish segment are conducted online. Since the acquisition, the business has performed in line with expectations, delivering an increase of 6.7% for the year. The integration of AV-Cables.dk is proceeding according to plan in order to leverage synergies with the other Group companies.

Net sales per segment (%), period



The Danish CEA market

The Danish CEA market has also been characterised by stable growth, like the Swedish and Norwegian markets. Like the Norwegian market, the population of Denmark spends more per capita on CEA products than Sweden.

Digitalisation is also expected to drive underlying demand in the Danish, although to a slightly lesser degree than in the Swedish and Norwegian CEA markets. Similar to the Swedish and Norwegian markets, growth is largely considered to be driven by smart home and IoT products and an increased number of accessories per consumer electronics product in major product categories, including mobile accessories and audio.

AV-Cables.dk's market position

AV-Cables.dk is mainly active in the product categories of mobile accessories, audio, network and computer accessories, where sales are conducted online. In recent years, AV-Cables.dk experienced substantial growth in these prioritised product categories and strengthened its market position.

On trustpilot.com, AV-Cables.dk received an average rating of 4.9 out of 5.0 based on more than 132,000 reviews, which is the highest rating for all players in the Danish CEA market.

Competitive landscape

Similar to the Norwegian CEA market, the Danish market is less fragmented than the Swedish market and the traditional consumer electronics chains have relatively high market shares.

Administration report

General

The Board of Directors and CEO of Kjell Group AB (publ) hereby submit the annual report and consolidated accounts for the 2022 financial year. All amounts are in thousands of kronor (TSEK) unless otherwise stated. Figures in parentheses refer to the 2021 financial year.

Kjell Group AB (publ) was listed on Nasdaq First North Growth Market on 16 September 2021. Its registered offices are in Malmö, Sweden.

Operations

Since the company's inception about 30 years ago, the Group has become one of the leading players in electronic accessories in the Nordics, with a relevant and curated assortment of about 8,000 products. Approximately 30,000 products were added to the product range for the Danish market with the acquisition of AV-Cables.

Kjell & Company combines a large product range with a high degree of advice and customer service, which is offered via a seamless omni-channel offering – online, through 144 service points (physical sales points), of which 114 (including one new establishment in 2022) are in Sweden and 30 are in Norway (including two new establishments in 2022), and in partnership with Circle K at 298 stations across Sweden. Through the acquisition of AV-Cables.dk, which was completed on 29 April 2021, Kjell Group is also established in the Danish market and has further strengthened its position in the Nordics. Through Kjell & Company's customer club, with approximately 3.1 million members, the company has an in-depth understanding of people's technology needs, and the Group's approximately 1,200 employees work every day to enhance everyday lives through adoption of technology.

Most of Kjell & Company's customers start their customer journey through digital channels where they navigate on their own or receive advice from our employees through video or chat. Regardless of sales channel, fast deliveries are offered directly to service points or home to customers via a service point or central warehouse if the purchase is conducted online on kjell.com. Sales from kjell.com are seamlessly integrated with service points and it comprises the fastest growing sales channel. The Group's objective is to increase the share of sales from its own online channels. Following the acquisition of the online player AV-Cables.dk, the Group increased its total sales from online channels (excluding Click&Collect), from 27% in the 2021 financial year to 30% in the 2022 financial year.

Kjell & Company's service points concept is standardised, the culture is strong and the model for establishing new service points is structured, which enables geographic expansion to new markets.

As part of the Group's ambition to help customers enjoy all of the possibilities technology has to offer, Kjell & Company provides installation support online and in the home, through its own personnel and partners.

In addition, Kjell & Company expands through selected partners when partnerships can create mutual value. The partnership with Circle K means that Circle K acts as a retailer of a selection of Kjell & Company's assortment, which significantly increases the physical availability of parts of the Group's assortment. A partnership with SkiStar was also initiated during the year.

Significant events during the financial year

- During the first quarter, it was announced that the partnership with Circle K would be expanded to include Norway, where it will be evaluated at six selected pilot stations as part of the start-up phase.
- In conjunction with the Annual General Meeting on 19 May, Kjell Group announced that Joel Eklund had been elected as a new Board member and that Catrin Folkesson had stepped down from the Board.
- During the third quarter, a pilot project was initiated with SkiStar, offering consumers sales through the Kjell Express format at 14 stores in Sweden and Norway.
- During the fourth quarter, Kjell & Company was named "Omni-Channel of the Year" at the 2022 Retail Awards. This competition is organised by the Swedish Trade Federation and the leading trade news channel Market, which have been celebrating high performers within Swedish retail since 2008.
- During the year, four service points were opened in Norway and three were opened in Sweden.
- Russian's invasion of Ukraine, which began in February, has not currently had any direct impact on the Group's operations since the Group is not exposed to these markets. However, the indirect effects on the Group's operations became evident during the year through increased inflation and rising energy prices and interest rates, which together had a negative impact on consumer purchasing power.
- The geopolitical situation between China and the US intensified during the year, and the relationship between the two countries is far from positive. Although this has not impacted the Group's operations to date, the management team and Board of Directors are following the events carefully.
- A new wave of COVID-19 resulted in lockdowns in various parts of China during the year. This did not have any significant impact in terms of product purchasing since products were purchased in other parts of the country where the pandemic was under better control. China lifted all restrictions related to COVID-19 at the end of the year.

Impact of the COVID-19 pandemic

In 2022, there were no restrictions in place in Kjell Group's sales markets, which is an entirely different situation than that faced in all sales markets in early 2021. China – where the Group has its purchasing office (Shanghai) – experienced a higher infection rate early in the year, leading to increased restrictions and lockdowns in the worst-hit parts of the country. This did not impact the Group, however, since its employees were able to continue working. The country eased its restrictions later in the year. Management and the Board are following the events carefully should the situation deteriorate, resulting in the reinstatement of restrictions and lockdowns.

Events after the reporting date

After the reporting date, a new service point was opened in Kalmar and service points in Västerås and Örebro were reallocated.

Expected future developments

Given the prevailing macroeconomic climate, we are looking towards 2023 with a certain level of confidence. Although we expect to continue to grow, we respect the fact that consumer purchasing power and confidence have decreased and that the retail sector as a whole is facing a challenging year. Despite increased competition in the market, we are secure in our profitable and need-driven business model and are highly optimistic that we will be able to serve even more customers in 2023. We will continue to adjust our assortment and prices and to streamline and invest where we see potential. We will also continue to optimise the store network in Sweden by relocating selected service points in order to maximise their potential and profitability.

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.

Significant risks and uncertainties

The operations entail risks that are continually evaluated in order to manage them in the best way. Several risks and uncertainties that are associated with the operations under normal conditions are summarised in this section.

Kjell Group's addressable market comprises the CEA market in Sweden, Norway and Denmark. All of Kjell & Company's service points are located in Sweden and Norway, whereas Kjell Group's online channel focuses on the Swedish, Norwegian and Danish markets. As a result, the Group's net sales and earnings are significantly impacted by consumer behaviour in the Swedish, Norwegian and Danish CEA markets, which are in turn impacted by many factors beyond the Group's control. Ultimately, these factors control the purchasing power of customers and thereby demand for the products the Group sells. Moreover, these factors include current and future general economic conditions as well as consumers' perceptions of such conditions. Growth in the CEA market is also influenced by market-specific underlying trends such as the number of connected devices, the number of accessories per consumer electronics product, needs for convenience and service, and focus on sustainability, which in turn are influenced by general economic conditions.

However, weak general economic conditions have historically had limited impact on the Group's net sales, but have given rise to changes in customer demand to which the operations have had to adjust. For example, the Group believes that demand for accessories compatible with new consumer electronics may increase during economic upturns, while demand for accessories that extend the lifetime of consumer electronics may increase during economic downturns and also due to a focus on sustainability.

The CEA markets in Sweden, Norway and Denmark are exposed to competition. To manage this competition, Kjell Group must continuously monitor the market to identify relevant success factors and, in particular, adjust its marketing and pricing strategies accordingly. A number of success factors exist in the markets where Kjell Group operates and these include service, advice and customer experience, sustainability, product quality and pricing, product range, geographic location of service points, integration of an online offering attractive to customers into an omni-channel platform, efficient distribution, strength of a chain brand, marketing relevance, the ability to efficiently anticipate and identify changing trends in customer demand and preferences, and to offer products that meet that demand in a timely manner. The significance of individual factors also varies according to the market.

Kjell & Company has one central warehouse with around 8,000 square metres of warehouse space in Malmö, Sweden, which serves as the central distribution hub for Kjell & Company's products and deliveries to service points and direct to e-commerce customers. The central warehouse handles orders to service points as well as online orders in an integrated flow. In the event that the central warehouse is damaged, destroyed or required to close due to accidents or other factors, Kjell & Company could be prevented from storing, processing and distributing its products to meet its operational needs. Therefore, Kjell & Company has developed detailed plans to manage such eventualities. The warehouse in Hornsyld, Denmark, which serves as the hub for the Danish operations and AV-Cables.dk, is managed in a similar fashion.

Expansion risks arise as the Group expands its operations in Sweden and in other countries. The risk is that investments made will not produce the expected returns and that the brand could be adversely affected by the failure of new businesses. These risks are managed through a detailed market and store location analysis as well as thoroughly prepared establishment processes with selected and trained personnel.

Kjell Group continually uses multiple IT systems in various parts of its operations. Should the operations' IT systems cease to function appropriately, those parts of operations that depend on the IT systems could be adversely impacted. These IT risks are managed by continually keeping business systems and other critical IT systems updated and adapted to the operations as well as ensuring reliability and data protection.

Due to the Group's cross-border operations, Kjell Group has material assets and liabilities and generates a portion of its net sales and incurs a material part of its expenditure in various currencies that are not SEK, the Group's accounting currency. Consequently, Kjell Group is exposed to currency risks comprising translation exposure and transaction exposure. In addition to sales in SEK, the Group generates sales in NOK and DKK, and currency risk also arises when goods are purchased from abroad, primarily in EUR and USD, which consequently results in exposure to these currencies. The Group may hedge parts of its currency exposure using currency futures as needed in order to manage its exposure. There were no currency futures on the reporting date.

The Group may use interest-rate swaps to hedge exposure to interest-rate risk. There were no interest-rate swaps on the reporting date.

Refer to Note 25 for more information on the Group's financial risks.

Other than the risks associated with normal operations, a number of risks requiring special attention were identified during the year. These are presented below.

At the time this annual 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 also 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.

Information on the company's share and ownership structure

Kjell Group AB's (publ) share is listed on Nasdaq First North Growth Market under the ticker KJELL, with the ISIN SE0016797591. The share price on the final day of trading during the period was SEK 33.05. The highest price paid, SEK 62, and lowest price paid, SEK 31.1, were quoted on 7 January and 10 November, respectively.

As of 31 December 2022, Kjell Group AB (publ) had approximately 4,543 shareholders, the largest of which were FSN Capital (22.87%), Fosielund Holding (10.91%), Cervantes Capital (6.95%), AMF Pension & Fonder (6.95%) and Nordea Fonder (3.47%).

The number of shares issued as of 31 December 2022 was 31,151,514, all of which were common shares.

For more information, visit www.kjellgroup.com

Sustainability disclosures

Sustainable business is an important part of operations and something that customers value highly. The Group regularly reviews how its operations can contribute to a more sustainable society. One of the areas that the operations actively address is the climate impact of all shipping, with a focus on shifting package design from plastic to paper but primarily on reviewing the size of the packaging and, therefore, the volume transported.

The operations also try, to the greatest possible extent, to use recycled material in their products and packaging in order to contribute to a more circular economy. Dedicated teams in China and Sweden work continuously with ensuring the quality and safety of the products that the operations offer to customers.

The Group's employees are the operations' most important resource. Our success is based on having highly motivated employees who are knowledgeable about Group's assortment and show an unwavering dedication to helping customers. Internal training is a comprehensive and important part of developing the Group's employees. Equality and diversity are important items on the agenda. The Group strives to have a staff that reflects the society of its operating markets.

Maintaining and developing motivation requires strong leaders who can inspire confidence in their teams, which is why significant resources are invested in leadership development. This long-term investment in the Group's employees has also led to excellent results in the employee surveys that are regularly carried out and monitored in the Group.

Sustainability report

Pursuant to Chapter 6, Section 11 of the Swedish Companies Act, Kjell & Co Elektronik AB, in its capacity as the major operating company in the Group, has opted to prepare its statutory sustainability report separately from the annual report. The sustainability report is available at www.kjellgroup.com.

Development of the company's operations, earnings and position

The Group's financial performance is presented below, followed by comments on developments in 2022.

MSEK	2022	2021	2020	2019
Net sales	2,607.9	2,398.0	1,999.0	1,871.0
Sales growth, %	8.8%	20.0%	6.8%	10.7%
Comparable growth, %	0.7%	6.8%	5.7%	7.8%
Gross profit	1,099.2	1,023.3	877.5	839.1
Gross margin, %	42.1%	42.7%	43.9%	44.9%
Adjusted EBITA	134.8	188.1	146.9	138.4
Adjusted EBITA margin, %	5.2%	7.8%	7.3%	7.4%
Operating profit (EBIT)	117.2	140.0	139.3	138.2
Cash flow from operating activities	242.3	152.3	237.0	181.4
Equity ratio, %	40.8%	34.7%	17.2%	14.8%

Net sales

Net sales increased 8.8% to MSEK 2,607.9 (2,398.0) in the period. Comparable growth amounted to 0.7% during the period. The new service points and the partnership with Circle K also contributed to growth.

All segments and channels contributed to continued growth in the period. The ability to meet our customers in various channels, in combination with smart planning in terms of purchases of goods, means that we can deliver strong sales figures despite challenging situations.

Net sales in segment Sweden increased 0.8% in the period compared with last year. Net sales for segment Norway rose 22.0% in the period. Growth in these two segments is evidence that our omni-channel model, with seamless and channel-independent customer service, is fully functional.

AV-Cables.dk has been consolidated in Kjell Group since 30 April 2021. Sales in segment Denmark amounted to MSEK 332.4 in the period.

Our digital customer acquisition remained strong during the period, with online sales accounting for 30% of sales and Click&Collect for an additional 8%.

Operating expenses

Costs of goods for resale amounted to MSEK 1,508.7 (1,374.8) for the period, while gross profit increased to MSEK 1,099.2 (1,023.2), up 7.4%. The gross margin amounted to 42.1% (42.7). The gross margin was mainly impacted by currency effects from product purchases and an inability to sufficiently pass on price increases to customers. The increase in gross profit was primarily due to sales growth.

Personnel costs amounted to MSEK 493.7 (467.3) for the period, an increase of 5.7%. The change compared with the preceding year is due to the cost increase attributable to the acquisition of AV-Cables and the establishment of new service points.

Other external expenses amounted to MSEK 307.5 (266.9) for the period. The year-on-year increase was driven by the cost increase due to the acquisition and by higher selling and marketing expenses to improve the customer experience and drive growth, primarily in our growth markets. We also had eight more service points at the end of the year than in the preceding year. Inflation also had an impact and was visible not least in freight costs, which are being effected by rising fuel surcharges, and in the cost of premises, which is being impacted affected by increased energy costs.

Other operating expenses amounted to MSEK 18.8 (3.3) for the period and consisted almost exclusively of currency losses related to the remeasurement of balance sheet items. Other operating income amounted to MSEK 13.9 (10.4) MSEK, with the year-on-year change again attributable to currency effects from the remeasurement of balance sheet items. Total currency effects from the remeasurement of balance sheet items amounted to a net loss of MSEK 8.9 in the period, compared with a gain of MSEK 0.8 in the comparative period.

Total depreciation and amortisation amounted to MSEK 175.9 (156.1) for the period, of which MSEK 17.6 (11.1) 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 119.4 (111.1) for the period.

Items affecting comparability

Items affecting comparability in the period associated with other external expenses amounted to MSEK 0 (24.8), and those associated with personnel costs amounted to MSEK 0 (12.1). Items affecting comparability in the preceding year pertain mainly to preparations ahead of the listing and acquisition-related costs.

Adjusted EBITA and operating margin (EBIT)

The Group's adjusted EBITA amounted to MSEK 134.8 (188.1) for the period. Currency effects had a negative impact of MSEK 9.7 compared with the comparative period.

Net financial items

The Group's net financial items amounted to MSEK -29.3 (-59.3) for the period, including interest expenses attributable to lease liabilities of MSEK 8.7 (10.1) for the period. The new financing secured in connection with the IPO is a major reason for the difference between the years.

Cash flow

The Group's cash flow from operating activities totalled MSEK 242.3 (152.3) for the period. The year-on-year improvement was mainly attributable to a strong positive change in working capital and positive earnings.

Cash flow from investing activities amounted to MSEK -118.1 (-291.9) 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 -204.4 (-10.3) for the period. Cash flow for the period was primarily attributable to lower utilisation of the revolving credit facility, loans raised for financing of earnouts, and the repayment of lease liabilities.

The Group's cash and cash equivalents amounted to MSEK 117.6 at the end of the reporting period, compared with MSEK 193.8 at the beginning of the year.

Working capital

Working capital decreased from MSEK 195.2 at the beginning of the year to MSEK 185.9 at year-end, primarily due to lower inventories.

Net debt

The Group's financial net debt amounted to MSEK 405.1 at the end of the period, compared with MSEK 402.3 at the beginning of the year, corresponding to financial net debt in relation to adjusted EBITDAaL (rolling 12 months)[1] of 2.5x. The change in net debt for the period was also affected by the earnout included in the acquisition of AV-Cables in the first quarter, which was financed through external loans.

Equity

The Group's equity amounted to MSEK 998.8 at the end of the reporting period, compared with MSEK 889.4 at the beginning of the year.

See "Relevant reconciliations of non-IFRS performance measures" for definitions and reconciliations of alternative performance measures.

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 24.6 (5.5) and pertain entirely to intra-Group invoicing. The Parent Company reported a loss after financial items of MSEK -20.4 (-40.8) for the period. The Group's financing is raised in the Parent Company.

[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.

Proposed appropriation of the company’s profit or loss

The following amounts are available for the Annual General Meeting’s disposal/consideration in SEK:

Profit brought forward	33,229,724
Share premium reserve	1,091,432,843
Net profit for the year	28,201,604
Total	**1,152,864,172**

The Board of Directors proposes that the available profit and non-restricted reserves be allocated as follows:

Dividend 31,151,514 shares * SEK 0	0
To be carried forward	1,152,864,172
Total	**1,152,864,172**

For the company’s earnings and position in general, refer to the following financial statements and related notes.

Board of Directors

Ingrid Jonasson Blank

Board Chairman

Born in 1962. Board Chairman since 2018.

Nationality: Swedish.

Independent in relation to the company and its management/major shareholders: Yes/Yes.

Education: BSc in economics with a specialisation in marketing, University of Gothenburg School of Business, Economics and Law.

Other current assignments: Chairman of the Board of Haypp Group AB and Aimn Apparell AB. Board member of Bilia AB, Musti Group Oy, Forenom Group Oy, CityGross AB, Astrid Lindgren AB, Meds AB and Hyber AB.

Previous assignments/experience: Board member of Kjell Koncern AB. Board member of Ambea AB, Fiskars Oyj, Orkla ASA, BHG Group AB, Martin & Servera Aktiebolag, Kulturkvarteret Astrid Lindgrens Näs AB and Matse Holding AB.

Shareholding: Ingrid Jonasson Blank owns 58,548 shares in the company.

Thomas Broe-Andersen

Board member

Born in 1972. Board member since 2020.

Nationality: Danish.

Independent in relation to the company and its management/major shareholders: Yes/Yes.

Education: MSc in economics and accounting, Aarhus University.

Other current assignments: Chairman of the Board of Microshade, Above Sports and The Fiddlery. Board member of Gram.

Previous assignments/experience: Partner at FSN Capital Partners (investment advisor to FSN Capital IV). Board member of Lagkagehuset A/S, Kjell Koncern AB and Netcompany A/S.

Shareholding: Thomas Broe-Andersen does not own any shares in the company.

Fredrik Dahnelius

Board member

Born in 1971. Board member since 2017.

Nationality: Swedish.

Independent in relation to the company and its management/major shareholders: Yes/No.

Education: Compulsory school diploma.

Other current assignments: Board member of SPACELOOM STUDIOS AB and Aledal Intressenter AB.

Previous assignments/experience: One of the founders of Kjell & Company. Board member of Kjell & Co Elektronik AB and Kjell Koncern AB.

Shareholding: Fredrik Dahnelius owns 709,990 shares in the company.

Joel Eklund

Board member

Born in 1980. Board member since 2022.

Nationality: Swedish.

Independent in relation to the company and its management/major shareholders: Yes/No.

Education: BA in Philosophy, Politics and Economics from Oxford University.

Other current assignments: Chairman of the Board of TePe Munhygienprodukter AB, Eklund Foundation, Endbright and Fosieby Företagsgrupp, and Board member of Malmö University, USWE Sports AB, Parkster AB, Magle Chemoswed Holding AB, Amab Hydraul AB and Malmö Börssällskap.

Previous assignments/experience: CEO of TePe Munhygienprodukter AB, Board member of Midway Holding AB (publ).

Shareholding: Joel Eklund owns 20,000 shares in the company directly as well as 3,400,000 shares indirectly through Fosielund Holding AB.

Simon Larsson

Board member

Born in 1988. Board member since 2020.

Nationality: Swedish.

Independent in relation to the company and its management/major shareholders: Yes/No.

Education: BSc in economics specialising in finance and accounting, Stockholm School of Economics.

Other current assignments: Principal at FSN Capital Partners (investment advisor to FSN Capital IV). Board member of Seriline AB (through Niobe Holdco AB).

Previous assignments/experience: Board member of Mørenot and analyst at Goldman Sachs.

Shareholding: Simon Larsson does not own any shares in the company.

Ola Burmark

Board member

Born in 1969. Board member since 2021.

Nationality: Swedish.

Independent in relation to the company and its management/major shareholders: Yes/Yes.

Education: BSc in economics, Östersund University.

Other current assignments: CFO of Enea AB (publ).

Previous assignments/experience: CFO of ZetaDisplay, Medivir, OneMed, Aditro, and SVP Finance and M&A at Thule.

Shareholding: Ola Burmark owns 17,693 shares in the company.

Management

Andreas Rylander

CEO

Born in 1981. Chief Executive Officer (2021)

Employed at the Group since: 2002

Member of Group management since: 2016

Nationality: Swedish.

Education: Studies in strategic planning and leadership in retail and studies in communication and HR at Dale Carnegie.

Other current assignments: Chairman of the Board of Group companies within Kjell Group.

Previous positions: COO of Kjell & Company, CEO of Kjell & Company, CEO of Kjell & Company Norway.

Shareholding: Andreas Rylander owns 64,263 shares in the company.

Niklas Tyrén

CFO

Born in 1972. Chief Financial Officer (2015)

Employed at the Group since: 2015

Member of Group management since: 2015

Nationality: Swedish.

Education: BSc in business administration, University of Southern Europe and MBA, University of Southern Europe.

Other current assignments: Board member of Group companies within Kjell Group.

Previous positions: Finance Director and Head of Nordic Financial Planning and Analysis at Findus, Finance Director at HJ Heinz, Director, Business Control & Global Supply at Gambro Renal Products and Head of Supply Chain Finance at Unilever.

Shareholding: Niklas Tyrén owns 24,849 shares in the company.

Jenny Hillerström-Schüldt
CPCO

Born in 1972. Chief People & Culture Officer (2022)

Employed at the Group since: 2022

Member of Group management since: 2022

Nationality: Swedish.

Education: BSc in behavioural science from Lund University.

Other current positions: -

Previous positions: Interim CPCO at Resurs Bank, Interim HR Director at BMI, CPCO at Ikano Bank, various senior HR positions at Maersk, Axis Communications AB and Sony Ericsson Mobile Communications.

Shareholding: Jenny Hillerström-Schüldt does not own any shares in the company.

Martin Knutson

CTO

Born in 1980. Chief Technology Officer (2019)

Employed at the Group since: 1999

Member of Group management since: 2011

Nationality: Swedish.

Education: Upper secondary diploma in natural sciences/technology.

Other current assignments: Deputy Board member of Group companies within Kjell Group.

Previous positions: Head of Business Development IT, IT Manager, System Engineer and Sales Associate at Kjell & Company.

Shareholding: Martin Knutson owns 15,674 shares in the company.

Carl-Johan Rijpma

CSCO

Born in 1975. Chief Supply Chain Officer (2022)

Employed at the Group since: 2022

Member of Group management since: 2022

Nationality: Swedish.

Education: MSc in engineering and logistics from the Faculty of Engineering at Lund University, BSc in business and economics from the Lund University School of Economics and Management.

Other current positions: -

Previous positions: COO and VP Operations at Doro Group AB, Procurement Director at Findus, Director Sourcing & Partner Management at Sony Mobile.

Shareholding: Carl-Johan Rijpma owns 14,174 shares in the company.

David Palm

CRO

Born in 1983. Chief Retail Officer (2021)

Employed at the Group since: 2017

Member of Group management since: 2021

Nationality: Swedish.

Education: BSc in strategic leadership from Lund University.

Other current positions:

Previous positions: Business Controller at Kjell & Company, CCO at Phonera Företag AB, Group Business Controller at Phonera AB.

Shareholding: David Palm owns 28,018 shares in the company.

Consolidated statement of profit or loss

1 januari - 31 december			
TSEK	**Note**	**2022**	**2021**
Operating income			
Net sales	2.3	2,607,929	2,398,033
Other operating income	4	13,884	10,366
		2,621,813	**2,408,399**
Operating expenses			
Goods for resale		-1,508,760	-1,374,762
Personnel costs		-493,672	-467,241
Other external expenses		-307,491	-266,916
Other operating expenses	5	-18,836	-3,354
Depreciation/amortisation of tangible and intangible assets		-175,873	-156,101
Operating profit	7,8,26	**117,181**	**140,025**
Financial items			
Financial income		2,083	3
Financial expenses		-31,404	-59,350
Net financial items	9	**-29,321**	**-59,347**
Profit (loss) before tax		**87,860**	**80,678**
Income tax	11	-16,660	-18,259
Net profit for the year		**71,200**	**62,419**
Net profit for the year attributable to:			
Parent Company's shareholders		71,200	62,419
Net profit for the year		**71,200**	**62,419**
		-	-
Earnings (loss) per share	12		
basic (SEK)		2.29	1.75
diluted (SEK)		2.29	1.75

Consolidated statement of profit or loss and other comprehensive income

1 januari - 31 december			
TSEK	**Note**	**2022**	**2021**
Net profit for the year		**71,200**	**62,419**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences of foreign operations		35,996	5,483
Cash flow hedges			95
Tax attributable to items that have been or may be reclassified to net profit for the year	11		-16
		35,996	5,562
Items that will not be reclassified to profit or loss		**-**	**-**
Other comprehensive income for the year		**35,996**	**5,562**
Total comprehensive income for the year		**107,196**	**67,981**
Total comprehensive income attributable to:			
Parent Company's shareholders		107,196	67,981
Total comprehensive income for the year		**107,196**	**67,981**

Consolidated statement of financial position

TSEK	Note	31/12/2022	31/12/2021
Assets			
Intangible assets	13	1,372,032	1,360,084
Tangible assets	14	100,514	92,034
Right-of-use assets	26	275,888	266,024
Deferred tax assets	11	258	433
Total non-current assets		**1,748,692**	**1,718,575**
Inventories	16	487,525	545,737
Tax assets	11	28,774	27,106
Accounts receivable	25	28,369	26,687
Prepaid expenses and accrued income	17	34,321	45,434
Other receivables		1,616	7,355
Cash and cash equivalents	18	117,619	193,770
Total current assets		**698,224**	**846,089**
Total assets		**2,446,916**	**2,564,664**
Equity	19		
Share capital		515	515
Other contributed capital		456,111	453,978
Reserves		41,680	5,684
Retained earnings including net profit for the year		500,470	429,270
Equity attributable to Parent Company's shareholders		**998,776**	**889,447**
Total equity		**998,776**	**889,447**
Liabilities			
Non-current interest-bearing liabilities	20.24	513,528	446,909
Non-current lease liabilities	26	153,152	158,750
Other non-current liabilities	22	102	102
Deferred tax liabilities	11	127,350	130,086
Total non-current liabilities		**794,132**	**735,847**
Current interest-bearing liabilities	20.24	9,200	149,200
Current lease liabilities	26	113,465	103,318
Accounts payable	25	330,028	377,181
Tax liabilities	11	22,342	39,853
Other liabilities	22	74,592	153,175
Accrued expenses and deferred income	23	96,773	109,278
Provisions	21	7,608	7,365
Total current liabilities		**654,008**	**939,370**
Total liabilities		**1,448,140**	**1,675,217**
Total equity and liabilities		**2,446,916**	**2,564,664**

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 January 2021	**162**	**1,999**	**201**	**-79**	**367,045**	**369,328**
Transactions with owners of the company						
Offset issue and settlement of Promissory note1	16	69,678	-	-		69,694
Bonus issue[2]	389	-	-	-	-389	-
New share issue[3]	143	381,661	-	-	-	381,804
Redection of preference shares[4]	-195	-	-	-	195	-
Incentive programme		640				640
Comprehensive income for the period						
Net profit (loss) for the period	-	-	-	-	62,419	62,419
Other comprehensive income for the period	-	-	5,483	79	-	5,562
Total comprehensive income for the period	-	-	5,483	79	62,419	67,981
Balance at 31 December 2021	**515**	**453,978**	**5,684**	**-**	**429,270**	**889,447**

TSEK	Share capital	Other contributed capital	Translation reserve	Hedge reserve	Retained earnings incl. net profit (loss) for the	Total equity
	Equity attributable to Parent Company's shareholders					
Balance at 1 January 2022	**515**	**453,978**	**5,684**	**-**	**429,270**	**889,447**
Transactions with owners of the company						
Incentive programme		2,133				2,133
Comprehensive income for the period						
Net profit (loss) for the period	-	-	-	-	71,200	71,200
Other comprehensive income for the period	-	-	35,996		-	35,996
Total comprehensive income for the period	-	-	35,996	-	71,200	107,196
Balance at 31 December 2022	**515**	**456,111**	**41,680**	**-**	**500,470**	**998,776**

[1] Pertains to the offset issue and settlement of a promissory note. Both transactions were attributable to the acquisition of AV-Cables.dk; refer to Note 6 for more information.

[2] Pertains to a bonus issue of TSEK 39 carried out in connection with the withdrawal of preference shares and to a bonus issue of TSEK 350 carried out in connection with a share split.

[3] Pertains to a new share issue in connection with the listing of the company's shares on Nasdaq First North Growth Market. The issue amount of TSEK 400,000 was recognised net after the deduction of issue costs of TSEK 22,917 and tax effects of TSEK 4,721.

[4] Reduction of share capital through the withdrawal of preference shares.

Consolidated statement of cash flows

1 januari - 31 december

TSEK	Note	2022	2021
	31		
Cash flow from operating activities			
Profit (loss) before tax		87,860	80,678
Adjustments for non-cash items		174,939	162,702
Income tax paid		-39,460	-33,168
		223,339	210,212
Increase (-)/decrease (+) in inventories		65,505	-107,343
Increase (-)/decrease (+) in operating receivables		16,280	-14,631
Increase (+)/decrease (-) in operating liabilities		-62,874	64,051
Cash flow from operating activities		**242,250**	**152,289**
Investing activities			
Acquisition of tangible assets		-30,042	-31,685
Acquisition of intangible assets		-14,163	-17,396
Acquisition of subsidiaries		-	-242,858
Settlement of additional purchase price related to acquisition of subsidiaries		-73,944	
Cash flow from investing activities		**-118,149**	**-291,939**
Financing activities			
New share issue		-	400,000
Issue expenses		-	-22,917
Proceeds of loans		258,977	723,743
Repayment of loans		-332,916	-991,750
Repayment of lease liabilities		-130,460	-119,326
Cash flow from financing activities		**-204,399**	**-10,250**
Cash flow for the year		-80,298	-149,900
Cash and cash equivalents at the beginning of the year		193,770	340,422
Exchange rate differences in cash and cash equivalents		4,147	3,248
Cash and cash equivalents at the end of the year		**117,619**	**193,770**

Parent Company income statement

1 januari - 31 december			
TSEK	**Note**	**2022**	**2021**
Operating income			
Net sales		24,607	5,475
		24,607	**5,475**
Operating expenses			
Other external expenses		-7,584	-19,108
Personnel costs		-21,788	-22,663
Depreciation of tangible assets		-8	-
Operating profit		**-4,773**	**-36,296**
Financial items			
Financial income		1,724	-
Financial expenses	9	-17,393	-4,483
Profit (loss) after financial net		**- 20,442**	**- 40,779**
Appropriations	10	55,825	51,925
Profit (loss) before tax		**35,383**	**11,146**
Income tax		-7,181	-3,273
Net profit (loss) for the year		**28,202**	**7,873**

Parent Company statement of profit or loss and other comprehensive income

1 januari - 31 december			
TSEK	**Note**	**2022**	**2021**
Net profit for the year		**28,202**	**7,873**
Other comprehensive income		-	-
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**28,202**	**7,873**
Net profit for the year attributable to:			
Parent Company's shareholders		28,202	7,873
Total comprehensive income for the year		**28,202**	**7,873**

Parent Company balance sheet

TSEK	Note	31/12/2022	31/12/2021
Assets			
Non-current assets			
Non-current assets			
Machinery and equipment		32	12
Financial non-current assets			
Participation in group companies	30	1,610,068	1,609,548
Right-of-use assets	11	422	1,448
Total non-current assets		**1,610,522**	**1,611,008**
Current assets			
Current receivables			
Receivables from group companies	15	53,069	-
Prepaid expenses and accrued income	17	1,823	1,923
Other receivables		-	4,581
Tax receivables		-	-
Total current receivables		**54,892**	**6,504**
Cash and cash equivalents	18	70,634	2,159
Total current assets		**125,526**	**8,663**
Total assets		**1,736,048**	**1,619,671**
Equity and liabilities			
Equity			
Resticted equtiy			
Share capital	19	515	515
Non-restricted equity			
Share premium reserve		1,091,433	1,091,433
Retained earnings		33,230	23,224
Profit (loss) for the period		28,202	7,873
Total equity		**1,153,380**	**1,123,045**
Untaxed reserves			
Tax allocation reserves		9,275	-
Total untaxed reserves		**9,275**	**-**
Non-current liabilities			
Non-current interest-bearing liabilities	20.24	438,529	446,910
Total non-current liabilities		**438,529**	**446,910**
Current liabilities			
Current interest-bearing liabilities	20.24	9,200	9,200
Overdraft facility		319	974
Liabilities to group companies		118,051	31,035
Other current liabilities		2,174	754
Tax liabilities	11	22	199
Accrued expenses and deferred income	23	5,098	7,554
Total current liabilities		**134,864**	**49,716**
Total equity and liabilities		**1,736,048**	**1,619,671**

Parent Company statement of changes in equity

	Resticted equity	Non restricted equity			
TSEK	***Share capital***	***Share premium reserve***	***Retained earning***	***(loss) for the period***	***Total equtiy***
Balance at 1 January 2021	**162**	**662,495**	**377**	**-1**	**663,033**
Transactions with owners of the company					
Offset issue and settlement of Promissory note1	16	47,277	22,401		69,694
Bonus issue[2]	389		-389		-
New share issue[3]	143	381,661	-	-	381,804
Redection of preference shares[4]	-195	-	195	-	-
Incentive programme			640		640
Comprehensive income for the period					
Net profit (loss) for the period	-	-	-	7,873	7,873
Total comprehensive income for the period	**-**	**-**	**-**	**7,873**	**7,873**
Appropriations of profit	-	-	-	-	-
Balance at 31 December 2021	**515**	**1,091,433**	**23,224**	**7,873**	**1,123,045**

	Resticted equity	Non restricted equity			
TSEK	**Share capital**	**Share premium reserve**	**Retained earning**	**Net profit (loss) for the period**	**Total equtiy**
Balance at 1 January 2022	**515**	**1,091,433**	**23,224**	**7,873**	**1,123,045**
Transactions with owners of the company					
Incentive programme			2,133		2,133
Comprehensive income for the period					
Net profit (loss) for the period	-	-	-	28,202	28,202
Total comprehensive income for the period	**-**	**-**	**-**	**28,202**	**28,202**
Appropriations of profit	-	-	7,873	-7,873	-
Balance at 31 December 2022	**515**	**1,091,433**	**33,230**	**28,202**	**1,153,380**

1 Pertains to the offset issue and settlement of a promissory note. Both transactions were attributable to the acquisition of AV-Cables.dk; refer to Note 6 for more information.

2 Pertains to a bonus issue of TSEK 39 carried out in connection with the withdrawal of preference shares and to a bonus issue of TSEK 350 carried out in connection with a share split.

3 Pertains to a new share issue in connection with the listing of the company's shares on Nasdaq First North Growth Market. The issue amount of TSEK 400,000 was recognised net after the deduction of issue costs of TSEK 22,917 and tax effects of TSEK 4,721.

4 Reduction of share capital through the withdrawal of preference shares.

Parent Company cash flow statement

1 januari - 31 december

TSEK	**Note**	**2022**	**2021**
	31		
Cash flow from operating activities			
Profit (loss) after financial items		-20,442	-40,779
Income tax paid		-6,331	-4,569
Adjustments for non-cash items		2,437	1,472
		-24,336	-43,876
Increase (-)/decrease (+) in operating receivables		-48,387	-1,107
Increase (+)/decrease (-) in operating liabilities		85,325	105,617
Cash flow from operating activities		**12,602**	**60,634**
Investing activities			
Acquisition of tangible assets		-27	-12
Shareholders contribution		-	-948,391
Cash flow from investing activities		**-27**	**-948,403**
Financing activities			
New share issue		-	400,000
Issue expenses		-	-22,917
Proceeds of loans		183,977	460,000
Repayment of loans		-193,177	-
Received group contribution		65,100	51,925
Cash flow from financing activities		**55,900**	**889,008**
Cash flow for the year		68,475	1,239
Cash and cash equivalents at the beginning of the year		2,159	920
Cash and cash equivalents at the end of the year		**70,634**	**2,159**

Notes

Not 1 Significant accounting policies

(A) Basis of accounting
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied.

The Parent Company applies the same accounting policies as the Group except in the cases specified below in the section “Parent Company accounting policies.”

The annual report and consolidated financial statements were approved for publication by the Board of Directors and CEO on 14 April 2023. The consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, and statement of financial position and the Parent Company income statement and balance sheet will be adopted at the Annual General Meeting on 16 May 2023.

(B) Events after the reporting period
Events after the reporting period are those events, favourable or otherwise, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Events that provide evidence of conditions that existed at the end of the reporting period are adjusted for (adjusting events) whereas events that are indicative of conditions that arose after the reporting period not adjusted for (non-adjusting events), but disclosed (see Note 32).

(C) Basis for measurement applied in preparing the financial statements
Assets and liabilities are recognised at historical cost, except those pertaining to financial instruments. Financial assets and liabilities are measured at amortised cost with the exception of certain derivatives.

(D) Functional currency and reporting currency
The Parent Company’s functional currency is Swedish kronor, which also constitutes the reporting currency for the Parent Company and the Group. Accordingly, the financial statements are presented in Swedish kronor. All amounts, unless otherwise stated, are rounded to the nearest thousand.

(E) Judgements and estimates in the financial statements
Preparing the financial statements in accordance with IFRS requires management to make judgements and estimates, and to make assumptions that impact the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgements.

Estimates and assumptions are regularly reviewed. Changes in estimates are recognised in the period when the change is made if the change affects that period only, or in the period when the change is made and in future periods if the change affects the period in question as well as future periods.

(F) Significant accounting policies applied
The accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements. Moreover, the Group’s accounting policies have been consistently applied by the Group companies.

(G) Changes in accounting policies as a result of new or amended IFRS
Changes in IFRS applied as of 1 January 2022 or later have not had any material effect on the consolidated financial statements.

The Group applies IFRS and has prepared its first annual report in accordance with IFRS for the 2020 financial year. Historical financial information presented in the annual report is recognised in accordance with IFRS.

(H) New IFRS that have not yet been applied
The only new or amended IFRS with application as of 1 January 2023 or later that impact the Group are the amendments to IAS 1. The amendments to IAS 1 are expected to entail that the presentation of accounting policies in the Group’s annual reports for 2023 and onwards will be significantly shorter than the current presentation since the amendments to IAS 1 entail that disclosures are only to be provided for accounting policies that are of material importance and not for significant accounting policies as is the case according to the current formulation of the standard.

(I) Classification, etc.
Non-current assets and non-current liabilities are essentially expected to be recovered or paid more than 12 months from the reporting date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the reporting date.

(J) Operating segment reporting
An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur expenses and for which discrete financial information is available. The earnings of an operating segment are also monitored by the company’s chief operating decision maker in order to evaluate the results and to be able to allocate resources to the operating segment.

Kjell Group’s operations are divided into three geographical operating segments that reflect how the chief operating decision maker monitors the operations:

- “Sweden”, which covers service points and online-generated sales in Sweden,
- “Norway”, which covers service points and online-generated sales in Norway, and
- “Denmark”, which covers online-generated sales in Denmark.

Refer to Note 2 for a more detailed description of the Group’s division and a presentation of operating segments.

(K) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which Kjell Group AB has control. Control exists if Kjell Group AB controls an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing whether or not control exists, consideration is given to potential voting shares and whether any de facto control exists.

Subsidiaries are recognised using the acquisition method. This method entails that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value on the acquisition date of the identifiable assets acquired and liabilities assumed, and any non-controlling interests. Transaction costs that arise, except for transaction fees attributable to issues of equity instruments or debt instruments, are recognised directly in profit or loss.

In the case of business combinations where the transferred remuneration exceeds the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill.

Consideration transferred in connection with the acquisition does not include amounts related to the settlement of pre-existing relationships. This type of settlement is usually recognised in profit or loss.

Contingent considerations are recognised at fair value on the acquisition date. If the contingent consideration is classified as equity, no remeasurement is performed and the adjustment is made to equity. Other contingent considerations are remeasured for each financial statement and the difference is recognised in profit or loss.

(ii) Transactions eliminated on consolidation

Intra-Group receivables and liabilities, revenue and expenses, and unrealised gains or losses arising from intra-Group transactions are eliminated in their entirety in preparing the consolidated financial statements.

(L) Foreign currency

(i) Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate applicable on the

transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate applicable on the reporting date. Exchange rate differences that arise during translation are recognised in profit or loss.

(ii) Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the functional currency of the foreign operation to the Group's reporting currency, SEK, at the exchange rate applicable on the reporting date. Revenue and expenses in a foreign operation are translated into SEK at an average rate, which constitutes an approximation of the foreign exchange rates prevailing at each transaction date. Translation differences arising from the translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component under equity, designated the translation reserve.

(M) Revenue

(i) Performance obligations and revenue recognition policies

Revenue is recognised based on the remuneration specified in the contract with the customer. The Group recognises revenue when control of goods or services is transferred to the customer.

Information on the character of and time of fulfilment of the performance obligations in contracts with customers, including essential payment conditions and the associated revenue recognition principles, are summarised below.

Sale of goods

For both store-generated and online-based sales, revenue recognition occurs at a point in time. Revenue from sales of goods in stores (service points) is recognised at a point in time, which is when the good is delivered to the customer at the service point. With online sales, revenue is recognised when the good has been delivered or alternately picked up by the customer at the service point.

Essentially all contracts with customers permit the customer to return goods. Returned goods are replaced with either new goods or offers of cash refunds. This means that revenue is recognised only to the extent that it is highly probable that substantial reversal of accumulated revenue will not arise. Recognised revenue is adjusted for expected returns, which are estimated based on historical data. A repayment liability and a right to receive returned goods are recognised. At the same time as a deduction is made from revenue for expected returns, a deduction is made from cost of goods sold corresponding to the cost of the goods that are expected to be received in return. The repayment liability is included in accrued expenses and deferred income, and the right to receive returned goods is included in inventory. Kjell Group retests its estimates of expected returns on every reporting date and updates the amounts for assets and liabilities accordingly.

The Group also has sales of services in which revenue is recognised when the service has been completed. However, the proportion of services in total sales is insignificant.

Customer loyalty club

Kjell & Company's customers are offered the opportunity to participate in a customer loyalty club, earning points for bonus checks that can be used as payment at a later date. Kjell & Company allocates a portion of amounts received from customers participating in the customer loyalty club to loyalty points. The allocation is based on relative independent selling prices. The amount allocated to the loyalty club is recognised as revenue when the loyalty points are used, or when the likelihood that the customer will use the points is low or the loyalty points become void. Not all bonus checks issued are redeemed, which is why participants' probable future redemptions are continuously taken into account.

(ii) Government grants

Government grants are recognised in the statement of financial position as accrued income when there is reasonable certainty that the funding will be received and that Kjell & Company will meet the conditions that are associated with the funding. The funding is systematically allocated in profit or loss in the same manner and over the same periods as the costs the funding is intended to offset, provided that the terms for receiving the funding are not met after the related costs have been recognised. In these cases, the funding is recognised in the period in which Kjell & Company obtains a receivable from the state.

(N) Leases

Kjell Group acts only as a lessee, and not a lessor. The principles below thus pertain only to how the Group recognises leases as a lessee.

When a contract is signed, the Group establishes whether the contract is or contains a lease. A contract is or contains a lease if the contract transfers the right during a given period to determine the use of an identified asset in exchange for payment.

The Group recognises a right-of-use asset and a lease liability on the commencement date of the lease. The right-of-use asset is initially recognised at cost, which comprises the initial value of the lease liability plus lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset and the end of the lease term, which in normal cases for the Group is the end of the lease term.

The lease liability – which is divided into a non-current and current portion – is initially recognised at the present value of remaining lease payments during the estimated lease term. The lease term comprises the non-cancellable period plus additional periods in the contract if, at the commencement date, it is deemed reasonably certain that these will be utilised. Refer to Note 26 for more information on the Group's lease terms.

The lease payments are normally discounted with the Group's incremental borrowing rate, which in addition to the Group's credit risk reflects the respective lease terms of the contracts, currency and quality of the underlying asset intended as collateral. The lease liability comprises the present value of fixed (including fixed in substance) and variable lease payments linked to an index or an interest rate that will be paid during the estimated lease term.

The value of the liability is increased by the interest expense for the respective term and decreases with the lease payments. The interest expense is calculated as the value of the liability multiplied by the discount rate.

The lease liability for the Group's premises with rents that are indexed is calculated on the rent in effect at the end of the respective reporting periods. At that point in time, the liability is adjusted by the corresponding adjustment of the carrying amount of the right-of-use asset. Similarly, the values of the liability and asset are adjusted in connection with a reassessment of the lease term. This takes place in conjunction with the elapsing of the final cancellation date within the previously determined lease term for the lease of premises, or alternately significant events occur or circumstances change significantly in a way that is within the Group's control and impact the determination of the lease term in effect.

The Group presents right-of-use assets and lease liabilities as separate items in the statement of financial position.

For leases that have a lease term of 12 months or less or with an underlying asset of low value, under TSEK 50, no right-of-use asset and lease liability is reported. Lease payments for these leases are expensed straight-line over the lease term.

(O) Financial income and expenses

Financial expenses comprise interest expenses on the Group's credit facilities, interest expenses on lease liabilities, changes in the fair value of contingent earnouts, coupon rates on interest-rate swaps and other financial expenses. The Group has only insignificant financial income.

Interest income or interest expenses are recognised using the effective interest rate method. The effective interest rate is the interest rate that discounts estimated future payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

(P) Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is tax to be paid or refunded relating to the current year, with the application of the tax rates enacted, or substantially enacted, on the reporting date. Current tax also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated in accordance with the balance-sheet method based on temporary differences between the carrying and taxable amounts of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill, nor are they taken into account for differences arising on initial recognition of assets and liabilities in a transaction that is not a business combination that, at the time of the transaction, do not affect either recognised or taxable earnings. Nor are temporary differences attributable to participations in subsidiaries and associates taken into account if they are not expected to be reversed within the foreseeable future. Measurement of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax rules enacted, or substantially enacted, on the reporting date.

Deferred tax assets on deductible temporary differences and loss carry-forwards are only recognised to the extent that it is probable they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

(Q) Financial instruments

(i) Recognition and initial measurement

Accounts receivable and issued debt instruments are recognised when they are issued. Other financial assets and financial liabilities are recognised when the Group becomes a party to the contractual terms of the instrument. A financial asset or financial liability is measured on initial recognition at fair value plus, when it concerns financial instruments that are not measured at fair value via profit or loss, transaction costs that are directly attributable to the acquisition or issue. Accounts receivable are measured at the transaction price established under IFRS 15.

(ii) Classification and subsequent measurement

Financial assets

The Group's financial assets comprise accounts receivable, accrued income, other receivables and cash and cash equivalents. All financial assets are recognised at amortised cost using the effective interest rate method since they are held as part of a business model whose objective is to receive the contractual cash flows while the assets only give rise to payments of principal and interest on the outstanding principal.

Financial liabilities

The Group's financial liabilities consist of liabilities as part of the Group's credit facilities, accounts payable and accrued expenses.

(iii) Impairment

The loss allowance for accounts receivable is always recognised at an amount corresponding to expected credit losses during the remaining maturity of the receivable. The Group uses a matrix for calculating the loss allowance with expected loss percentages divided by the number of days a receivable is past due, and which customer category the receivable originates from. The loss percentage rates are based on historical experience, and specific conditions and expectations at the end of the reporting period. The loss allowance is deducted from the gross value of the receivable in the statement of financial position. The recognised gross value of the receivable is written off when the Group no longer has any reasonable expectations of recovering the amount of the receivable.

(iv) Derecognition

Financial assets

The Group derecognises a financial asset from its statement of financial position when the contractual rights to the cash flows from the financial asset expire or if it transfers the rights to receive the contractual cash flows through a transaction in which essentially all the risks and rewards of ownership have been transferred.

Financial liabilities

The Group derecognises a financial liability from its statement of financial position when the obligations specified in the agreement are discharged, cancelled or expire. The Group also derecognises a financial liability when the contractual conditions have been modified and the cash flows from the modified liability are materially different. In that case, a new financial liability is recognised at fair value based on the modified conditions. When a financial liability is derecognised, the difference between the carrying amount that was derecognised and the amount that was paid (including transferred non-cash assets or assumed liabilities) is recognised in profit or loss.

(v) Hedge accounting

Financial derivatives and hedge accounting

The Group does not currently apply hedge accounting through financial derivative instruments.

(R) Tangible assets

(i) Owned assets

Tangible assets are recognised in the Group at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for use in the manner intended by the acquisition. Borrowing costs directly attributable to the purchase, construction or production of assets that take a considerable amount of time to complete for their intended use or sale are included in the cost. Accounting policies for impairments are presented below.

The carrying amount of a tangible asset is derecognised from the statement of financial position in conjunction with disposal or divestment, or when no future economic benefits are expected from the use or disposal/divestment of the asset. Any gain or loss arising from the sale or disposal of an asset consists of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

(ii) Subsequent expenditure

Subsequent expenditure is added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the company and the cost can be reliably calculated. All other subsequent expenditure is expensed in the period in which it arises.

(iii) Depreciation

Depreciation is implemented on a straight-line basis over the estimated useful life of the asset; land is not depreciated. Leased assets are also depreciated over their estimated useful lives or over the contractual lease term if it is shorter. The Group applies component depreciation, which means that the components' estimated useful lives are used as a basis for depreciation.

Estimated useful lives:

- Buildings 25–50 years
- Equipment, tools, fixtures and fittings 5 years
- Computers 3 years
- Leasehold improvements 3–5 years

The depreciation methods applied, the residual value and the useful life of assets are assessed annually.

(S) Intangible assets

(i) Intangible assets with indefinite useful lives

Goodwill

Goodwill is recognised at cost less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is tested for impairment at least once annually.

Brands

Brands are recognised at cost less any accumulated impairment losses. Brands are distributed to cash-generating units and are tested for impairment at least once annually.

(ii) Intangible assets with finite useful lives

Development expenditure

Development expenditure pertains to the e-commerce platform, business intelligence tools and the check-in solution for the company's service points. Development expenditure is recognised as an asset in the statement of financial position if the product or process is technically and commercially usable, and the Group has sufficient resources to complete development and thereafter use or sell the intangible asset. The carrying amount includes all directly attributable expenses (for example, for materials and services, employee benefits, registration of a legal right and amortisation of patents and licences). These assets are recognised at cost less accumulated amortisation and any impairment losses.

Accrued expenses for internally generated goodwill and internally generated brands are recognised in profit or loss when costs arise.

Licences and similar rights

Licences and similar rights comprise software and associated licences. These assets are recognised at cost less accumulated amortisation and any impairment losses.

Customer relationships

Customer relationships were received on the acquisition of AV-Cables.dk and are recognised at cost less accumulated amortisation and any impairment losses.

Other intangible assets

Other intangible assets comprise primarily property rentals. These assets are recognised at cost less accumulated amortisation and any impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure for capitalised intangible assets is recognised as an asset in the statement of financial position only to the extent that it increases the future financial benefits of the specific asset to which it is attributable. All other expenditure is expensed as it arises.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the intangible asset, unless the asset has an indefinite useful life. Useful lives are reviewed at least annually. Goodwill and other intangible assets with indefinite useful lives or which have not yet been completed for use are tested for impairment annually and as soon as there are indications that the asset in question has decreased in value. Intangible assets with definite useful lives are amortised from the date when they become available for use.

The estimated useful lives are:

- Software 3–10 years
- Capitalised development expenditure 5 years
- Customer relationships 5 years

(T) Impairment of tangible assets, intangible assets and right-of-use assets

If there is an indication of impairment, the recoverable amount of the asset is calculated (see below). For goodwill, other intangible assets with an indefinite useful life and intangible assets not yet brought into use, the recoverable amount is also calculated annually. If materially independent cash flows cannot be determined for an individual asset and its fair value less selling expenses cannot be used, the assets are grouped for impairment testing at the lowest level where materially independent cash flows can be identified, known as a cash-generating unit.

An impairment loss is recognised when an asset's or cash-generating unit's (group of units') carrying amount exceeds the recoverable amount. An impairment loss is expensed in profit or loss. When impairment losses are identified for a cash-generating unit (or group of units), the impairment amount is primarily allocated to goodwill. Other assets in the unit (or group of units) subsequently undergo proportional impairment.

The recoverable amount is the higher of the fair value less selling expenses and value in use. In calculating value in use, future cash flows are discounted at a discount rate that takes into account the risk-free interest rate and the risk that is associated with the specific asset.

In calculating the recoverable amount for cash-generating units that contain leased assets, the choice has been made to deduct future lease payments from the expected cash flows. Right-of-use assets are included in the carrying amount of the unit. To obtain a carrying amount for the unit that is consistent with the estimated recoverable amount, the carrying amount is reduced by the lease liability of the unit. Using this approach, the leases are managed as part of the operations, rather than as financing, with the effect that the discount rates constitute a weighted average cost of debt and equity financing where lease liabilities are not included in the debt component.

Reversal of impairment losses

An impairment loss is reversed if there is an indication that the need for impairment no longer exists and a change has occurred in the estimates used to determine the asset's recoverable amount. Impairment of goodwill, however, is never reversed. A reversal is only made to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, net of depreciation/amortisation where applicable if no impairment loss had been recognised.

(U) Inventories

Inventories are recognised at the lower of cost and net realisable value less deductions for obsolescence. Cost is calculated using weighted average prices. The cost includes expenditure that arose in conjunction with the acquisition of inventories and their transportation to their current locations in their present condition.

(V) Preference shares

The Group has had outstanding preference shares. In connection with the IPO, these preference shares were converted to either common shares or withdrawn. The preference shares were recognised as equity since the holders did not have the right to demand the redemption of the preference shares at the same time that the dividend on the preference shares had been subject to a resolution by a general meeting of shareholders. As of 31 December 2022, the Group had no outstanding preference shares.

(W) Dividends to owners

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

(X) Earnings per share

Basic earnings per share is calculated based on the net profit for the year attributable to the ordinary shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. Earnings for 2021 have been reduced by the amount of the dividend (after tax) that had accrued on the preference shares as long as these shares were outstanding since the dividend on these shares is cumulative. This is done despite no dividend having been paid.

Kjell Group AB has ongoing long-term incentive programmes in the form of performance share savings programmes with a total shareholder return (TSR) criterion (see Note 19). The dilutive effect of the performance share rights depends on the extent to which the TSR condition has been fulfilled on the reporting date. To calculate the dilutive effect, an exercise price is applied for the share rights that corresponds to the value of future services per outstanding share right, calculated as the remaining expense to be recognised in accordance with IFRS 2.

(Y) Employee benefits

(i) Short-term benefits

Short-term employee benefits are calculated without discounting and expensed when the related services are provided.

(ii) Pensions

The Group has only defined contribution pension plans. Plans in which the company's obligation is limited to the contributions the company has undertaken to pay are classified as defined contribution plans. In that case, the scope of the employee's pension depends on the contributions the company pays into the plan or to an insurance company, and the return on capital for the contributions. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for providing the expected remuneration). Company obligations pertaining to fees for defined contribution pension plans are expensed in profit or loss at the rate they are vested as the employees perform services for the company during a specific period.

(iii) Termination benefits

A cost for benefits paid in conjunction with termination of personnel is recognised at the earliest point in time when the company can no longer withdraw the offering to the employee or when the company recognises costs for restructuring. Benefits that are expected to be settled after 12 months are recognised at its present value. Benefits that are not expected to be fully settled within 12 months are recognised as non-current benefits.

(iv) Share-based payments

In conjunction with the IPO, the Group introduced a long-term incentive programme in the form of a performance programme targeted at senior executives and key employees. Refer to the 2021 Annual Report for more information about this incentive programme. The Annual General Meeting on 16 May resolved to introduce another incentive programme for senior executives and key employees. To participate in the long-term incentive programme, participants have acquired 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 within the Group 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 on the company's share during the vesting period of about three years, known as a "TSR criterion." The number of performance shares vested and allotted depends on the extent to which the performance criterion has been fulfilled in relation to the set minimum and maximum levels. For each saving share, the CEO, CFO, CRO, CSCO and CTO may be allotted a maximum of seven performance shares, while other participants may be allotted a maximum of five savings shares. The minimum and maximum levels for the TSR criterion are set at 30% and 60%. If the minimum level is achieved, 25% of the highest number of performance shares will be vested. Between the minimum and maximum levels, vesting is straight line.

Since the incentive programme will be paid out in shares in Kjell Group AB, it is classified as "equity-settled" under IFRS 2. Accordingly, personnel costs for the value of services received are accrued over the vesting period, calculated as the fair value of the share rights allotted to participants in the programme. A contra entry is made directly against equity under "Other contributed capital". TSR comprises a market condition, which is included in the initial valuation of the share rights. The cost of the share rights is based on the fair value of the share, which is calculated by an external party through a so-called Monte Carlo simulation. During the vesting period, no assessments or adjustments are made of the cost for expected or confirmed outcomes, and the full number of share rights that are conditional on the share return are used for expense recognition, regardless of outcome. When share rights are vested and shares allotted, social security contributions are to be paid for the value of the employee's benefit. An expense and provision are recognised allocated over the vesting period for these social security contributions. The provision for social security contributions is based on the number of share rights expected to be vested and on the fair value of the share rights on each reporting date and finally on allotment of shares.

(Z) Provisions

A provision differs from other liabilities since there is uncertainty regarding the date of payment or the amount required to settle the provision. A provision is recognised in the statement of financial position when there is an existing legal or constructive obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated.

Provisions are made in an amount corresponding to the best estimate of the amount required to settle the existing obligation on the reporting date. Where the effect of when a payment is made is significant, provisions are calculated by discounting the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability.

(i) Guarantees

A provision for guarantees is recognised when the underlying products are sold. The provision is based on historical data about guarantees and an aggregation of possible outcomes in relation to the likelihood of the outcomes they are associated with.

Contingent liabilities

Disclosures concerning contingent liabilities are made when there is a possible obligation originating from events that have occurred and the existence of which is confirmed only by one or more uncertain future events beyond the Group's control, or when there is a present obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or it cannot be calculated with sufficient reliability.

Parent Company accounting policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and Swedish Financial Reporting Board recommendation *RFR 2 Accounting for Legal Entities*. The recommendations for listed companies issued by the Swedish Financial Reporting Board are also applied. RFR 2 requires that the Parent Company, in the annual report for the legal entity, applies all IFRS and statements adopted by the EU to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with consideration given to the relationship between accounting and taxation. The recommendation specifies the exceptions and amendments to IFRS that must be applied.

Differences between Group and Parent Company accounting policies

The differences between Group and Parent Company accounting policies are presented below. The accounting policies stated below for the Parent Company have been consistently applied in all periods presented in the Parent Company's financial statements.

Forthcoming amendments to accounting policies

The amendments to RFR 2 that take effect as of 1 January 2023 or later are not expected to have any material impact on the Parent Company's financial statements.

Classification and presentation formats

For the Parent Company, the terms income statement, balance sheet and cash flow statement are used for the financial statements titled statement of profit or loss, statement of financial position and statement of cash flows. The Parent Company income statement and balance sheet have been prepared in accordance with the schedules in the Annual Accounts Act, while the statement of profit or loss and comprehensive income, statement of changes in equity and cash flow statement are based on *IAS 1 Presentation of Financial Statements* and *IAS 7 Statement of Cash Flows*. The differences in relation to the consolidated financial statements that are reflected in the Parent Company income statement and balance sheet consist primarily of financial income and expenses, non-current assets and equity.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. This entails that transaction costs are included in the carrying amount of holdings in subsidiaries. In the consolidated financial statements, transaction costs attributable to subsidiaries are recognised directly in profit or loss as they arise.

Financial instruments

The Parent Company has chosen not to apply *IFRS 9 Financial Instruments*. In the Parent Company, financial non-current assets are measured at cost less any impairment and financial current assets at the lower of cost and net realisable value. For financial assets recognised at amortised cost, the impairment rules of IFRS 9 are applied.

Group contributions

Group contributions are recognised as appropriations.

Not 2 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.

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 each country. Segment Sweden is charged with costs for Group-wide functions, including the purchasing organisation in Shanghai, since this reflects how the segments are monitored internally by the Group. The operations are similar for all segments, and 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.

Information about each reportable segment is provided below.

Adjusted EBITA is used to measure profitability since management believes that it provides the most relevant assessment of each segment. Adjusted EBITA is defined as profit before amortisation and impairment of intangible assets arising in connection with business combinations, excluding items affecting comparability.

For information about items affecting comparability, refer to the section "Reconciliations of alternative performance measures".

Group’s operating segments

	2022			
TSEK	**Sweden**	**Norway**	**Denmark**	**Total**
Net sales	1,908,753	366,740	332,436	2,607,929
Amortisation excl. amortisation on intangible assets related to business combinations	126,674	30,578	1,047	158,299
Adjusted EBITA	**91,273**	**14,108**	**29,375**	**134,756**
Amortisation on intangible assets related to business combinations				-17,575
Items affecting comparability				
Operating profit				**117,181**
Net financial items				-29,321
Profit (loss) before tax				**87,860**

	2021			
TSEK	**Sweden**	**Norway**	**Denmark**	**Total**
Net sales	1,892,962	300,696	204,375	2,398,033
Amortisation excl. amortisation on intangible assets related to business combinations	119,707	24,285	922	144,914
Adjusted EBITA	**142,348**	**17,329**	**28,463**	**188,140**
Amortisation on intangible assets related to business combinations				**-11,186**
Items affecting comparability				-36,929
Operating profit				**140,025**
Net financial items				-59,347
Profit (loss) before tax				**80,678**

None of the Group’s customers accounted for more than 10% of net sales in 2022 or 2021.

Non-current assets

Non-current assets excluding deferred tax assets.

TSEK	**31/12/2022**	**31/12/2021**
Sweden	1,251,259	1,244,419
Norway	92,166	82,936
Denmark	402,007	386,960
Other countries	3,002	3,827
	1,748,434	**1,718,142**

Not 3 Revenue

Revenue streams

The Group mainly generates revenue from sales of technical products to consumers through stores and online sales. Sales proceeds are recognised less VAT, returns and discounts as net sales in the consolidated statement of profit or loss. Sales take place in Sweden, Norway and Denmark.

Revenue is recognised in connection with sale and delivery to the customer. Points earned under the Group's loyalty club that have not yet been utilised by the customer are recognised as a liability and reduce revenue to offset future costs arising for the loyalty points issued.

The Group's revenue displays seasonal variations with the fourth quarter of the financial year normally reporting higher sales figures compared with other quarters.

Revenue per geographic area

TSEK	2022	2021
Sweden	1,908,753	1,892,962
Norway	366,740	300,696
Denmark	332,436	204,375
	2,607,929	**2,398,033**

Contract balances
The Group recognises the following assets and liabilities attributable to contracts with customers:

TSEK	31/12/2022	31/12/2021
Gross amount of accounts receivable	31,067	27,967
Loss allowance	-2,698	-1,281
Carrying amount, accounts receivable	**28,369**	**26,686**
Customer loyalty programme recognised as other liabilities	3,549	3,987
Gift vouchers and other balances recognised as other liabilities	6,992	6,534
Total contract liabilities	**10,541**	**10,521**

All contract liabilities recognised at the start of 2022 and 2021 were recognised as revenue in subsequent periods. No information is provided about transaction price allocated to outstanding performance obligations since, as of 31 December 2022, no such obligations exist with an original expected maturity of more than one year.

For disclosures on the Group's guarantee provisions, refer to Note 21.

Not 4 Other operating income

Group

TSEK	2022	2021
Grants and compensation	-	4,608
Exchange rate gains on operating receivables/liabilities	9,936	3,203
Insurance compensation and damages	545	40
Other	3,403	2,515
	13,884	**10,366**

Not 5 Other operating expenses

Group

TSEK	2022	2021
Exchange rate losses on operating receivables/liabilities	- 18,836	- 2,390
Other		- 964
	- 18,836	**- 3,354**

Not 6 Business combinations

Business combinations

The Group acquired 100% of the unlisted Danish company AV-Cables.dk on 29 April 2021 and the total purchase consideration transferred was TSEK 383,759.

(A) Contingent consideration

As of 31 December 2021, the contingent consideration till was calculated at MSEK 75.4. The earnout was paid in the first quarter of 2022 and amounted to MSEK 73.9 on the payment date. The contingent consideration was recognised as a current liability under "Other liabilities" in the consolidated statement of financial position until it was paid.

(B) Impact on the Group's earnings

In 2021, the acquisition contributed TSEK 204,415 to the Group's revenue and TSEK 3,838 to the Group's profit before tax.

Not 7 Employees, personnel costs and remuneration of senior executives

Costs for remuneration to employees

TSEK	2022	2021
Group		
Salaries and other remuneration	379,672	355,238
(whereof bonuses)	21,968	28,977
Share related compensation	2,133	640
Pension costs, defined contribution plans	20,985	19,243
Social security contributions	90,882	92,120
	493,672	**467,241**
Parent company		
Salaries and other remuneration	13,533	15,479
(whereof bonuses)	1,859	11,534
Share related compensation	1,613	512
Pension costs, defined contribution plans	3,152	1,146
Social security contributions	3,490	5,526
	21,788	**22,663**

Average no. of employees

	2022	whereof men	2021	whereof men
Parent company				
Sweden	6	83%	6	83%
Total parent company	6	83%	6	83%
Subsidiaries				
Sweden	596	78%	619	78%
Norway	105	82%	90	80%
Denmark	64	62%	47	62%
China, Shanghai	*23*	*26%*	34	35%
Total, subsidiaries	788	76%	790	75%
Group total	**794**	**76%**	**796**	**75%**

Gender distribution in board and other senior executives	**Share women**	
	31/12/2022	**31/12/2021**
Parent company		
Board	17%	33%
Other senior executives	17%	17%
Group		
Board	17%	18%
Other senior executives	17%	17%

Total salaries, other remuneration, pension costs and pension obligations for senior executives	**Senior officers**	**Senior officers**
TSEK	**2022**	**2021**
Group		
Numbers of senior executives	12	12
Salaries and other remuneration	16,612	21,639
(of which bonuses, etc.)	1,859	11,534
Pension costs	3,152	3,898
Parent company		
Numbers of senior executives	12	12
Salaries and other remuneration	16,612	16,144
(of which bonuses, etc.)	1,859	11,534
Pension costs	3,152	1,146

Andreas Rylander took over as President and CEO on 10 March 2021. In the table “Salary and other remuneration of senior executives, Parent Company 2021,” his remuneration until that date is recognised along with other senior executives as remuneration from subsidiaries. For the period 10 March to 31 May, his remuneration is recognised as remuneration from subsidiaries and thereafter as remuneration from the Parent Company.

Salary and other remuneration for senior executives, Parent Company 2022

TSEK		salary/Board remuneration	Variable renem-uration	Pension cost	Other benefits	Shate related costs	Total
Chairman of the Board							
Ingrid Johansson Blank							
Remuneration from Parent Company		550	-	-	-	-	550
Remuneration from subsidiaries		-	-	-	-	-	-
Board members							
Fredrik Dahnelius	*						
Remuneration from Parent Company		300	-	-	-	-	300
Remuneration from subsidiaries		-	-	-	-	-	-
Joel Eklund	**						
Remuneration from Parent Company			-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Thomas Broe-Andersen							
Remuneration from Parent Company			-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Simon Larsson	***						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Ola Bjurmark							
Remuneration from Parent Company		325	-	-	-	-	325
Remuneration from subsidiaries		-	-	-	-	-	-
President and CEO							
Andreas Rylander							
Remuneration from Parent Company		2,662	768	771	73	569	4,843
Remuneration from subsidiaries		-	-	-	-	-	-
Other senior executives							
(5 individuals)							
Remuneration from Parent Company		8,897	1,091	2,381	332	1,044	13,745
Remuneration from subsidiaries		-	-	-	-	-	-
Total		**12,734**	**1,859**	**3,152**	**405**	**1,613**	**19,763**
Remuneration from Parent Company		12,734	1,859	3,152	405	1,613	19,763
Remuneration from subsidiaries		-	-	-	-	-	-

*) This Board member represents the Dahnelius family.
**) This Board member represents the Eklund family. No Board fees were paid by Kjell Group AB.
***) This Board member represents FSN Capital. No Board fees were paid by Kjell Group AB.

Salary and other remuneration for senior executives, Parent Company 2021

TSEK		salary/Board remuneration	Variable renem-uration	Pension cost	Other benefits	Shate related costs	Total
Chairman of the Board							
Ingrid Johansson Blank							
Remuneration from Parent Company		300	-	-	-	-	300
Remuneration from subsidiaries		-	-	-	-	-	-
Board members							
Fredrik Dahnelius	*						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Catrin Folkesson							
Remuneration from Parent Company		150	-	-	-	-	150
Remuneration from subsidiaries		-	-	-	-	-	-
Thomas Broe-Andersen (30 June - 31 December)	**						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Simon Larsson	**						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Simon Larsson (9 April - 31 December)							
Remuneration from Parent Company		75	-	-	-	-	75
Remuneration from subsidiaries		-	-	-	-	-	-
President and CEO							
Andreas Rylander (10 mars - 31 december)	***						
Remuneration from Parent Company		1,618	3,744	260	63	128	5,813
Remuneration from subsidiaries		382	-	142	25	-	549
Eric Lundberg (1 January - 9 March)	***						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		1,413	-	331	20	-	1,764
Other senior executives (5 individuals)							
Remuneration from Parent Company		2,143	7,790	1,280	99	384	11,696
Remuneration from subsidiaries		3,657	-	1,375	158	-	5,190
Total		**9,738**	**11,534**	**3,388**	**365**	**512**	**25,537**
Remuneration from Parent Company		4,286	11,534	1,540	162	512	18,034
Remuneration from subsidiaries		5,452	-	1,848	203	-	7,503

*) This Board member represents the Dahnelius family. No Board fees were paid by Kjell Group AB.

**) This Board member represents FSN Capital. No Board fees were paid by Kjell Group AB.

***) Eric Lundberg stepped down as President and CEO on 9 March 2021 and was replaced by Andreas Rylander.

Remuneration of senior executives

Terms of employment for the CEO

The Group's CEO has a nine-month period of notice if the CEO terminates employment and 12 months if employment is terminated by the company. During the period of notice, the CEO is entitled to receive the salary and other employment benefits that the CEO received on the date of notice. The total remuneration of the CEO comprises fixed base salary, variable salary, pension and other benefits. Variable salary is linked to predetermined and measurable financial criteria. The maximum outcome is 50% of the annual base salary and amounted to 0% (62) for 2022.

Pension costs to be paid by the company amount to 25% of base salary.

Other benefits comprise company car and private health insurance. The total value of such benefits is a minor part of the total remuneration.

Terms of employment for other senior executives

The total remuneration of other senior executives comprises fixed base salary, variable salary, pension and other benefits, similar to the CEO. Variable salary is linked to predetermined and measurable financial criteria and comprises remuneration of up to four monthly salaries for each member of Group management. The outcome for 2022 was 0% (62).

The defined contribution pension costs for senior executives based in Sweden is capped at 25% of the annual base salary including holiday pay. Other benefits comprise company car and private health insurance. The total value of such benefits is a minor part of the total remuneration.

If the company terminates employment, the period of notice is between nine and 12 months. If the employee terminates employment, the period of notice ranges between six and nine months.

Incentive programmes

Kjell Group AB has two ongoing incentive programmes.

Incentive programme 2022

The Annual General Meeting on 16 May 2022 resolved to introduce 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. The maximum investment in savings shares varies from approximately SEK 50,000 to approximately SEK 200,000 depending on the participants' seniority in the organisation.

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 are 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 on the company's share during the vesting period of about three years, known as a "TSR criterion." The number of performance shares vested and allotted depends on the extent to which the performance criterion has been fulfilled in relation to the set minimum and maximum levels. For each saving share, the CEO, CFO, CSCO, CRO and CTO may be allotted a maximum of seven performance shares, while other participants may be allotted a maximum of four savings shares. The minimum and maximum levels for the TSR criterion are set at 30% and 60%. If the minimum level is achieved, 25% of the highest number of performance shares will be vested. If the maximum level is achieved or exceeded, 100% of the performance shares will be vested. Between the minimum and maximum levels, vesting is straight line.

The vesting period for the programme is three years. The fair value per share right was SEK 13.97 on the allotment date. The cost of the share rights is based on the fair value of the share, which is calculated by an external party through a so-called Monte Carlo simulation. In addition to the Monte Carlo simulation, valuation variables include vesting period, the share's IPO price and potential dividends during the vesting period.

The costs for the incentive programme are presented in the following table.

Incentive programme 2021

An extraordinary general meeting on 15 September 2021 resolved to introduce 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. The maximum investment in savings shares varies from approximately SEK 100,000 to approximately SEK 750,000 depending on the participants' seniority in the organisation. The CEO, CFO, CCO and CTO received a bonus (refer to the section "Bonuses" below), a portion of which was used to acquire savings shares. Other participants in the programme received a subsidy corresponding to 25–50% of the amount that these employees are required to invest in savings shares in order to partake in the programme.

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 are 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 on the company's share during the vesting period of about three years, known as a "TSR criterion." The number of performance shares vested and allotted depends on the extent to which the performance criterion has been fulfilled in relation to the set minimum and maximum levels. For each saving share, the CEO, CFO, CCO, CRO and CTO may be allotted a maximum of seven performance shares, while other participants may be allotted a maximum of five savings shares. The minimum and maximum levels for the TSR criterion are set at 30% and 60%. If the minimum level is achieved, 25% of the highest number of performance shares will be vested. If the maximum level is achieved or exceeded, 100% of the performance shares will be vested. Between the minimum and maximum levels, vesting is straight line.

The vesting period for the programme is three years. The fair value per share right was SEK 14.50 on the allotment date. The cost for the share rights is based on the fair value of the share, which is calculated by an external party through a so-called Monte Carlo simulation. In addition to the Monte Carlo simulation, valuation variables include vesting period, the share's IPO price and potential dividends during the vesting period.

The costs for the incentive programmes are presented in the following table.

TSEK	2022	2021
IFRS 2 costs	2,133	640
Social security contributions	-119	214
	2,014	**854**

Changes in the total number of share rights outstanding are as follows:

Number of share rights	2022	2021
Balance at the beginning of the period	455,154	-
Granted	261,546	455,154
Forfeited	- 127,036	-
Balance at the end of the period	**589,664**	**455,154**

No share rights have been vested yet. Full allotment of the remaining share rights will result in dilution of approximately 1.09% of the total number of shares outstanding for incentive programme 2021 and 0.8% for incentive programme 2022.

Bonuses

2022 financial year

No bonuses of the nature described below were approved in 2022 for the 2021 financial year.

2021 financial year

On 23 August 2021, the Board of Directors decided to award bonuses to the CEO, CFO, CCO and CTO, contingent on the listing of the company's shares. These bonuses were set at a fixed amount of MSEK 3.0 (plus social security contributions) for the CEO and a total of MSEK 6.5 (plus social security contributions) for the CFO, CCO and CTO. The bonuses were paid as salary and at least 50% of the net amount after tax must be used either to acquire savings shares required for participation in the long-term incentive programme or to acquire other shares in the company.

Not 8 Fees and remuneration of auditors

TSEK	2022	2021
Group		
KPMG AB		
Audit assignment	1,565	1,376
Audit services in addition to audit assignment	202	4,661
Tax advisory services	102	1,160
Other assignments	-	1,089
Other audit firms	23	20
	1,892	**8,306**
Parent Company		
KPMG AB		
Audit assignment	690	600
Audit services in addition to audit assignment	105	4,565
Tax advisory services	25	1,146
Other assignments	-	923
	820	**7,234**

Audit assignment pertains to the statutory auditing of the Annual Report and consolidated financial statements, the accounting records and the administration of the Board and the CEO, as well as other audits and reviews conducted in accordance with agreements or contracts.

This includes other assignments that are incumbent upon the company's auditors as well as advisory services or other assistance resulting from the findings of such reviews or the performance of such other assignments.

Not 9 Net financial items

TSEK	2022	2021
Group		
Currency effect contingent consideration	1,433	-
Other	650	3
Financial income	**2,083**	**3**
Interest expenses	- 17,241	- 38,647
Interest expenses on lease liabilities	- 8,726	- 10,100
	-	- 3,950
Change in fair value of contingent consideration	-	- 3,458
Interest expense cashpool	- 1,642	
Other	- 3,795	- 3,195
Financial expenses	**- 31,404**	**- 59,350**
Net financial items recognised in profit or loss	**- 29,321**	**- 59,347**
Parent Company		
Interest income cashpool	1,707	-
Other	17	-
Financial income	**1,724**	**-**
Financial expenses	- 15,452	- 4,484
Other	- 1,941	-
Financial expenses	**- 17,393**	**- 4,484**
Net financial items recognised in profit or loss	**- 15,669**	

Not 10 Appropriations

TSEK	2022	2021
Parent Company		
Group contribution	65,100	51,925
Provision tax allocation reserve	- 9,275	-
	55,825	**51,925**

Not 11 Taxes

Recognised in statement of profit or loss and other comprehensive income/statement of profit or loss

Group

TSEK	2022	2021
Current tax expense (-) / tax revenue (+)		
Current tax expense / tax revenue	-19,221	-27,934
Adjustment of tax attributable to prior years	-	-
	-19,221	**-27,934**
Deferred tax expense (-) / tax revenue (+)		
Deferred tax attributable to temporary differences	3,751	8,227
Tax value of loss carry-forwards	-1,190	1,448
	2,561	**9,675**
Total recognised tax expense	**-16,660**	**-18,259**

Parent Company

TSEK	2022	2021
Current tax expense (-) / tax revenue (+)		
Current tax expense / tax revenue	-6,154	-4,721
	-6,154	**-4,721**
Deferred tax expense (-) / tax revenue (+)		
Tax value of loss carry-forwards	-1,027	1,448
	-1,027	**1,448**
Total recognised tax expense	**-7,181**	**-3,273**

Reconciliation of effective tax

Group

TSEK		2022		2021
Profit (loss) before tax		87,860		80,678
Tax according to applicable tax rate for Parent Company	20.6%	-18,099	20.6%	-16,620
Effect of other tax rates for foreign subsidiaries	0.6%	-518	0.6%	-484
Non-deductible expenses	1.0%	-882	0.4%	-354
Non-taxable revenue	0.0%	7	0.0%	
Increase/Decrease in remaining negative net interest income without	0.0%			
corresponding capitalisation of deferred tax	-3.7%	3,241	0.7%	-585
	0.0%	-	0.0%	-
	0.1%	-76	0.4%	-362
Effect of changed tax rates and tax rules	0.0%		0.0%	
Standard interest rate on tax allocation reserve	0.1%	-84	0.1%	-107
Other	0.3%	-249	-0.3%	253
Effective tax recognised	**19.0%**	**-16,660**	**22.6%**	**-18,259**

Parent company

TSEK		2022		2021
Profit (loss) before tax		35,383		11,146
Tax according to applicable tax rate for Parent Company	20.6%	- 7,289	20.6%	-2,296
Non-deductible expenses	-1.3%	- 476	-0.1%	-9
Increase/Decrease in remaining negative net interest income without corresponding capitalisation of deferred tax	1.7%	584	-5.2%	-584
Other	0.0%	-	-3.4%	-383
Effective tax recognised	**20.3%**	**- 7,181**	**29.4%**	**- 3,272**

Tax attributable to other comprehensive income

	2022		
TSEK	Before tax	Tax	After tax
Exchange differences of foreign operations	35,996	-	35,996
Cash flow hedges	-	-	-
Other comprehensive income	**35,996**	**-**	**35,996**

	2021		
TSEK	Before tax	Tax	After tax
Exchange differences of foreign operations	5,483	-	5,483
Cash flow hedges	95	-16	79
Other comprehensive income	**5,578**	**-16**	**5,562**

Deductible temporary differences and tax loss carry-forwards for which deferred tax assets have not been recognised in the statement of financial position:

Group		
TSEK	2022	2021
Tax losses	-	3,622
	-	**3,622**

0% (100) of the tax loss carry-forwards comprises the net interest income outstanding, which falls due from 2026. Deferred tax assets were not recognised for these items, since it was not deemed probable that the Group would be able to utilise them to offset future taxable profits.

Change in deferred tax in temporary differences and loss carry-forwards

Koncernen

TSEK	Balance on 1 January 2022	Recognised in profit or loss	other comprehensive income	Recognised in equity	Recognised by acquisition	Balance on 31 December 2022
Tangible assets	4,790	-471				4,319
Intangible assets	-115,579	2,339				-113,240
Inventories	989	109				1,098
Accounts receivable	163	62				225
Tax allocation reserves	-17,564	2,329				-15,235
Other	-3,900	-617				-4,517
Capitalised loss carry-forwards	1,448	-1,190				258
	-129,653	**2,561**	**-**	**-**	**-**	**-127,092**

TSEK	Balance on 1 January 2021	Recognised in profit or loss	other comprehensive income	Recognised in equity	Recognised by acquisition	Balance on 31 December 2021
Tangible assets	5,292	-502	-	-	-	4,790
Intangible assets	-91,518	2,461	-	-	-26,522	-115,579
Inventories	804	125	-	-	60	989
Accounts receivable	55	108	-	-	-	163
Tax allocation reserves	-26,279	8,715	-	-	-	-17,564
Other	25	-2,680	-16	-	-1,229	-3,900
Capitalised loss carry-forwards	-	1,448	-	-	-	1,448
	-111,621	**9,675**	**-16**	**-**	**-27,691**	**-129,653**

Not 12 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. As of 31 December 2022, there were no preference shares.

Taking into consideration the Group's incentive programme, which is described in Note 7, there is a potential dilutive effect on the company's shares provided that certain conditions are met. Full allotment will result in dilution of approximately 1.09% of the total number of shares outstanding for the programme launched in 2021 and a potential dilutive effect of 0.80% for the programme launched in 2022.

	2022	2021
Basic earnings per share, kr	2.29	1.75
Diluted earnings per share, kr	2.29	1.75

The amounts used in numerators and denominators are shown below.

Basic earnings before dilution per share, kr

	2022	2021
Net profit for the year attributable to Parent Company shareholders	71,200	62,419
Cumulative dividend on preference shares attributable to the period	-	-33,066
Profit attributable to the ordinary equity holders of the Parent Company	**71,200**	**29,353**

* Earnings per share excluding cumulative dividends accrued for earlier preference shares amounted to SEK 3.71 for January–December 2021. This only had an effect up to and including 31 December 2021.

1) For 2021, this refers to the period up until the IPO, meaning 1 January–15 September, and was settled in connection with the listing of the company's shares.

The weighted average number of shares was 31,151,514 (16,807,821), which is also the number of common shares outstanding at year-end.

Diluted earnings per share

In calculating diluted earnings per share, earnings attributable to the Parent Company's shareholders correspond to what is stated above for the calculation of basic earnings per share. The table below shows a specification of the weighted average number of common shares used in calculating diluted earnings per share.

	2022	2021
Average number of shares before dilution	**31,151,514**	**16,807,821**
Effect from incentive programme	-	-
Average number of shares after dilution	**31,151,514**	**16,807,821**

Instruments that may result in future dilutive effects

Kjell Group AB has two ongoing incentive programmes classified as long-term incentive programmes in the form of performance share savings programmes with a TSR criterion (see Note 7). The dilutive effect of the performance share rights depends on the extent to which the TSR condition has been fulfilled on the reporting date.

Not 13 Intangible assets

Group	generated intangible assets	Acquired intangible assets					
TSEK	Development costs	Licenses and similar rights	Brands	Goodwill	Customer relation	Other	Total
Accumulated cost							
Opening balance 1 January 2021	37,599	35,991	444,258	520,866	-	4,949	1,043,663
Internally generated assets	17,408	-	-	-	-	-	17,408
Business combinations	-	4,101	38,683	239,221	79,964	-	361,969
Other changes	-	-	-	-	-	-	-
year	-	29	325	2,013	673	-	3,040
Closing balance 31 December 2021	**55,007**	**40,121**	**483,266**	**762,100**	**80,637**	**4,949**	**1,426,080**
Opening balance 1 January 2022	55,007	40,121	483,266	762,100	80,637	4,949	1,426,080
Internally generated assets	-	-	-	-	-	-	-
Business combinations	13,472	-120	-	-	-	-	13,352
Other changes	-	-1,056	-	-	-	-	-1,056
year	95	2	3,317	20,510	9,459	-	33,383
Closing balance 31 December 2022	**68,574**	**38,947**	**486,583**	**782,610**	**90,096**	**4,949**	**1,471,759**
Accumulated amortisation and impairment							
Opening balance 1 January 2021	-6,435	-32,175	-	-	-	-4,949	-43,559
Amortisation for the year	-9,512	-2,177	-	-	-10,748	-	-22,437
Exchange rate differences for the year	-		-	-	-	-	
2021	**-15,947**	**-34,352**	**-**	**-**	**-10,748**	**-4,949**	**-65,996**
Opening balance 1 January 2022	-15,947	-34,352	-	-	-10,748	-4,949	-65,996
Amortisation for the year	-12,529	-142	-	-	-18,577	-	-31,248
year	-32	-1	-	-	-2,450	-	-2,483
2022	**-28,508**	**-34,495**	**-**	**-**	**-31,775**	**-4,949**	**-99,727**
Carrying amounts							
On2021-01-01	31,164	3,816	444,258	520,866	-	-	1,000,104
On2021-12-31	**39,060**	**5,769**	**483,266**	**762,100**	**69,889**	**-**	**1,360,084**
On2022-01-01	39,060	5,769	483,266	762,100	-	-	1,360,084
On2022-12-31	**40,066**	**4,452**	**486,583**	**782,610**	**58,321**	**-**	**1,372,032**

Customer relationships pertain to the value arising in connection with the acquisition of AV-Cables.dk. The category of “other” includes rental rights and advance payments to suppliers for intangible assets. The category of “licences and similar rights” includes licences for various types of programmes for the operations. Capitalised development costs refer to the e-commerce platform, business intelligence tools and the check-in solution for the Group’s service points. The amount of internally generated assets includes personnel costs of TSEK 671 (1,290).

All intangible assets, apart from goodwill and brands, are amortised. “Brands” refers to “Kjell & Company” and “AV-Cables.dk.” Management’s intention is to retain and develop the brand by offering competitive and attractive products. The assessment is that the Group is working actively to maintain the brand in relevant markets, for which each brand is deemed to have an indefinite useful life.

For information about amortisation, refer to Note 1 of the accounting policies.

Impairment testing of cash-generating units containing goodwill and brands

The Group tests the carrying amount of goodwill and brands for impairment at least once a year. In addition, impairment testing takes place every time indications of impairment are identified.

The accumulated carrying amount of goodwill and brands is allocated to cash-generating units as follows:

Goodwill	2022	2021
TSEK		
Sweden	520 865	520,866
Denmark	261 745	241,234
	782,610	**762,100**

Brand		
TSEK		
Sweden	444 258	444 258
Denmark	42 325	39 009
	486,583	**483,267**

Impairment testing of goodwill and brands involves comparing the recoverable amount with the carrying amount of the cash-generating unit. The recoverable amount of the cash-generating unit in the Group was calculated using a value in use and determined by discounting the future cash flows that may be generated from the continued use of the cash-generating unit. The value in use was determined in a similar way for 2021.

The recoverable amount exceeds the carrying amount for all financial years presented, which is why there is no impairment losses.

Assumptions applied to estimates of value in use

Important assumptions when calculating the recoverable amount are growth drivers (the market as a whole and market share), the trend in purchase costs and other cost items and investments relevant to each group of cash-generating units. The amounts that can be attributed to the assumptions applied to cash flow forecasts are based on Group management's assessments for long-term business plans, normally with a three-year horizon. These plans reflect previous experiences and take into consideration future trends that are relevant to the industry (based on external sources and internal historical data tracking the market trend) when preparing forecasts for important drivers.

Important variables	Determination of values assigned to key assumptions
Market share and growth	Expected market growth, based on historical growth and observed trends, combined with new market shares due to a strengthened market position through further development of the customer experience and range offering.
Purchase price	Inflation in line with macroeconomic trends, cost increases driven by further developing the customer experience and range, offset by continuous negotiations of improved conditions in market-leading positions.
Personnel costs	Inflation and trends in salary increases, trade union agreements, training costs and potential efficiency enhancements.
Investment requirements	Investments according to assessed needs.

Cash flow is forecast for a period of three years, with assumptions about subsequent constant annual growth. After three years, the cash flows are extrapolated with constant annual growth that is deemed reasonable given the long-term average rate of growth for the industry. The annual forecast growth for the cash-generating unit for the final period is based on the assumed rate of inflation of 2.00%. This is in line with management's expectations of future market growth.

The following table presents the discount rate before tax applied when determining the recoverable amount and the final growth factor used:

	Discount rate		Terminal growth rate	
	2022	2021	2022	2021
Percent				
Sweden	13.5%	11.6%	2.0%	2.0%
Denmark	15.9%	13.1%	2.0%	2.0%

Sensitivity to changes in assumptions

Group management estimates that no reasonable changes in key assumptions will lead to impairment.

Not 14 Tangible assets

Group

TSEK	Buildings and land	Equipment, tools, fixtures and fittings	Förbättringsutgift på annans fastighet	Total
Accumulated cost				
Opening balance 1 January 2021	-	190,765	-	190,765
Other acquisitions	307	26,600	3,824	30,731
Business combinations	32,083	377	-	32,460
Reclassification	-	-	-	-
Divestments	-	-557	-	-557
Exchange rate differences	335	3,164	-	3,499
Closing balance 31 December 2021	**32,725**	**220,349**	**3,824**	**256,898**
Opening balance 1 January 2022	32,725	220,349	3,824	256,898
Other acquisitions	-	-	-	-
Business combinations	-	24,444	6,520	30,964
Reclassification	-	-	-	-
Divestments	-	-391	-	-391
Exchange rate differences	2,782	1,701	-	4,483
Closing balance 31 December 2022	**35,507**	**246,103**	**10,344**	**291,954**
Accumulated depreciations				
Opening balance 1 January 2021	-	-140,904	-	-140,904
Depreciation for the year	-664	-21,665	-64	-22,393
Divestments	-	557	-	557
Exchange rate differences	-7	-2,117	-	-2,124
Closing balance 31 December 2021	**- 671**	**-164,129**	**-64**	**-164,864**
Opening balance 1 January 2022	-671	-164,129	-64	-164,864
Depreciation for the year	-664	-23,604	-1,279	-25,547
Divestments	-	307	-	307
Exchange rate differences	-121	-1,215	-	-1,336
Closing balance 31 December 2022	**-1,456**	**-188,641**	**-1,343**	**-191,440**
Carrying amounts				
On2021-01-01	-	49,861	-	49,861
On2021-12-31	**32,054**	**56,220**	**3,760**	**92,034**
On2022-01-01	32,054	56,220	3,760	92,034
On2022-12-31	**34,051**	**57,462**	**9,001**	**100,514**

Equipment, tools, fixtures and fittings TSEK Parent company	2022	2021
Accumulated cost		
Ingående balans 1 januari 2021	12	-
Other acquisitions	27	12
Utgående balans 31 december 2022	**39**	**12**
Accumulated depreciations		
Ingående balans 1 januari 2021	-	-
Depreciation for the year	-8	-
Utgående balans 31 december 2022	**-8**	**-**
Carrying amounts	**31**	**12**

Not 15 Receivables from Group companies

Parent Company

TSEK	31/12/2022	31/12/2021
Accumulated cost		
At the beginning of the period	-	5,336
Group contribution	65,100	-5,336
Disposal	-12,031	-
At the end of the period	**53,069**	**-**

For information on credit risk associated with Group receivables, refer to Note 25 Financial risks and risk management.

Not 16 Inventories

Group

TSEK	31/12/2022	31/12/2021
Finished goods and goods for resale	481,131	538,776
Right to receive returned goods	6,394	6,961
	487,525	**545,737**

Not 17 Prepaid expenses and accrued income

TSEK	31/12/2022	31/12/2021
Group		
Accrued income, suppliers according to contract	12,995	23,824
Prepaid cost of premises	7,296	4,574
Prepaid marketing costs	5,810	6,700
Marketing grants	1,070	2,250
Insurance	2,871	2,694
Store start-up costs	860	748
Bank charges	-	27
Other	3,419	4,617
	34,321	**45,434**
Parent company		
Insurance	1,616	1,722
Other	207	201
	1,823	**1,923**

Not 18 Cash and cash equivalents

TSEK	31/12/2022	31/12/2021
Group		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	117,619	193,769
	117 619	**193,769**
Parent company		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	70,634	2,159
	70,634	**2,159**

For information on credit risk associated with cash and cash equivalents, refer to Note 25 Financial risks and risk management.

Not 19 Share capital

2021

Number of shares, thousand	**Common shares**	**Preferens shares**	**Total**
Issued 1 January	216,972	429,904	646,876
Off-set issue in connection to the acquisition of AV-Cables	12,436	-	12,436
Share split (50:1)	11,240,992	21,065,296	32,306,288
New share issue	9,148,841	-	9,148,841
Offset issue	859,827		859,827
Conversion of preference shares to common shares	9,672,981	- 9,672,981	-
Reduction of shares	- 535	- 11,822,219	- 11,822,754
Issued 31 December	**31,151,514**	**-**	**31,151,514**

2022

Number of shares, thousand	**Common shares**	**Preferens shares**	**Total**
Issued 1 January	31,151,514	-	31,151,514
Issued 31 December	**31,151,514**	**-**	**31,151,514**

On 31 December 2022, the registered share capital comprised 31,151,514 common shares. Holders of common shares are entitled to receive dividends that are determined at a later date and the shareholding carries entitlement to vote at general meetings with one vote per share. Each vote has a quotient value of SEK 0.017.

Incentive programmes

Kjell Group AB has two term incentive programmes in the form of performance share savings programmes with terms described in Note 1 Accounting policies.

Full allotment of the remaining performance shares could result in dilution of approximately 1.09% (incentive programme 2021) and 0.8% (incentive programme 2022) of the total number of shares outstanding.

Dividend

The Board of Directors proposes that the Annual General Meeting resolve to pay a dividend of SEK 0 per share for the 2022 financial year.

Translation reserve

The translation reserve encompasses all exchange rate differences that arise when translating the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The translation reserve also includes the exchange rate differences arising on the remeasurement of liabilities recognised as hedging instruments for a net investment in a foreign operation.

Parent Company

Share capital

This item pertains to share capital in the Parent Company, Kjell Group AB. On 31 December 2022, Kjell Group AB had 31,151,514 common shares outstanding. There are no other classes of share capital. Each share entitles the holder to one vote.

Restricted reserves

Restricted reserves may not be reduced through the payment of dividends.

Non-restricted equity

Along with net profit for the year, the following funds comprise non-restricted equity, meaning the amount available for dividends to shareholders.

Share premium reserve

When shares are issued at a premium, meaning that the price to be paid for the shares exceeds the quotient value of the shares, an amount corresponding to the amount in excess of the quotient value is to be transferred to the share premium reserve.

Retained earnings:

Retained earnings comprise the preceding year's retained earnings and profit less any dividends paid during the year.

Not 20 Interest-bearing liabilities

Refinancing of credit facilities

In connection with the IPO of Kjell Group AB, a new financing agreement comprising credit facilities totalling MSEK 910 was signed. These facilities were provided by Nordea and, along with the proceeds from the new share issue, were used to refinance the Group's existing indebtedness. In 2022, the agreement was renegotiated at a nominal value of MSEK 785.

The facilities have a term of three years from the settlement date for the allotted shares on 20 September 2021. The Group has the option of two extensions of one year each, subject to the lender accepting such an extension. The facilities will be subject to interest periods of one, two, three or six months. The credit facilities are conditional on the ratio between the Group's total net debt to adjusted EBITDAaL (calculated in accordance with the terms of the credit facilities) not exceeding the levels stipulated in the credit agreement.

As of the reporting date, the Group had met these conditions.

An earlier credit facility was raised in July 2017 and was repaid in full in connection with the signing of the new credit facility. In addition to the credit facility, the Group also had a PIK bond. The bond, which was issued in July 2017, had an original nominal amount of MSEK 165 and a fixed interest rate that was capitalised by the Group issuing new bonds corresponding to the interest expense for the period, in accordance with the loan agreement.

The bond matured in conjunction with the signing of a new credit facility as specified above.

The following presents information on the credit facilities' contractual terms for interest-bearing liabilities. For more information on the company's exposure to interest-rate risk, refer to Note 25.

In connection with the refinancing in 2021, the new credit facility was signed under the Parent Company. In accordance with the loan agreement, the utilised portion of the revolving credit facility was signed by the subsidiary company Kjell Elektronik AB. No portion of the unutilised credit facilities of TSEK 447,728 in the Parent Company as of 31 December 2022 falls due within the next five years.

TSEK	31/12/2022	31/12/2021
Non-current liabilities		
Credit facility	513,528	446,909
	513,528	**446,909**
Current liabilities		
Current component of non-current part of interest bearing liabilities	9,200	149,200
	9,200	**149,200**

Terms and repaymentperiods

				2022	
TSEK	**Currency**	**Nominal interest**	**Maturity**	**Nominal amount**	**Carrying amount**
Credit facility B	SEK	4.5%	2025-09-19	36,800	36,800
Credit facility A	SEK	4.5%	2025-09-19	414,000	410,928
Aquisition facility	SEK	4.5%	2025-09-19	75,000	75,000
Revolving credit facility	SEK, EUR, NOK, DKK	4.5%	2025-09-19	250,000	-
Total interest bearing liabilities				**775,800**	**522,728**

				2021	
TSEK	**Currency**	**Nominal interest**	**Maturity**	**Nominal amount**	**Carrying amount**
Credit facility B	SEK	1.6%	2024-09-20	46,000	46,000
Credit facility A	SEK	1.6%	2024-09-20	414,000	410,109
Aquisition facility	SEK	0.0%	2024-09-20	200,000	-
Revolving credit facility	SEK, EUR, NOK, DKK	1.6%	2024-09-20	250,000	140,000
Total interest bearing liabilities				**910,000**	**596,109**

Not 21 Provisions

TSEK

TSEK	31/12/2022	31/12/2021
Provisions classified as current liabilities		
Guarantee commitments	7,608	7,365
Total	**7,608**	**7,365**

Guarantees

TSEK	31/12/2022	31/12/2021
Carrying amount at the beginning of the period	7,365	6,306
Provisions for the period	7,608	7,365
Amount utilised for the period	-7,365	-6,306
Carrying amount at the end of the period	**7,608**	**7,365**

Provisions that will be utilised within one year are classified as current liabilities. Provisions have been made for estimated warranty costs for products that have been sold with the guarantee still valid at the end of the financial year. The Group normally offers 12-month guarantees. Management assesses provisions based on historical outcome, and on development trends that indicate that future outcomes may deviate from historical amounts. Estimates were made using the same methods for all periods.

Not 22 Other liabilities

TSEK	31/12/2022	31/12/2021
Other non-current liabilities		
Other	102	102
	102	**102**
Other current liabilities		
Loyalty bonus	3,549	3,987
Gift vouchers and other balances	6,992	6,236
Value added tax	49,096	51,618
Employee withholding taxes and social security contributions	14,671	15,677
Contingent consideration	-	75,387
Other	284	270
	74,592	**153,175**

Not 23 Accrued expenses and deferred income

TSEK	31/12/2022	31/12/2021
Group		
Accrued personnel costs	73,777	75,576
Repayment liabilities	10,796	17,274
Accrued freight costs	1,530	1,744
Accrued electricity costs	1,565	-
Accrued rental costs	857	442
Other	8,248	14,242
	96,773	**109,278**
Parent Company		
Accrued personnel costs	3,956	3,923
Other	1,143	3,632
	5,099	**7,555**

Repayment liabilities

When a customer has a right to return a product within a certain period of time, a repayment liability is recognised amounting to the compensation received (or that will be received) that the Group does not expect to be entitled to. The Group also reports a right to the returned products that is measured at the previous carrying amount of the product; refer to Note 16. The cost of reclaiming the products is not material since customers usually return goods in resaleable condition.

Not 24 Financial assets and financial liabilities

Fair value

The fair value of the liabilities in the Group's credit facility is estimated at TSEK 525,799 (600,000), compared with the carrying amount of TSEK 522,728 (596,109). The facility carries a variable 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 is thus primarily attributable to the carrying amount of the loan, including transaction costs that remain to be allocated as part of the effective interest rate of the bank loans.

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 has a financial liability for the contingent earnout linked to the acquisition of AV-Cables.dk. The fair value of the liability for the contingent consideration was based on the present value of the expected payment according to the relevant acquisition agreement. The outcome of the undiscounted fair value of the earnout was established at MDKK 54.7, which at the reporting date on 31 December 2021 amounted to MSEK 75.4. The earnout was paid in the first quarter of 2022 and amounted to MSEK 73.9. Measurement is at Level 3 of the fair value hierarchy.

31 Dec 2022

TSEK	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	-	-

31 Dec 2021

TSEK	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	**75,387**	**75,387**

Contingent consideration

TSEK	31 Dec 2022	31 Dec 2021
Balance at the beginning of the period	75,387	-
Added through business combinations		71,929
Payments	-73,944	-
*Recognised in profit or loss **		
Change in fair value		2,853
Currency effects	-1,443	605
Balance at the end of the period	**-**	**75,387**

*Recognised in net financial items

The carrying amounts of accounts receivable, other receivables, accrued income, cash and cash equivalents, accounts payable and accrued expenses are considered reasonable approximations of the fair value of each item. Measurement is at Level 2 of the fair value hierarchy.

Classification of financial assets and financial liabilities

The tables below show the carrying amounts of the Group's financial assets and financial liabilities by measurement category according to IFRS 9.

2022

TSEK	Note	Financial liabilities measured at fair value	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets not measured at fair value					
Accounts receivable		-	28,369	-	28,369
Accrued income	17	-	12,995	-	12,995
Other receivables		-	1,616	-	1,616
Cash and cash equivalents	18	-	117,619	-	117,619
		-	160,599	-	160,599
Total financial assets		**-**	**160,599**	**-**	**160,599**
Financial liabilities measured at fair value					
Contingent consideration		-	-	-	-
		-	-	-	-
Financial liabilities not measured at fair value					
Credit facility	20	-	-	513,528	513,528
Accounts payable		-	-	330,028	330,028
Accrued expenses	23	-	-	82,025	82,025
Current component of credit facility	20	-	-	9,200	9,200
		-	**-**	**934,781**	**934,781**
Total financial liabilites		**-**	**-**	**934,781**	**934,781**

2021

TSEK	Note	Financial liabilities measured at fair value	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
Financial assets not measured at fair value					
Accounts receivable		-	26,687	-	26,687
Accrued income	17	-	23,824	-	23,824
Other receivables		-	7,355	-	7,355
Cash and cash equivalents	18	-	193,770	-	193,770
		-	251,636	-	251,636
Total financial assets		**-**	**251,636**	**-**	**251,636**
Financial liabilities measured at fair value					
Contingent consideration		75,387	**-**	**-**	75,387
		75,387	-	-	75,387
Financial liabilities not measured at fair value					
Credit facility	20	-	-	446,909	446,909
Accounts payable		-	-	377,181	377,181
Accrued expenses	23	-	-	92,004	92,004
Current component of credit facility	20	-	-	149,200	149,200

Not 25 Financial risks and risk management

Framework for financial risk management

The Group's finance policy for managing financial risks was prepared by the Board and forms a framework of guidelines and rules in the form of risk mandates and limits for financial activities. The responsibility for the Group's financial transactions and risks is managed by the Group's CFO. The finance function's overall objective is to provide cost-efficient financing and to minimise the negative effects of financial risks on the Group's earnings. The Group's CFO regularly reports to the Group's CEO and the company's Board.

Through its operations, the Group is primarily exposed to financing risk, interest-rate risk, currency risk and credit risk.

Financing risk

Financing risk is the risk that the Group may not have liquidity due to inadequate access to financing or the Group experiencing difficulties in refinancing existing credit facilities when they fall due. The Group is to endeavour to have access to both long and short-term financing at any given point in time, which is achieved by planning and maintaining good relationships with banks and other creditors. According to the Group's guidelines, the average remaining maturity of non-current loans is to always exceed 12 months. Furthermore, the Group is to have liquidity available in the form of cash and cash equivalents, short-term deposits and unutilised credit facilities in accordance with the Board's guidelines.

In connection with the IPO of Kjell Group AB, a new financing agreement comprising credit facilities totalling MSEK 910 was signed. In 2022, the agreement was renegotiated at a nominal value of MSEK 785. Refer to Note 20 for more information.

The facility is made up of the following part facilities:

TSEK Credit facility	Nominal	Used	Available
Credit facility A	36,800	36,800	-
Credit facility B	414,000	414,000	-
Acquisition facility	75,000	75,000	-
Revolving credit facility	250,000	-	250,000
Total	**775,800**	**525,800**	**250,000**

The revolving credit facility can be drawn in SEK, EUR, DKK, NOK or any other currency agreed with the lender.

A maturity analysis for the Group's financial liabilities (including lease liabilities) is presented below, which shows payment of capital amounts and interest (undiscounted). Interest on liabilities that carry interest at variable rates has been paid based on the prevailing interest rate as of the respective reporting dates.

2022

TSEK	2023	2024	2025	2026	2027	>2027
Credit facility A	10,856	10,442	18,694	-		
Credit facility B	18,630	18,630	432,630	-		
Acquisition facility	8,734	9,669	65,540	-		
Revolving credit facility	-	-	-	-		
Lease liabilities	123,984	85,907	53,402	23,718	2,264	96
Accounts payable	330,028	-	-	-	-	-
Accrued expenses	82,025	-	-	-	-	-
	574,257	**124,648**	**570,266**	**23,718**	**2,264**	**96**

2021

TSEK	2022	2023	2024	2025	2026	>2026
Credit facility A	9,936	9,789	28,042			-
Credit facility B	6,624	6,624	420,624			-
Acquisition facility	-	-	-	-	-	-
Revolving credit facility	140,230	-	-	-	-	-
Lease liabilities	120,070	84,948	52,757	27,441	12,078	-
Accounts payable	377,181	-	-	-	-	-
Accrued expenses	92,004	-	-	-	-	-
	746,045	**101,361**	**501,423**	**27,441**	**12,078**	**-**

Interest-rate risk in interest-bearing liabilities

Interest-rate risk is defined as the risk that changes in market interest rates will have a negative impact on the Group's net financial items and the risk that fixed interest rates may be locked in at levels above the prevailing market interest rates for protracted periods of time. According to the guidelines, the

Group will as a rule have short fixed terms of the variable interest on interest-bearing liabilities, since short fixed terms are judged to incur lower interest expenses over time while the Group avoids lengthy contracts with fixed prices in relation to customers.

The Group's exposure to interest-rate risk arises primarily through the interest on the credit facility being regulated by net debt in relation to adjusted EBITDAaL at the end of each reporting period, at which point an interest margin is calculated. In accordance with the agreement, interest rates vary from 1.45% to 2.25%. In addition to the interest margin attributable to net debt in relation to adjusted EBITDAal, total interest is impacted by a variable component (IBOR). Adjustments for changes in interest rates are made in the subsequent period. The current total interest rate at the end of 2022 was 4.5%.

The effect on interest expenses during the coming twelve-month period of a 1-percentage-point increase in the interest rate would be TSEK 5,227 (5,961) given the interest-bearing assets and liabilities existing on 31 December of the preceding year.

Currency risk

Currency risk can be divided into transaction exposure and translation exposure. Transaction exposure pertains to exposure to the risk that the value of future transactions is negatively impacted by fluctuations in exchange rates without the possibility of the Group being able to offset this through changed prices. Translation exposure arises from the translation of assets or liabilities in foreign currency, and from the translation of foreign subsidiaries to SEK upon consolidation.

Transaction exposure

The Group's direct transaction exposure arises primarily in conjunction with purchases paid for in DKK, EUR, USD and CNY. In 2022, the Group made purchases in DKK totalling TDKK 96,798 (114,285), purchases in EUR totalling TEUR 32,723 (62,925), purchases in USD totalling TUSD 35,466 (43,457) and purchases in CNY totalling TCNY 22,666 (19,357).

In accordance with the guidelines, the exposure can be hedged using currency derivatives. However, there were no currency derivatives outstanding as of 31 December 2022. The table below illustrates what effects a 10% weakening or strengthening of DKK, EUR, USD and CNY against SEK would have on the Group's expenditure for purchases of goods and thereby the costs of goods for resale when these goods are sold to customers. The calculations are based on the assumption that all other variables remain unchanged and on the volume of purchases in the various currencies made each year.

Transaction exposure – sensitivity analysis of effect of 10% weakening/strengthening against SEK

	Impact on expenses for purchases of goods (TSEK)	
Currency	**2022**	**2021**
EUR	+/- 34 790	+/- 63 837
USD	+/- 35 908	+/- 37 293
CNY	+/- 3 404	+/- 2 576
DKK	+/- 13 833	+/- 21 266
Total	**+/- 87 935**	**+/- 124 971**

Translation exposure

The Group's translation exposure pertains primarily to subsidiaries in Norway, Denmark and China, which gives rise to translation exposure in NOK, DKK and CNY since the subsidiaries' financial statements are translated into SEK, the Group's presentation currency and the Parent Company's functional currency. The table below shows the Group's net investments in these currencies as of the reporting date.

Translation exposure – net investments in foreign currency

Translation exposure - net investments in foreign currency

Currency	2022	2021
NOK	43,741	34,068
DKK	63,320	50,397
CNY	4,591	4,029

Translation exposure – sensitivity analysis of effect of 10% weakening/strengthening against SEK

Translation exposure - sensitivity analysis of effect of 10% weakening/strengthening against SEK

	Impact on equity (TSEK)		Impact on operating profit (TSEK)	
Currency	**2022**	**2021**	**2022**	**2021**
NOK	+/- 4 894	+/- 3 588	+/- 1 251	+/- 1 083
DKK	+/- 14 164	+/- 9 575	+/- 3 449	+/- 6 754
CNY	+/- 1 049	+/- 818	+/- 110	+/- 74

The sensitivity analysis is based on the assumption that all other variables remain unchanged.

Credit risk

Credit risk is the risk that a customer or counterparty is unable to fulfil its commitments, thus resulting in a loss for the Group. Credit risk can be divided into commercial exposure, in the form of credit risk exposure to accounts receivable, and financial credit risk, which for the Group is related primarily to cash and cash equivalents. The carrying amount of financial assets comprises the maximum credit exposure. Sales against invoices occur to only a limited extent.

In connection with the IPO of Kjell Group AB, a new financing agreement was concluded in the Parent Company. Financing previously took place through the subsidiaries.

Commercial exposure to credit risk

The Group’s sales are primarily made to private individuals, at service points or online. Payment for sales at service points normally occur via bank card or in cash. For credit card sales, the card issuer bears the credit risk. For online sales, the Group has a contract with a partner that provides a payment solution. The partner acquires a receivable against the customer and also bears the credit risk associated with this receivable. The Group has a receivable against the partner for sales completed. However, these receivables are settled shortly after the sale is completed, which means that the maturity is extremely brief and the credit risk thereby limited. The Group’s exposure to commercial credit risk is therefore deemed to be low.

Change in loss allowance for accounts receivable

Movement in the reserve for impairment of accounts receivable during the year was as follows:

TSEK	2022	2021
Opening balance on 1 January	1,281	571
Amounts written-off	-374	-137
Remeasurement of loss allowance, net	1,792	847
Closing balance on 31 December	**2,699**	**1,281**

Financial exposure to credit risk

The Group’s exposure to financial credit risk is related primarily to cash and cash equivalents. On 31 December 2022, cash and cash equivalents amounted to TSEK 117,619 (193,770). Cash and cash equivalents consist entirely of cash in hand and bank balances. The bank balances are deposited in banks with a short-term credit rating of A-1 from Standard & Poor and can be disbursed to the Group upon request. The credit risk in cash and cash equivalents is therefore deemed to be very low and is insignificant.

Capital management

The Group’s financial objective is to have a strong financial position that helps it to retain the confidence of investors, creditors and the market and constitutes a basis for continued development of business operations, while the long-term return generated for shareholders remains satisfactory.

In 2022, the Board adopted the following target for the Group’s capital structure and policy for dividends to shareholders:

- Financial net debt (net debt excluding IFRS 16 lease liabilities) should be less than 2.5 times adjusted EBITDAaL. As of 31 December, financial net debt was 2.5 (1.7) times higher than adjusted EBITDAaL.
  - Adjusted EBITDAaL includes the periods in which acquired companies were not included in the Group’s consolidated financial statements for the most recent 12-month period.
- At least 60% of net profit for the year is to be paid to the shareholders, taking into account the Group’s financial position, acquisition opportunities and future growth prospects.

Capital is defined as total equity, including common and preference shares (as of 31 December 2022, there were no outstanding preference shares).

Capital

TSEK	2022	2021
Total equity	**998,776**	**889,447**

Not 26 Leases

The Group leases several types of assets, pertaining primarily to premises (stores and office space) but to some extent also other asset types such as vehicles, forklifts and office equipment. None of the leases contain covenants or other limitations apart from the collateral in the leased asset.

Right-of-use assets

Group

TSEK	Properties	Vehicles	Machinery	Total
Depreciation for the year	107,052	2,244	1,770	111,066
Closing balance, 31 December 2021	**258,249**	**4,797**	**2,978**	**266,024**
Depreciation for the year	115,196	2,543	1,648	119,387
Closing balance, 31 December 2022	**266,574**	**5,254**	**3,645**	**275,473**

Additions to right-of-use assets in 2022 amounted to TSEK 133,893 (105,353). This amount includes the cost of right-of-use assets newly acquired during the year and additional amounts on the remeasurement of lease liabilities.

Lease liabilities

Group		
TSEK	**31/12/2022**	**31/12/2021**
Current lease liabilities	113,465	103,318
Non-current lease liabilities	153,152	158,750
Lease liabilities included in statement of financial position	**266,617**	**262,068**

For a maturity analysis of the lease liabilities, refer to Note 25.

Amount recognised in profit or loss

TSEK	2022	2021
Depreciation of right-of-use assets	119,387	111,066
Interest on lease liabilities	8,740	10,100
Variable lease payments not included in the measurement of the lease liability*)	570	465
Costs for low-value leases	3,422	3,883

Amount recognised in statement of cash flows

Group		
TSEK	**2022**	**2021**
Total cash outflow attributable to leases	130,460	119,326

*) The amount does not include property tax.

The above cash outflow includes amounts for leases recognised as lease liabilities as well as amounts paid for variable lease payments and low-value leases.

Property leases

The Group leases properties, primarily store locations but also office space. These leases normally run for three to five years. In most cases, there is an option at the end of the current lease term to extend the lease for an additional one to three years. The extension periods are included in the lease term if, at the start of the lease (or alternately on transition to IFRS), the Group deems it reasonably certain that they will be utilised.

As of the reporting date, 31 December 2022, the Group assessed that the limit for reasonable certainty was 12 months. This means that when new leases are signed or when the lease term changes for existing leases, the end of the lease term is normally set so that it occurs beyond 12 months. The remaining average lease term for the Group's property leases subject to estimates of the lease liability and right-of-use asset was calculated at 2.1 (2.3) years. The Group expects that the lease liability will be stable going forward.

The leases normally contain lease payments that are based on changes in local price indexes while some leases also contain variable rents that are based on the Group's sales in the leased stores during the year. In addition, the Group pays fees that are attributable to property taxes levied on the landlord.

Other leases

The Group leases vehicles and equipment (forklifts, machinery, etc.) with lease terms of one to four years, including extension periods, that the Group is reasonably certain of utilising. In some cases, the Group has an opportunity to purchase the asset at the end of the lease term. In other cases, the Group guarantees the residual value of the leased asset at the end of the lease term. Normally, it is not reasonably certain at the start of the lease that the Group will buy out the asset. The Group also leases office equipment and IT equipment with lease terms of a maximum of three years. These leases are low-value leases. The Group has chosen not to recognise right-of-use assets and lease liabilities for these leases.

COVID-19-related rent concessions

In connection with the corona pandemic, the Swedish operations received government assistance in the form of temporary rent reductions in vulnerable sectors. Kjell & Company qualified for assistance due to the operations it conducts. The rent concessions received meet the criteria for applying the IFRS 16 practical expedient for COVID-19-related rent concessions. The amount of aid for specific service points varied due to separate agreements with property owners. Government grants could amount to a maximum of 50% of the fixed rent, with the property owner accounting for half of the rent reduction and the government for the remainder. In 2022, the Group received rent concessions amounting to TSEK 0 (968), which were recognised in operating profit.

Not 27 Pledged assets, contingent liabilities and contingent assets

TSEK	31/12/2022	31/12/2021
Group		
Pledged assets		
In the form of pledged assets for own liabilities and provisions		
Floating charges	910,000	910,000
	910,000	**910,000**
Contingent liabilities		
Leasing guarantees	8,810	12,611
	8,810	**12,611**

TSEK	31/12/2022	31/12/2021
Parent company		
Pledged assets		
In the form of pledged assets for own liabilities and provisions		
Floating charges	910,000	910,000
	910,000	**910,000**
Contingent liabilities		
Leasing guarantees	-	-
	-	**-**

Not 28 Proposed dividend

The following funds are available for distribution by the Annual General Meeting:

TSEK	2022
Retained earnings	33,230
Share premium reserve	1,091,433
Profit for the period	28,202
Total	**1,152,865**
Carried forward	1,152,865
Total	**1,152,865**

According to the dividend policy adopted by Kjell Group's Board of Directors, the dividend is to amount to at least 60% of net profit, considering the Group's financial position, acquisition opportunities and future growth prospects.

The Board's proposal to the Meeting is that profit for the 2022 financial year be disposed of in accordance with the above proposal.

Not 29 Related-party transactions

The shares in Kjell Group AB are listed on Nasdaq First North Growth Market. 22.87% of the shares are owned by FSN Capital. The Group's related parties include FSN Capital and the portfolio companies managed by FSN Capital, the subsidiaries and Kjell & Company's Board of Directors and Group management along with their related parties. No related-party transactions took place in 2022.

The Parent Company has a related-party relationship with its subsidiaries. Information about participations in subsidiaries is presented in Note 30. Transactions between Kjell Group AB and its subsidiaries have taken place on market terms.

Remuneration of the Board and senior executives is presented in Note 7. Kjell Group has not provided any guarantees or sureties on behalf of its Board members or senior executives. The Group has not identified any related-party transactions other than those specified in this note and the other notes referred to herein.

Not 30 Group companies

Group

TSEK	31/12/2022	31/12/2021
Accumulated cost		
At the beginning of the year	1,609,548	661,157
Acquisition of the year	520	948,391
At the end of the year	**1,610,068**	**1,609,548**

Specification of all holdings of participations in Group companies

	Country of incorporation	Owner interest, %	
		31/12/2022	31/12/2021
Kjell MidCo AB, 559117-3934	Malmö, Sweden	100.0%	100.0%
. Kjell BidCo AB, 559113-2583	Malmö, Sweden	100.0%	100.0%
.. Kjell Koncern AB, 556965-5136	Malmö, Sweden	100.0%	100.0%
… Kjell Elektronik AB, 556400-5378	Malmö, Sweden	100.0%	100.0%
…. Kjell & Co Norway, 815420292	Sandvika, Norway	100.0%	100.0%
…. Scandinavia Sourcing Team Ltd, 61949671	Hongkong	100.0%	100.0%
….. Scandsource Co Ltd, 310000400726926	Shanghai, China	100.0%	100.0%
…. AV-Cables, 31260485	Hornsyld, Denmark	100.0%	100.0%

Not 31 Specifications for the statement of cash flows

Cash equivalents

TSEK	31/12/2022	31/12/2021
Group		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	117,619	193,770
	117,619	**193,770**
Parent Company		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	70,634	2,159
	70,634	**2,159**

Adjustments for non-cash items

TSEK	2022	2021
Group		
Depreciation/amortisation	175,874	156,101
Non-cash interest items	-	710
Capital gain/loss on sale of tangible assets	-	-
Unrealised exchange differences	-635	-2,560
Provision, guarantees	-34	675
	-	4,323
Share-based payment transaction	2,133	640
Capitalised loan fees	819	205
Other	-3,218	2,608
	174,939	**162,702**
Parent Company		
Depreciation/amortisation	8	1
Share-based payment transaction	1,613	513
Capitalised loan fees	819	205
Other	-3	753
	2,437	**1,472**

Changes in liabilities in financing activities

A new credit facility was negotiated in connection with the listing of the Parent Company in 2021. Previous credit facilities were raised in the subsidiaries.

Transactions not involving payments **TSEK**	**2022**	**2021**
Parent company		
Conversion debt to equity	-	69,694
	-	**69,694**

TSEK	Credit facility	PIK bond	Leasing liabilities
Group			
Opening balance2021	647,416	222,423	272,847
Cash flow from financing activities			
Proceeds from loans	723,743	-	-
Loan repayments	-769,327	-222,423	-
Repayment of lease liabilities		-	-119,326
Total cash flow from financing activities	**-45,584**	**-222,423**	**-119,326**
Exchange rate differences	-	-	5,575
Other changes	-2,338	-	-
Additional lease liabilities	-	-	102,972
Capitalised borrowing costs	-3,890	-	-
Interest expenses	3,173	-	-
Interest paid	-2,668	-	-
Closing balance2021	**596,109**	**-**	**262,068**
	-		
Opening balance2022	596,109	-	262,068
Cash flow from financing activities	-	-	-
Proceeds from loans	258,977	-	-
Loan repayments	-332,916	-	-
Repayment of lease liabilities	-	-	-130,460
Total cash flow from financing activities	**-73,939**	**-**	**-130,460**
Exchange rate differences	-		2,490
Other changes	-261		
Additional lease liabilities			132,519
Capitalised borrowing costs	819	-	-
Interest expenses	16,165	-	-
Interest paid	-16,165	-	-
Closing balance2022	**522,728**	**-**	**266,617**

Parent Company

Cash flow from financing activities			
New share issue	-	-	-
Issue expenses	-	-	-
Proceeds of loans	460,000	-	-
Total cash flow from financing activities	**460,000**	**-**	**-**
Capitalised borrowing costs	-3,890		
Interest expenses	2,574		
Interest paid	-2,574		
Closing balance2021	**456,110**	**-**	**-**
Cash flow from financing activities			
New share issue	-	-	-
Issue expenses	-	-	-
Proceeds of loans	183,977	-	-
Loan repayments	-193,177		
Total cash flow from financing activities	**-9,200**	**-**	**-**
Capitalised borrowing costs	819	-	-
Interest expenses	14,549	-	-
Interest paid	-14,549	-	-
Closing balance2022	**447,729**	**-**	**-**

Not 32 Events after the reporting date

After the reporting date, a new service point was opened in Kalmar and service points in Västerås and Örebro were reallocated.

Not 33 Important estimates and judgements

Management has discussed with the Board the development, selection and disclosures pertaining to the Group's important accounting policies and estimates as well as the application of these policies and estimates.

Important judgements made in the application of the Group's accounting policies

Some of the important judgements made in the application of the Group's accounting policies are described below.

Intangible assets

Assumptions made by the Group in connection with impairment testing of intangible assets, such as goodwill and brands, are deemed to be of material significance. The reason for this is that the judgements and assumptions that encompass a number of areas described in more detail in Note 13 are based on in-depth insight about the business as well as the industry and other macroeconomic aspects. When testing intangible assets for impairment, the carrying amount is compared with the recoverable amount, which comprises the higher of the asset's net realisable value and value in use. After testing and assessing the value in use, no need for impairment was identified for intangible assets, including goodwill and brands.

Leases

The Group's leases essentially comprise store contracts for the service points that the Group uses in its operations. The Group's leases have the option of extending or terminating a lease when it expires or terminating the lease in advance if this option exists. Under IFRS 16, extension options that entitle the lessee to extend a lease or terminate it in advance are to be included in the lease term if it is deemed reasonably certain that this option will be exercised. Accordingly, the assessment impacts the amount of the lease liability and the right-of-use asset. Regular assessments are made as to whether the Group will exercise an extension option when it is reasonably certain based on strategic decisions about local presence at retail locations.

Not 34 Information about the Parent Company

Kjell Group AB (publ) is a Swedish-registered limited liability company with its registered offices in Malmö. The Parent Company's shares are listed on Nasdaq First North Growth Market in Stockholm. The address of the head office is Tärnögatan 6, Malmö.

The consolidated financial statements for 2022 comprise the Parent Company and its subsidiaries, jointly referred to as the "Group."

The Board of Directors and the CEO give their assurance that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden, and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in the European Parliament and Council's Regulation (EC) no. 1606/2002 of 19 July 2002 on the application of international accounting standards. The annual report and consolidated financial statements provide a true and fair view of the Parent Company's and the Group's position and earnings. The Administration Report for the Parent Company and the Group provides a fair overview of the Parent Company's and the Group's performance and the Group's activities, position and earnings, and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Malmö, 14 April 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

Our audit report was submitted on 14 April 2023

KPMG AB

Camilla Alm Andersson
Authorised public accountant
Auditor in Charge

Elisabeth Lundström
Authorised public accountant

Auditor’s report

To the general meeting of the shareholders of Kjell Group AB (publ), corp. id 559115-8448

Opinions

We have audited the annual accounts and consolidated accounts of Kjell Group AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 16-71 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-15 and 74-80. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Kjell Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.
The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.
The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Malmö 14 april 2023

KPMG AB

Camilla Alm Andersson

Authorized Public Accountant
Auditor in charge

Elisabeth Lundström

Authorized Public Accountant

Selected financial information

MSEK	2022	2021
Members in loyalty club, thousand	3,107	2,647
Customer NPS		74
Net sales	2,607.9	2,398.0
Sales growth, %	8.8%	20.0%
Comparable growth, %	0.7%	6.8%
Gross profit	1,099.2	1,023.3
Gross margin, %	42.1%	42.7%
Adjusted EBITA	134.8	188.1
Adjusted EBITA margin, %	5.2%	7.8%
Items affecting comparability	-	36.9
Cash flow from operating activities	242.3	152.3
Working capital	49.3	-33.1
Core working capital	185.9	195.2
Financial net debt	405.1	402.3
Financial net debt/Adjusted EBITDAaL	2.5	1.7
Equity ratio, %	40.8%	34.7%
Investments tangible assets	-30.0	-31.7
Investments intangible assets	-14.2	-17.4
Number of outstanding shares before dilution	31,151,514	31,151,514
Number of outstanding shares after dilution	31,151,514	31,151,514
Average number of outstanding shares befor dilution	31,151,514	16,807,821

MSEK	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 22	Q4 22
Net sales	589.0	818.8	615.3	613.7	617.0	762.0
Gross profit	250.3	331.8	261.7	259.6	267.6	310.2
Gross margin, %	42.5%	40.5%	42.5%	42.3%	43.4%	40.7%
Adjusted EBITA	51.2	87.9	24.1	12.8	40.8	57.1
Adjusted EBITA margin, %	8.7%	10.7%	3.9%	2.1%	6.6%	7.5%
Cash flow from operating activities	49.7	144.1	-129.7	75.5	83.4	213.0
Working capital	-0.2	-33.1	224.2	196.4	183.1	49.3
Core working capital	208.5	195.2	351.9	315.0	297.9	185.9
Investments	-8.5	-20.3	-11.6	-11.9	-10.8	-9.9

Reconciliations of alternative performance measures

Certain information in this annual report that is 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 with 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), EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, adjusted EBITDA and adjusted EBITDAaL

TSEK	2022	2021	2020	2019
Profit (loss) for the period	71,200	62,419	58,838	52,535
Income tax	16,660	18,259	18,679	18,367
Net financial items	29,321	59,347	61,799	67,341
Operating profit (EBIT)	**117,181**	**140,025**	**139,316**	**138,243**
Amortisation on intangible assets related to business combinations	17,575	11,187	-	-
EBITA	**134,756**	**151,212**	**139,316**	**138,243**
Depreciation excl. amortisation on intangible assets related to business combinations	158,298	144,914	139,617	129,919
EBITDA	**293,054**	**296,126**	**278,933**	**268,162**
EBITA	134,756	151,212	139,316	138,243
Items affecting comparability	-	36,929	7,554	155
Adjusted EBITA	**134,756**	**188,141**	**146,870**	**138,398**
EBITDA	293,054	296,126	278,933	268,162
Items affecting comparability	-	36,929	7,554	155
Adjusted EBITDA	**293,054**	**333,055**	**286,487**	**268,317**
Depreciation right-of-use assets	-119,242	-110,948	-109,157	-104,797
Interest on lease liabilities	-8,726	-10,070	-10,687	-14,291
Adjusted EBITDAaL	-	-	-	-
Adjusted EBITDAaL	**165,086**	**212,037**	**166,643**	**149,229**
Net sales	2,607,929	2,398,033	1,999,000	1,870,964
EBITA margin, %	4.5%	5.8%	7.0%	7.4%
Adjusted EBITA margin, %	**5.2%**	**7.8%**	**7.3%**	**7.4%**

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 earnings.

The items comprise costs for IPO preparations, damages received and compensation for legal costs, acquisition costs, bonuses in connection with the IPO and costs for severance pay. All items that are included are larger and material in certain periods and smaller or non-existent in other periods.

TSEK	2022	2021	2020	2019
Cost for listing	-	19,308	10,402	-
Bonuses related to the IPO	-	11,186	-	-
Costs for business combinations	-	5,508	-	-
Damages received and compensation for legal costs	-		-3,839	-
Severance pay	-	927	991	155
Items affecting comparability	**-**	**36,929**	**7,554**	**155**

Net sales growth

%	2022	2021	2020	2019
Net sales current period	2,607,929	2,398,033	1,999,000	1,870,964
Net sales preceeding period	2,398,033	1,999,000	1,870,964	1,690,884
Net sales growth, %	**8.8%**	**20.0%**	**6.8%**	**10.7%**

Comparable growth

TSEK	2022	2021	2020	2019
Comparable sales comparative period				
Recognised net sales comparative period	2,398,033	1,999,000	1,870,964	1,690,884
Adjustment for returns and loyalty programme comparative period	11,349	10,141	20,372	25,102
Revenue new service points and other channels	-9,419	-5,501	-1,507	-1,453
Total comparable sales comparative period	**2,399,963**	**2,003,640**	**1,889,829**	**1,714,533**
Comparable sales current period				
Recognised net sales current period	2,607,929	2,398,033	1,999,000	1,870,964
Recognised net sales current period	8,414	11,306	10,260	20,370
Revenue new service points and other channels	-65,735	-53,817	-42,786	-42,256
Revenue from business combinations	-100,236	-204,375	e.t	e.t
Currency effects	-33,779	-11,739	30,283	-1,132
Total comparable sales current period	**2,416,593**	**2,139,408**	**1,996,757**	**1,847,946**
Total comparable sales comparative period	2,399,963	2,003,640	1,889,829	1,714,533
Total comparable sales current period	2,416,593	2,139,408	1,996,757	1,847,946
Comparable growth, %	0.7%	6.8%	5.7%	7.8%

Gross profit and gross margin

TSEK	2022	2021	2020	2019
Net sales	2,607,929	2,398,033	1,999,000	1,870,964
Goods for resale	-1,508,760	-1,374,762	-1,121,524	-1,031,829
Gross Profit	**1,099,169**	**1,023,271**	**877,476**	**839,135**
Gross Profit	1,099,169	1,023,271	877,476	839,135
Net sales	2,607,929	2,398,033	1,999,000	1,870,964
Gross margin, %	**42.1%**	**42.7%**	**43.9%**	**44.9%**

Net debt, financial net debt and financial net debt/adjusted EBITDAaL

TSEK	2022	2021	2020	2019
Non-current interest bearing liabilities	513,528	446,909	843,839	853,982
Current interest bearing liabilities	9,200	149,200	26,000	26,000
Interest bearing liabilities	**522,728**	**596,109**	**869,839**	**879,982**
Cash and cash equivalents	-117,619	-193,770	-340,422	-299,403
Net financial debt	**405,109**	**402,339**	**529,417**	**580,579**
Non-current lease liabilities	153,152	158,750	156,539	214,363
Current lease liabilities	113,465	103,318	116,308	131,385
Lease liabilities	**266,617**	**262,068**	**272,847**	**345,748**
Total interest bearing liabilities	522,728	596,109	869,839	879,982
Total lease liabilities	266,617	262,068	272,847	345,748
Total financial liabilites	**789,345**	**858,177**	**1,142,686**	**1,225,730**
Cash and cash equivalents	-117,619	-193,770	-340,422	-299,403
Ned debt	**671,726**	**664,407**	**802,264**	**926,327**
Net financial debt	405,109	402,339	529,417	580,579
Adjusted EBITDAaL, R12	165,086	236,458	166,643	149,229
Net financial debt/Adjusted EBITDAal, times	**2.5**	**1.7**	**3.2**	**3.9**

Working capital

TSEK	2022	2021	2020	2019
Current assets	698,224	846,089	823,769	732,521
Cash and cash equivalents	-117,619	-193,770	-340,422	-299,403
Current liabilities excl. interest bearing liabilities and lease liabilities	-531,343	-686,852	-520,924	-454,243
Working capital	**49,262**	**-34,533**	**-37,577**	**-21,125**
Current liabilities excl. interest bearing liabilities and lease liabilities				
Accounts payable	330,028	377,181	314,953	268,478
Tax liabilities	22,342	39,853	30,561	22,423
Other liabilities	74,592	153,175	67,618	73,418
Accrued expenses and deferred income	96,773	109,278	101,486	84,016
Provisions	7,608	7,365	6,306	5,908
Total	**531,343**	**686,852**	**520,924**	**454,243**

Core working capital

TSEK	2022	2021	2020	2019
Inventory	487,525	545,737	408,825	379,177
Accounts receivable	28,369	26,687	24,337	12,133
Accounts payable	-330,028	-377,181	-314,953	-268,478
Core working capital	**185,866**	**195,243**	**118,209**	**122,832**

Equity/assets ratio

%	2022	2021	2020	2019
Total equity	998,776	889,447	369,328	311,417
Total assets	2,446,916	2,564,664	2,144,686	2,103,794
Equity ratio, %	**40.8%**	**34.7%**	**17.2%**	**14.8%**

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.

Earnings measures	Definition	Reason why the earnings measure is used
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 earnings. 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.

Share

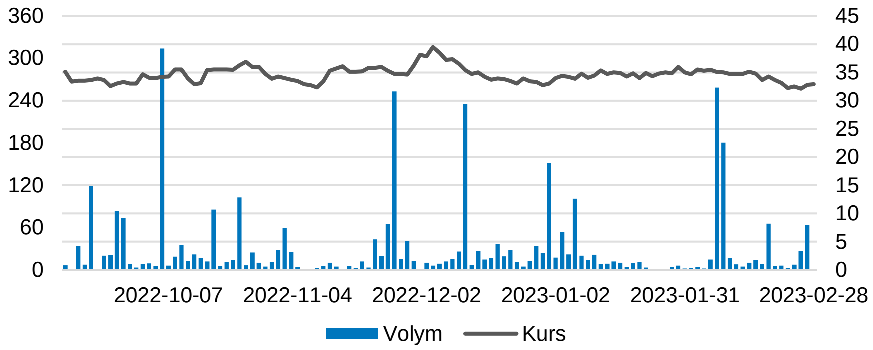
Kjell Group AB's (publ) share is listed on Nasdaq First North Growth Market under the ticker KJELL, with the ISIN SE0016797591. The highest price paid, SEK 62, and lowest price paid, SEK 31.1, were quoted on 7 January and 10 November, respectively.

A total of 9,696,509 shares were traded during the period, corresponding to a turnover rate of 31% during the measurement period.

As of 31 December 2022, Kjell Group AB (publ) had approximately 4,543 shareholders, the largest of which were FSN Capital (22.87%), Fosielund Holding (10.91%), AMF Pension & Fonder (6.95%), Cervantes Capital (6.95%) and Nordea Fonder (3.47%).

The number of shares issued as of 31 December 2022 was 31,151,514, all of which were common shares.

For more information, visit www.kjellgroup.com



Owner	Country	Number of shares	Number of shares %
FSN Capital	Jersey	7,123,353	22.9%
Familjen Eklund	Sweden	3,400,000	10.9%
Cervantes Capital	Sweden	2,164,603	6.9%
AMF Pension & Fonder	Denmark	2,164,090	6.9%
Nordea Fonder	Finland	1,080,182	3.5%
Avanza Pension	Sweden	1,073,998	3.5%
Håkan Roos (RoosGruppen)	USA	909,090	2.9%
LMK-bolagen & Stiftelse	Sweden	894,000	2.9%
Carnegie Fonder	Sweden	759,090	2.4%
Fredrik Dahnelius	Sweden	709,990	2.3%

Kjell Group, which offers one of the market's most comprehensive product ranges in electronic accessories, including advisory services and installation. The business is conducted online in Sweden, Norway and Denmark and via 144 service points, of which 114 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.

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