2021

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 138 service points, including 110 in Sweden and 27 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.

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. The roll-out of 292 new express stores at Circle K locations was completed in early 2021, effectively tripling the company's physical presence in Sweden.

In 2021, sales amounted to MSEK 2,398, adjusted EBITA totalled MSEK 188 and the number of employees was approximately 1,200.

Number of employees approximately
1,200

Sales
2,398
MSEK

Adjusted EBITA
188
MSEK

The year in brief

In January and February, the new Kjell Express concept was rolled out in cooperation with Circle K at all 292 of the chain's stations across Sweden.

In February, Kjell & Company opened an express concept service point in Lidingö.

On 10 March, Andreas Rylander was appointed as CEO of Kjell Group and Kjell & Company. Andreas Rylander had held the position of Chief Operating Officer (COO) since 2016. He served as acting CEO in 2017/18, and he took over from Eric Lundberg, who had been CEO of Kjell & Company since autumn 2018.

100% of AV-Cables.dk, a leading online player in consumer electronics accessories with sales primarily in Denmark, was acquired on 30 April. With this acquisition, Kjell Group is further strengthening its position as a leading player in consumer electronics accessories in the Nordics and is creating a platform for a broader assortment and growth in Denmark, Norway and Sweden. AV-Cables.dk was founded in 2006 and has grown substantially with healthy profitability in recent years.

At the beginning of May, Kjell & Company opened a service point in Drammen, Norway.

On 16 September, Kjell Group was listed on Nasdaq First North Growth Market. A new financing agreement was also concluded in connection with the IPO.

On 29 September, it was announced that Kjell & Company had signed an agreement with Eways to provide turnkey charging stations for electric cars in Sweden. Through the agreement, the Group has strengthened its position in the fast-growing consumer market for charging accessories for electric cars.

The own brand Nomadelic was launched in October. The company sells products including proprietary headphones, powerbanks and speakers under the Nomadelic brand. The launch of Nomadelic represents a central component of the Group's focus on its own brands.

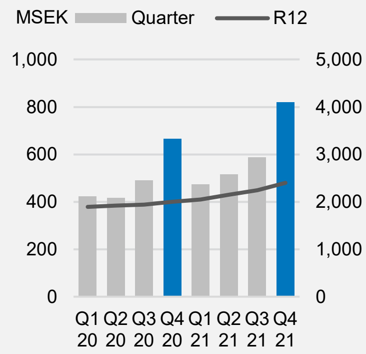
On 20 October, Kjell & Company was named "Omni-Channel of the Year" at the 2021 Retail Awards. This competition is organised by the Swedish Trade Federation and the leading trade news channel Market, which have been celebrating high performers within Swedish retail since 2008.

In October, Kjell & Company opened service points in Fredriksstad and Trondheim, Norway. During the quarter, preparations were made to open two additional service points in Norway: one in Trondheim and one in Oslo. These service points opened at the beginning of 2022, and Kjell & Company now has 27 service points in Norway.

Service points opened in Växjö and Gothenburg, Sweden in November. In December, the Group's first concept store opened next to its head office in Malmö. The concept store was built using modular construction so that continual experiments can be made with the stock and fittings.

At year-end, the Kjell loyalty club surpassed 2.6 million members, and customer satisfaction had increased to a Net Promoter Score (NPS) of 74.

Net sales (MSEK)

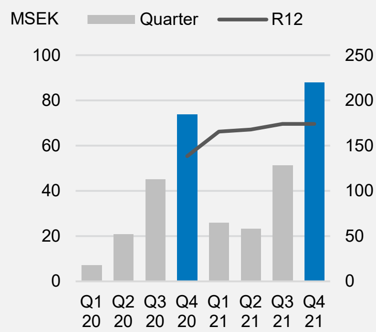


Net sales 2021

2,398

MSEK

Adjusted EBITA (MSEK)



Adjusted EBITA margin

2021: 7.8% (7.3)

Message from the CEO

Strong performance in an eventful year

During the year, we once again received proof that our omni-channel strategy and unique offering of a relevant and curated range combined with advice works well even in challenging times. With a genuine interest and high level of expertise, our fantastic employees constantly work to improve our customers' lives through technology. In a changing world, we stand strong by offering an award-winning customer experience in every aspect of our omni-channel offering.

Net sales increased by nearly 20% to MSEK 2,398, with online sales, which increased the most, accounting for approximately one third of sales and Click&Collect accounting for an additional 9%. Our network of service points is a central meeting place not only for physical retail, but for online sales as well. Our platform also enables fast e-commerce deliveries directly from our service points, with our close proximity to customers making it possible for deliveries to arrive within one hour.

Comparable growth amounted to approximately 7%. In addition to comparable growth, the partnership with Circle K, our new service points and AV-Cables.dk contributed to total growth.

Our successful partnership with Circle K demonstrates the strength of our own brands, which also stand on their own outside Kjell & Company. This ability means that there are good prospects for similar partnerships with players in other industries as well. As a first step, at the beginning of 2022, we expanded our partnership with Circle K into Norway and we will evaluate six pilot petrol stations, with the potential to open just over 270 additional Kjell Express stores in cooperation with Circle K after the pilot.

We opened three new service points in Norway in 2021, and two more at the beginning of 2022, so that at the time of writing we have 27 service points in Norway. In Sweden, we opened four new service points in 2021 and at year-end we had 110 service points.

Through the acquisition of AV-Cables.dk, we entered the Danish market and added another strong brand associated with a high level of service to the Group's portfolio. In 2021, the Danish operations continued to perform well and contributed positively to the Group's growth. The integration of AV-Cables.dk is proceeding according to plan and is expected to continue into 2022.

On 16 September, the historic step was taken of listing the company on Nasdaq First North Growth Market. The strong interest from investors clearly showed that our brand is appreciated, not only by our customers, but also by investors and the financial market in general.

When we pause to reflect, we can say that 2021 was also eventful due to external factors. The pandemic continued to affect our operations throughout much of 2021. We experienced the greatest negative impact during the first and second quarters, when nearly half of our service points in Norway were forced to remain closed to in-person visits. We were also affected by the

most recent COVID-19 wave at the end of the fourth quarter and during parts of the Christmas shopping season.

In addition to the pandemic, the year also posed some challenges in the global supply chain, consisting of low availability of certain product categories due to shortages of components as well as challenges in shipping from Asia with shortages of shipping containers. We are very proud that, despite the challenging situation, we managed to consistently provide our customers with excellent access to products.

We are delighted to report the best adjusted earnings in the company's history: our adjusted EBITA increased just over 28% to MSEK 188 for the full year thanks to increased sales and strict cost control. These strong earnings are extremely important to us, but most important of all, we can see that our customers continue to appreciate us – customer satisfaction for the year reached a new high with an NPS score of 74! (70)

If you would like to read more about our operations, I recommend that you continue to read this report, our first annual report as a listed company. Please note that we have chosen a simple approach and to produce it at the lowest possible cost by not printing it, which also reduces our climate impact. In our opinion, the contents of the report are what matters.

In that spirit, I would like to thank all of our employees for the work you do every day, and our customers for the trust you have shown in our shared vision to improve people's lives through technology.

Malmö, 19 April 2022

Andreas Rylander
President and CEO

Business model and strategy

Kjell & Company and AV-Cables.dk offer consumer electronics accessories with a particular focus on personal service, advice and product quality. The offering is centred on our vision, namely to enhance everyday lives through technology and to make technology accessible for all. 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 the customers' delivery requirements by making the omni-channel offering even more seamless.

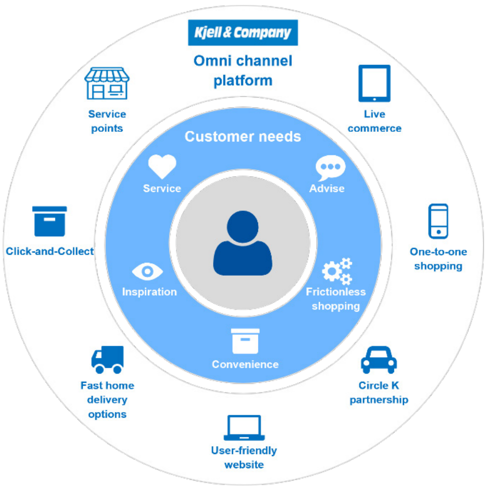
A majority of customers begin their purchasing journey in the Group's digital channels. The online channel is adapted to inspire customers to discover new ways to use technology by highlighting the opportunities technology provides in a comprehensive knowledge library, which includes product guides, inspirational videos and customer reviews.

Omni-channel strategy

The online channel kjell.com and the company's physical presence with 138 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 return policy that is intended to be customer-friendly.



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.

The same personnel are available to address customer questions at service points and through digital channels. This contributes to uniform customer service throughout the entire omni-channel platform and to an efficient use of resources as the sales personnel can utilise slower periods at service points to assist in customer meetings online. The Group also offers customer service designed to quickly answer questions by e-mail, phone or chat on kjell.com and AV-Cables.dk.

To ensure that the Group recruits competent personnel with an interest in technology, all recruitment is handled by a dedicated group of recruiters who meet all candidates selected for interview. 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.

A focus on customer satisfaction

The ultimate proof that customers appreciate Kjell & Company's value proposition is its NPS of 74.

AV-Cables.dk also 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 112,000 ratings, which is the highest of the largest players in the consumer electronics accessories (CEA) market in Denmark.

Loyalty club

Kjell & Company's loyalty club, which has approximately 2.6 million members, is a key factor for the Group's continued success. Through the programme's members, Kjell Group 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.

Brand categories and pricing

Kjell & Company has a broad product mix and offers a curated range of about 100 A and B brands and 20 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 & Company'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.

Strategic shift towards premium products

The company focuses on expanding its assortment of premium products as data from Kjell & Company's loyalty club indicates a stronger purchasing power among the customer base compared with earlier analyses. The shift to premium products has meant more customers associate the Group with high-quality products.

An aim to increase the share 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. During 2021, most products sold under Kjell & Company's own brands comprised entry-level products and a smaller share of own-brand products with increased technology content, but the framework for developing and sourcing products with increased technology content is established.

Small, flexible and efficient service points

Kjell & Company's 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 Kjell & Company's personnel. 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.

Partnerships

In May 2020, Kjell & Company entered into a partnership with Circle K where selected products from Kjell & Company were sold in a number of Circle K's staffed petrol stations. As part of the partnership, Circle K acts as a retailer of Kjell & Company's own brands, which are sold via small spaces at Circle K stations in a separate Kjell & Company section. Since February 2021, the concept has been rolled out in Circle K's 292 staffed stations in Sweden, which sharply increases the physical availability of Kjell & Company.

Logistics and purchasing

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.

Marketing

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 marketing 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.

How does it work?

Watch it float and gracefully rotate 15 mm above the base. The pot rotates slowly around its own axis to be able to capture as much sunlight as possible. Magnets in the base keep the pot floating in the air and the pot can handle up to 200 grams.

Levitating pot

Levitating pot from Cleverio, one of the company's own brands within products for the smart home.

cleverio

Employees

Our greatest assets and the key to our success

Kjell Group's employees are crucial to the business. Employees at Kjell & Company are passionately interested in technology and in making it work 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 employees at Kjell & Company share their enthusiasm and knowledge, this creates a customer relationship characterised by trust and loyalty, which has led to Kjell & Company having approximately 2.6 million members of its loyalty club thanks to our employees.

Half of Kjell Group's management team have spent their entire careers at Kjell & Company and most of the store managers started with the company as salespersons. This guarantees that the strong corporate culture that has always characterised Kjell & Company, the "Kjell Spirit," lives on. In our recruitment process, everyone is interviewed by two of the three members of Kjell Group's management team, who have been steeped in the culture since they were young employees. A comprehensive internal training programme at Kjell Academy is another important building block in this philosophy. This allows all of our employees to be treated according to the same conditions and guidelines.

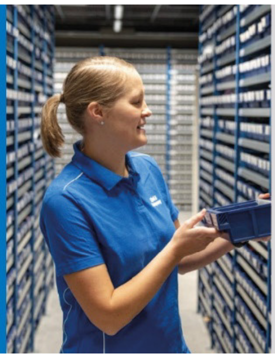
To have the most satisfied customers in the market, it is important that we help to encourage employees' genuine interest in and knowledge about technology and that everyone is motivated and enjoys their work. As a means of ensuring that Kjell & Company's sales personnel can always provide current and relevant technology know-how, the operation has therefore created its own school: Kjell Academy. The Academy has committed teachers who produce guided training courses, e-courses, films and books. The main purpose of the Academy is to secure the expertise of Kjell & Company's sales personnel, ensuring they always remain relevant for our customers.

A look at 2022

In 2021, we performed an in-depth analysis of the Group's organisation. This analysis is the basis for a strategy to develop our employees using an even more structured approach, while continuing to cultivate and take care of the culture that is the foundation for our success. Implementation began in January 2022, with a stronger emphasis on human processes and the objective of further reinforcing our position as one of the most attractive employers in the Nordics.

Quiz!

Do you dare to challenge our skilled sales people in a technology duel?



Meet Caroline!

Caroline Hellsten

Country manager Norway

The market in general

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 is 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.

Growth factors

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 growth in the CEA market and are described below.

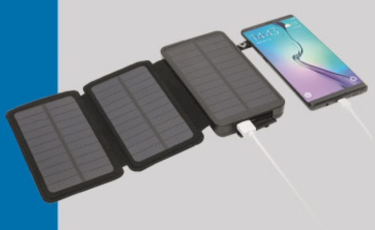
Increased number of connected devices

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.

How does it work?

The sun charges the 8000 mAh battery - enough to charge a smartphone up to three times. The powerbank also has a built-in flashlight and two USB ports.



Powerbank with solar cell charging

Powerbank with solar cell charging from Linocell, one of the company's own brands within products for the mobile life.

LINOCELL®

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.

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.

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.

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.

How does it work?

The particle sensor analyzes the air quality in the air and controls the air purifier accordingly. The air purifier is equipped with wifi for wireless control inside and outside the home and air quality and filter status are displayed in an app. The filter is built on three layers - a primary filter, a HEPA filter (H13 class) and a layer of activated carbon.

Air purifier

Wifi-controlled air purifier with 360-degree filter in three layers from Cleverio, one of the company's own brands within products for the smart home.

cleverio

The accessories market

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.

Low price sensitivity

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. Other players in this segment include m.nu and Batteriexperten. 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. Players in this segment include Elkjøp/Elgiganten, NetOnNet, Power and MediaMarkt. 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. Players in this segment include Inet, Komplett and Proshop. 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. Players in this segment include chain stores such as Clas Ohlson, Jula, Harald Nyborg and Biltema.
- Grocery and furniture retailers: This segment includes the major supermarket chains such as ICA, Coop, Føtex and Hemköp, furniture retailers such as IKEA and supermarkets such as Bilka. 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 mainly comprises Amazon, which launched its platform in Sweden in October 2020. Amazon sells products from its own warehouses and products from third-party sellers who sell directly to customers through the Amazon marketplace. Other examples of players are Wish, CDON and Alibaba. Players in this segment have a wide assortment in multiple product categories. Amazon has a wide assortment of consumer electronics accessories in product categories such as mobile accessories and audio.

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
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
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
Network	Includes products that enable network connections for customers in various ways	Wireless routers, mesh systems and network cables
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
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
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
Services	Includes various types of services for consumers	Installation services for network products and arranging charging station installations

How does it work?

USB-C makes it possible to supply power to a computer, image signal from the computer to a monitor and USB connections for mouse, keyboard, webcam and other accessories with a single cable. HDMI port (4K at 30 Hz) and VGA connection, a network port (1 Gb/s), three USB-A ports (3.0) and SD and Micro-SD readers. Support for using dual monitors with Displayport and HDMI.

USB-C multi adapter

USB-C multi adapter from Plexgear, one of the company's brands with everything for the office both at home and at work.

plexgear®

Segment performance

Segment Sweden

Net sales in segment Sweden increased 8.3% to MSEK 1,893.0 in 2021 compared with the previous year, and adjusted EBITA amounted to MSEK 142.3.

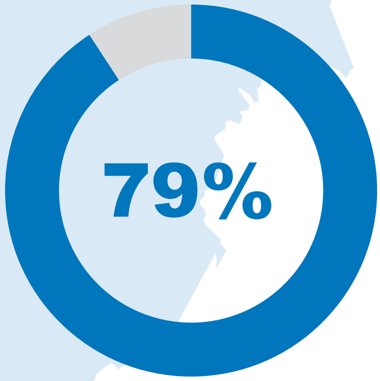
At the beginning of 2021, restrictions on physical retail due to the pandemic resulted in sharp growth in e-commerce. Recovery in the physical stores was evident during the second quarter, while we also continued to increase our online sales. The roll-out of Kjell Express in partnership with Circle K at 292 stations throughout Sweden was also completed, which contributed to higher growth in Sweden. Most of the restrictions introduced due to COVID-19 had been lifted by the end of the third quarter, which resulted in a gradual recovery in service points while online sales also continued to grow. However, the rate of infection rose dramatically again in the second half of December, and restrictions were reimposed for a large part of the Christmas shopping season.

Our strong growth during a year characterised by changing customer behaviours in the wake of the pandemic is proof of an adaptable, smoothly functioning omni-channel model that makes it possible to help our customers in the channels they prefer at any given time.

In September, Kjell & Company signed an agreement with Eways to provide complete installation of charging stations for electric cars in Sweden. Through the agreement, we have strengthened our position in the fast-growing consumer market for charging accessories for electric cars.

An express concept service point opened in Lidingö in February. In November, a service point was opened at the Grand Samarkand shopping centre in Växjö and a service point was opened in Gothenburg. In December, a service point opened next to the office in Malmö. The service point was built using modular construction so that continual experiments can be made with the stock and fittings. Kjell & Company in Sweden was awarded “Omni-Channel of the Year” at the 2021 Retail Awards.

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.

The Group’s positive market growth is expected to continue, driven by the fact that smart home and IoT products are reaching the mass market. 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 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. Of the traditional consumer electronics chains, which are Elgiganten, NetOnNet, Webhallen and MediaMarkt, Elgiganten is deemed to hold the strongest market position. 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, such as Inet. The do-it-yourself chains primarily comprise Clas Ohlson and Jula.

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.

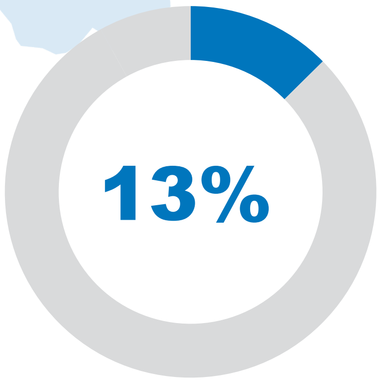
Segment Norway

Net sales in segment Norway increased 19.4% to MSEK 300.7 in 2021 compared with the previous year, and adjusted EBITA amounted to MSEK 17.3.

Sales in Norway during the year were heavily impacted by the restrictions and lockdowns introduced in the country. We were consequently forced to keep some of our network of service points closed for large parts of the first half of the year. Although society gradually opened up at the end of the second quarter, we also saw a negative impact during the third quarter where Norwegian consumers were cautious about visiting physical retail locations. Norwegian society experienced widespread infection during the outbreak of the most recent COVID-19 variant, which in combination with the reimposed restrictions had a deep impact on physical retail in December. Despite this, sales in segment Norway increased during every quarter, with growth noted both 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.

At the beginning of May, we opened a service point in Drammen, and in October two additional new service points opened, one in Fredrikstad and one in Trondheim. Two service points were added in Norway after year-end: in Trondheim in January and in Oslo in February. Kjell & Company thus had 25 service points in Norway at the end of 2021, and 27 service points at the beginning of 2022.

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.

The Norwegian CEA market is expected to display continued favourable growth, which, like in Sweden, is largely driven by smart home and IoT products, complementary accessories for this shift 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. Elkjøp, Power and the online player Komplett are the three largest players in the CEA market in Norway. In addition to the major consumer electronics chains and Komplett, only Clas Ohlson is deemed to have a significant market share.

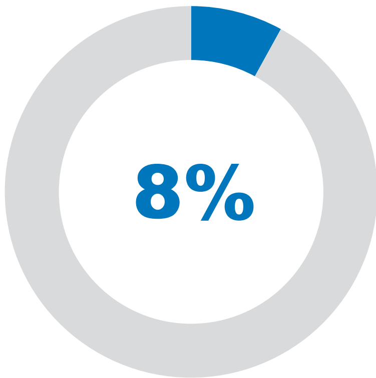
Similar to the Swedish CEA market, some major players, such as Elkjøp and Power, have gained market share in recent years, while smaller players generally have lost market share due to the strong growth demonstrated by some of the major players. We believe that Kjell & Company has grown faster than all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

Segment Denmark

During the second quarter of 2021, Kjell Group acquired 100% of AV-Cables.dk, an online leader in consumer electronics accessories with sales primarily in Denmark. With this acquisition, the Group is further strengthening its position as a leading player in consumer electronics accessories in the Nordics. Kjell & Company and AV-Cables.dk complement one another well, both in terms of product range and geographically. Together we will strengthen our offering on our respective online platforms and at Kjell & Company's service points in Sweden and Norway.

AV-Cables.dk has been consolidated in the Kjell Group since 30 April 2021, and Denmark thus represents our third segment. The operations contributed MSEK 204.4 in net sales in 2021 and MSEK 28.5 in adjusted EBITA. The integration of AV-Cables.dk is proceeding according to plan.

Net sales per segment (%), period



The Danish CEA market

The Danish CEA market has 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.

The Danish CEA market is expected to experience continued favourable growth, although slightly lower than the Swedish and Norwegian CEA market. Similar to the Swedish and Norwegian markets, growth is largely considered to be driven by smart home and IoT products, complementary accessories for this shift 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 the 2019-2021 period, 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 112,000 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. Elgiganten, Power, and Bilka supermarket are the largest players.

Administration report

In general

The Board of Directors and CEO of Kjell Group AB (publ) (formerly Kjell Holdco AB) hereby submit the annual report and consolidated accounts for the 2021 financial year. All amounts are in thousands of kronor (TSEK) unless otherwise stated. Figures in parentheses refer to the 2020 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 138 service points (physical sales points), of which 111 (including one new establishment in 2022) are in Sweden and 27 are in Norway (including two new establishments in 2022) and in partnership with Circle K at 292 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 loyalty club, with approximately 2.6 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 16% in the 2020 financial year to 27% in the 2021 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. The Group sees an opportunity in the future to also establish the Kjell & Company brand in Denmark, including service points, as a complement to AV-Cables.dk's offering.

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.

Significant events during the financial year

- Kjell Group AB (publ) was listed on Nasdaq First North Growth Market on 16 September 2021.
- In connection with the IPO of Kjell Group AB (publ), 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. Refer to Note 20 for more information.
- February saw the completion of the launch and establishment of separate spaces for Kjell & Company's products at staffed Circle K stations in Sweden. Kjell & Company is thus now represented at 292 stations around Sweden.
- On 10 March 2021, Andreas Rylander was appointed the new CEO of Kjell Group and Kjell & Company. He replaces Eric Lundberg, who has been with the company since autumn 2018.
- Kjell 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. With this acquisition, the Group is further strengthening its position as a leading player in consumer electronics accessories in the Nordics and is creating a platform for a broader assortment and growth in Denmark, Norway and Sweden; refer to Note 6 for more information.
- On 13 July, Kjell Group announced that Ola Burmark had been appointed as a new Board member. Ola brings extensive experience from various listed companies.
- An extraordinary general meeting on 15 September 2021 introduced a long-term incentive programme in the form of a performance share savings programme. The programme encompasses a total of 16 senior executives and key management personnel in the Group. Refer to Note 7 for more information.
- On 29 September, Kjell & Company announced that it had signed an agreement with Eways to provide turnkey charging stations for electric cars in Sweden. Through the agreement, the Group has strengthened its position in the fast-growing consumer market for charging accessories for electric cars.
- On 20 October, Kjell & Company was named "Omni-Channel of the Year" at the 2021 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.
- Kjell & Company launched its own brand, Nomadelic, in October. The company sells products including proprietary headphones, powerbanks and speakers under the Nomadelic brand. The launch of Nomadelic represents a central component of the Group's focus on its own brands.
- During the year, four service points were opened in Sweden and three were opened in Norway.

Impact of the COVID-19 pandemic

The pandemic initially impacted the 2021 financial year, and the Board and management have closely monitored and continue to closely monitor the course of events, taking action and adapting the operations as needed. The COVID-19 pandemic has been handled in different ways in the markets where the Group is currently active as a result of the restrictions and recommendations in the respective countries.

During the first and second quarters of the year, service points in Sweden were open, albeit with fewer customers in the stores at any given time since the Group complied with the existing recommendations for Swedish retail, including limiting the number of customers depending on the size of the store. Towards the end of the third quarter, these restrictions were lifted, and we noted a gradual recovery in physical channels as a result. The next variant of COVID-19 arrived during the fourth quarter, with the highest rate of infection yet. The uncertainty regarding how serious this strain was led to tough new restrictions and once again affected physical customer flows during the all-important Christmas shopping season. As before during the pandemic, we continued to monitor how demand for products changed depending on the stage of the pandemic. Despite these restrictions, the sales performance at service points was positive and the overall sales performance for the 2021 financial year was up 8.3% year-on-year, with online sales representing a significant share of total sales.

In Norway, there was initially an increased spread of contagion and the government imposed tougher restrictions, which compelled the operations to furlough some 60 employees and close 11 stores (nine in Oslo and one each in Bodø and Haugesund). These measures continued into April before being significantly reduced in May. After physical retail locations were opened again, sales at service points began to recover during the third quarter only to once again suffer the negative impact of the omicron variant, which has demonstrated the highest rate of infection yet during the pandemic. The spread of the virus affected Norway earlier, and harder, than Sweden. Nevertheless, the sales performance at service points was positive during the 2021 financial year and the overall sales performance for 2021 was up 19.4% year-on-year, with a significant share of online sales.

In Denmark, where we currently only have an online presence, we see a clear correlation between the trend in terms of sales growth and the dates over the last year on which the Danish authorities discussed the pandemic and restrictions. The omicron variant also spread quickly throughout Denmark.

At the time this annual report was submitted, pandemic restrictions had been lifted in all markets where Kjell Group conducts sales. However, the situation in China has worsened following a new wave of infections and parts of the country have already gone into lockdown. The Group's purchasing office is in Shanghai, one of the affected areas. Management and the Board are monitoring the situation closely and ensuring alternative ways of working are available, including working from home, in order to the keep operations functioning at the purchasing office in Shanghai. No significant impact on the Group has been noted in terms of product purchasing since the majority of products are purchased from other parts of China where the pandemic is under better control.

Events after the reporting date

- Three new service points were established in the first quarter.
- On 11 March, it was announced that the partnership with Circle K would be expanded to include Norway. As part of the start-up phase in Norway, the concept will be evaluated at six pilot stations.
- At present, the ongoing conflict in Ukraine has not had any direct impact on the Group's operations. However, the Board of Directors and management are monitoring developments closely and continuously assessing the course of the events and their potential impact on daily operations. It is highly likely that the situation in Ukraine will have an indirect impact on global trade, including shortages of input goods and interruptions in supply chains, which will lead to higher prices for purchases and shipping. The macroeconomic consequences, such as increased inflation and interest rates, can also affect consumer behaviour and demand for the Group's products.

Expected future developments

At the time this annual report was submitted, the high rate of infection as a result of the global COVID-19 pandemic appears to have been reduced as a result of the extensive vaccination programmes rolled out in the Nordic markets where the Group operates. This has resulted in a new normal, where we can expect some return to physical retail after seeing a significant change in customer behaviour, with an influx of customers to digital channels during the peaks of the pandemic. However, the Group is in a strong position to meet customers where they are by offering an omni-channel concept that has improved even more during the pandemic. Kjell Group is optimistic about the future and will continue to open new service points in 2022 in both Sweden and Norway. So far the Group is only represented in Denmark online.

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. In addition to the aforementioned risks, 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.

The global COVID-19 outbreak that started in 2020 has had a major impact on the CEA market in Sweden, Norway and Denmark due to changes in consumer purchasing behaviour and an accelerating shift towards digital sales channels. Kjell Group's addressable market is assessed to be affected in four areas: increased e-commerce, higher proportion of people working from home, increased use of digital entertainment and product upgrades. The negative impact can primarily comprise reduced customer purchasing power and demand, lower customer inflows to service points, deteriorated conditions for appropriate manning of service points and reduced supplier capacity. Other pandemics may have similar effects on operations and the long-term effects thereof may be difficult to anticipate and manage as a result of difficulties associated with estimating whether the permanence of the effects of a pandemic.

COVID-19 has also contributed to a higher supply chain, and to avoid the risk of shortages, the Group continually works to secure goods in both the short and long term by reviewing alternative suppliers depending on the production and delivery capacity of our existing suppliers.

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.

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. As of the listing on 16 September 2021, the share price was SEK 55. The share price on the final day of trading during the period was SEK 59.3. The highest price paid, SEK 71.4, and lowest price paid, SEK 55.5, were quoted on 16 September and 20 December, respectively.

As of 31 December 2021, Kjell Group AB (publ) had approximately 4,500 shareholders, the largest of which was FSN Capital (FSN Capital GP IV Limited as general partner for each of the following: FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P.) (22.87%), Fosielund Holding (7.06%), AMF Pension & Fonder (6.95%), Christian Damgaard Møller (4.76%) and Nordea Fonder (4.32%).

The number of shares issued as of 31 December 2021 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.comcom.

Development of the company's operations, earnings and position

The Group's financial performance is presented below, followed by comments on developments in 2021.

MSEK	2021	2020	2019	2018
Net sales	2,398.0	1,999.0	1,871.0	1,690.9
Sales growth	20.0%	6.8%	10.7%	e.t
Comparable growth, %	6.8%	5.7%	7.8%	e.t
Gross profit	1,023.3	877.5	839.1	801.4
Gross margin, %	42.7%	43.9%	44.9%	47.4%
Adjusted EBITA	188.1	146.9	138.4	130.9
Adjusted EBITA-margin, %	7.8%	7.3%	7.4%	7.7%
Operating profit (EBIT)	140.0	139.3	138.2	126.5
Cash flow from operating activities	152.3	237.0	181.4	211.6
Equity ratio	34.7%	17.2%	14.8%	12.2%

Net sales

Net sales increased 20.0% to MSEK 2,398.0 (1,999.0) in the period. Excluding the acquisition of AV-Cables.dk, sales growth for the period totalled 9.7%, corresponding to MSEK 194.7. Comparable growth amounted to 6.8% 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. A rapidly growing infection rate in combination with uncertainty surrounding how serious the latest COVID variant was and the subsequent restrictions all affected society at large as well as retail, particularly in Norway where infections took off quickly. 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 8.3% in the period compared with last year. Net sales for segment Norway rose 19.4% 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 204.4 in the period.

Our digital customer acquisition remained strong during the period, with online sales accounting for 27% of sales and Click&Collect for an additional 9%. All channels grew during the period, with digital growth remaining the strongest.

Gross profit and gross margin

Gross profit for the period increased to MSEK 1,023.2 (877.5), up 16.6%. The gross margin amounted to 42.7% (43.9%) during the period. The gross margin was affected by our new segment Denmark, by continued competition within the external brands, which grew tougher due to the pandemic, and by continued shifts in the assortment. The increase in gross profit was primarily due to the strong sales growth.

Items affecting comparability

Items affecting comparability in the period associated with other external expenses amounted to MSEK 24.8 (6.6), and those associated with personnel costs amounted to MSEK 12.1 (1.0). These items pertain mainly to preparations ahead of the listing and acquisition-related costs.

Adjusted EBITA and operating margin (EBIT)

The Group's adjusted EBITA increased 28.1% to MSEK 188.1 (146.9) in the period, corresponding to an adjusted EBITA margin of 7.8% (7.3) for the period. In addition to the effect of the acquisition of AV-Cables.dk, which amounted to MSEK 28.5 in the period, the earnings improvement in the period was mainly attributable to increased sales and thus higher gross profit combined with strict cost control.

Cash flow

The Group's cash flow from operating activities totalled MSEK 152.3 (237.0) for the period. The year-on-year decrease in the period was mainly attributable to cautiousness with regards to product sourcing in 2020 in order to protect liquidity during the pandemic as well as a strategic inventory build-up in 2021 to ensure availability given the uncertain situation now facing the world's supply chains. Access to shipping alternatives from Asia declined significantly during the year, resulting in longer lead times and cost increases. To ensure the availability of our products, particularly ahead of the all-important Christmas shopping period, we moved our product purchases to an earlier date. Simultaneously, longer transit times impacted our inventory turnover, thus further affecting our cash flow. Our increased focus on own-brand products, which are imported directly from China, is increasing our exposure to the ongoing freight problems.

Cash flow from investing activities amounted to MSEK -291.9 (-41.3) for the period. The decrease in the period is mainly attributable to the acquisition of AV-Cables.dk, amounting to MSEK -242.9.

Cash flow from financing activities amounted to MSEK -10.3 (-149.3) for the period and was mainly attributable to the new share issue in connection with the listing of the company's shares, which amounted to MSEK 377.1 after the deduction of issue costs, and to the refinancing of the Group's credit facilities, with a new financing agreement comprising credit facilities of MSEK 910 signed. In connection with the refinancing, the old loans raised in 2017 were repaid.

The Group's cash and cash equivalents amounted to MSEK 193.8 at the end of the reporting period, compared with MSEK 340.4 at the beginning of the year.

Working capital

Working capital increased from MSEK 118.2 at the beginning of the year to MSEK 195.2 at year-end, primarily attributable to higher inventories which were offset to some extent by higher current liabilities.

Net debt

The Group's financial net debt amounted to MSEK 402.3 at the end of the period, compared with MSEK 529.4 at the beginning of the year, corresponding to financial net debt in relation to adjusted EBITDAaL (rolling 12 months)[1] of 1.7x.

Non-current assets

The Group's non-current assets increased from MSEK 1,320 at the beginning of the year to MSEK 1,719 at year-end. The majority of this increase is attributable to the acquisition of AV-Cables.dk. Refer to Note 6 for more information.

Equity

The Group's equity amounted to MSEK 889.4 at the end of the reporting period, compared with MSEK 369.3 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 5.5 (-) and pertain entirely to intra-Group invoicing. The Parent Company reported a loss after financial items of MSEK -40.8 (-4.5) for the period, which was primarily attributable to costs associated with the preparations for the IPO. The Group's financing is raised in the Parent Company.

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	23,223,533
Share premium reserve	1,091,432,843
Net profit for the year	7,873,014
Total	**1,122,529,390**

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	1,122,529,390
Total	**1,122,529,390**

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

[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.

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 Kjell Koncern AB, Haypp Group AB and Aim Apparel AB. Board member of Bilia AB, Musti Group Oy, Orkla ASA, Forenom Group Oy, Citygross AB, Astrid Lindgren Aktiebolag and Hyber AB.

Previous assignments/experience: Chairman of the Board of Stockfiller AB and Stor & Liten AB. Board member of Ambea AB, Fiskars Oyj, Zetadisplay AB, Bergendahls Food AB, Martin & Servera Aktiebolag, Kulturkvarteret Astrid Lindgrens Näs AB, BHG Group AB, Matse Holding AB and Travel Support & Services Nordic 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/No.

Education: MSc in economics and accounting, Aarhus University.

Other current assignments: Board member of Kjell Koncern AB. Partner at FSN Capital Partners (investment advisor to FSN Capital IV).

Previous assignments/experience: Board member of Lagkagehuset A/S 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 Kjell Koncern AB and SPACELOOM STUDIOS AB.

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

Shareholding: Fredrik Dahnelius owns 759,990 shares in the company.

Catrin Folkesson

Board member

Born in 1972. Board member since 2018.

Nationality: Swedish.

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

Education: MSc in international business and marketing, Uppsala University.

Other current assignments: Head of e-commerce and digital channels at Apotek Hjärtat. Board member of Kjell Koncern AB and Svensk Digital Handel AB.

Previous assignments/experience: External CEO of Coop Online AB, Board member of Lifvs Scandinavia AB and Stayhard (now part of Ellos Group).

Shareholding: Catrin Folkesson owns 23,749 shares in the company.

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 Kjell Koncern AB.

Previous assignments/experience: Board member of FSN Chip Intressenter AB, Chip Second AB, Kjell MidCo AB, Kjell Bidco AB and Chip First AB, 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 58,697 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 20,675 shares in the company.

Joel Rönneman

CCO

Born in 1983. Chief Commercial Officer (2019)

Employed at the Group since: 2002

Member of Group management since: 2011

Nationality: Swedish.

Education: BSc in business administration, FEI Företagsekonomiska Institutet.

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

Previous positions: Chief Marketing Officer, Head of Sales, Regional Manager, Human resources, Store Manager and Sales Associate at Kjell & Company.

Shareholding: Joel Rönneman owns 66,273 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 positions:

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

Shareholding: Martin Knutson owns 66,365 shares in the company.

Patricia Fors

CHRO

Born in 1978. Chief Human Resource Officer (2021)

Employed at the Group since: 2021

Member of Group management since: 2021

Nationality: Swedish.

Education: MSc in international migration and ethnic relations from Malmö University, BSc in sociology from Lund University.

Other current assignments: Board member of Nuovo Inizio AB.

Previous positions: Head of Future Work Initiative/Head of Talent Management at Ingka/IKEA AB, SVP Human Resources at Rosti Group AB, VP Human Resources/Global Capability Manager at FLSmidth A/S.

Shareholding: Patricia Fors owns 3,650 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 23,844 shares in the company.

Consolidated statement of profit or loss

1 januari - 31 december			
TSEK	**Note**	**2021**	**2020**
Operating income			
Net sales	2.3	2,398,033	1,999,000
Other operating income	4	10,366	8,709
		2,408,399	**2,007,709**
Operating expenses			
Goods for resale		-1,374,762	-1,121,524
Personnel costs		-467,241	-418,134
Other external expenses		-266,916	-184,917
Other operating expenses	5	-3,354	-4,201
Depreciation/amortisation of tangible and intangible assets		-156,101	-139,617
Operating profit	7,8,26	**140,025**	**139,316**
Financial items			
Financial income		3	6
Financial expenses		-59,350	-61,805
Net financial items	9	**-59,347**	**-61,799**
Profit (loss) before tax		**80,678**	**77,517**
Income tax	11	-18,259	-18,679
Net profit for the year		**62,419**	**58,838**
Net profit for the year attributable to:			
Parent Company's shareholders		62,419	58,838
Net profit for the year		**62,419**	**58,838**
		-	-
Earnings (loss) per share	12		
basic (SEK)		1.75	1.43
diluted (SEK)		1.75	1.43

Consolidated statement of profit or loss and other comprehensive income

1 januari - 31 december			
TSEK	**Note**	**2021**	**2020**
Net profit for the year		**62,419**	**58,838**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences of foreign operations		5,483	-1,160
Cash flow hedges		95	296
Tax attributable to items that have been or may be reclassified to net profit for the year	11	-16	-63
		5,562	-927
Items that will not be reclassified to profit or loss		**-**	**-**
Other comprehensive income for the year		**5,562**	**-927**
Total comprehensive income for the year		**67,981**	**57,911**
Total comprehensive income attributable to:			
Parent Company's shareholders		67,981	57,911
Total comprehensive income for the year		**67,981**	**57,911**

Consolidated statement of financial position

TSEK	Note	2021-12-31	2020-12-31
Assets			
Intangible assets	13	1,360,084	1,000,104
Tangible assets	14	92,034	49,861
Right-of-use assets	26	266,024	270,927
Deferred tax assets	11	433	25
Total non-current assets		**1,718,575**	**1,320,917**
Inventories	16	545,737	408,825
Tax assets	11	27,106	17,268
Accounts receivable	25	26,687	24,337
Prepaid expenses and accrued income	17	45,434	31,814
Other receivables		7,355	1,103
Cash and cash equivalents	18	193,770	340,422
Total current assets		**846,089**	**823,769**
Total assets		**2,564,664**	**2,144,686**
Equity	19		
Share capital		515	162
Other contributed capital		453,978	1,999
Reserves		5,684	122
Retained earnings including net profit for the year		429,270	367,045
Equity attributable to Parent Company's shareholders		**889,447**	**369,328**
Total equity		**889,447**	**369,328**
Liabilities			
Non-current interest-bearing liabilities	20.24	446,909	843,839
Non-current lease liabilities	26	158,750	156,539
Other non-current liabilities	22	102	102
Deferred tax liabilities	11	130,086	111,646
Total non-current liabilities		**735,847**	**1,112,126**
Current interest-bearing liabilities	20.24	149,200	26,000
Current lease liabilities	26	103,318	116,308
Accounts payable	25	377,181	314,953
Tax liabilities	11	39,853	30,561
Other liabilities	22	153,175	67,618
Accrued expenses and deferred income	23	109,278	101,486
Provisions	21	7,365	6,306
Total current liabilities		**939,370**	**663,232**
Total liabilities		**1,675,217**	**1,775,358**
Total equity and liabilities		**2,564,664**	**2,144,686**

Consolidated statement of changes in equity

	Equity attributable to Parent Company's shareholders					
TSEK	Share capital	Other contributed capital	Translation reserve	Hedge reserve	incl. net profit (loss) for the period	Total equity
Balance at 1 January 2020	**162**	**1,999**	**1,361**	**-312**	**308,207**	**311,417**
Comprehensive income for the period						
Net profit (loss) for the period	-	-	-	-	58,838	58,838
Other comprehensive income for the period	-	-	-1,160	233	-	-927
Total comprehensive income for the period	-	-	*-1,160*	*233*	*58,838*	*57,911*
Balance at 31 December 2020	**162**	**1,999**	**201**	**-79**	**367,045**	**369,328**

	Equity attributable to Parent Company's shareholders					
TSEK	Share capital	Other contributed capital	Translation reserve	Hedge reserve	incl. net profit (loss) for the period	Total equity
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 issue²	389	-	-	-	-389	-
New share issue³	143	381,661	-	-	-	381,804
Redection of preference shares⁴	-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**

[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	2021	2020
	31		
Cash flow from operating activities			
Profit (loss) before tax		80,678	77,517
Adjustments for non-cash items		162,702	161,895
Income tax paid		-33,168	-14,329
		210,212	225,083
Increase (-)/decrease (+) in inventories		-107,343	-32,639
Increase (-)/decrease (+) in operating receivables		-14,631	-16,265
Increase (+)/decrease (-) in operating liabilities		64,051	60,800
Cash flow from operating activities		**152,289**	**236,979**
Investing activities			
Acquisition of tangible assets		-31,685	-26,220
Acquisition of intangible assets		-17,396	-15,031
Acquisition of subsidiaries		-242,858	-
Cash flow from investing activities		**-291,939**	**-41,251**
Financing activities			
New share issue		400,000	-
Issue expenses		-22,917	-
Proceeds of loans		723,743	150,000
Repayment of loans		-991,750	-176,000
Repayment of lease liabilities		-119,326	-123,339
Cash flow from financing activities		**-10,250**	**-149,339**
Cash flow for the year		-149,900	46,389
Cash and cash equivalents at the beginning of the year		340,422	299,403
Exchange rate differences in cash and cash equivalents		3,248	-5,370
Cash and cash equivalents at the end of the year		**193,770**	**340,422**

Parent Company income statement

1 januari - 31 december TSEK	Note	2021	2020
Operating income			
Other operating income		5,475	-
		5,475	**-**
Operating expenses			
Other external expenses		-19,108	-4,536
Personnel costs		-22,663	-
Operating profit		**-36,296**	**-4,536**
Financial items			
Financial expenses	9	-4,483	-1
Profit (loss) after financial net		**-40,779**	**-4,537**
Appropriations	10	51,925	*4,536*
Profit (loss) before tax		**11,146**	**-1**
Income tax	11	-3,273	-
Net profit (loss) for the year		**7,873**	**-1**

Parent Company statement of profit or loss and other comprehensive income

1 januari - 31 december TSEK	Note	2021	2020
Net profit for the year		**7,873**	**-1**
Other comprehensive income		-	-
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**7,873**	**-1**
Net profit for the year attributable to:			
Parent Company's shareholders		7,873	-1
Total comprehensive income for the year		**7,873**	**-1**

Parent Company balance sheet

TSEK	Note	2021-12-31	2020-12-31
Assets			
Non-current assets			
Non-current assets			
Machinery and equipment		12	-
Financial non-current assets			
Participation in group companies	30	1,609,548	661,157
Right-of-use assets	11	1,448	-
Total non-current assets		**1,611,008**	***661,157***
Current assets			
Current receivables			
Receivables from group companies	15	-	5,336
Prepaid expenses and accrued income	17	1,923	61
Other receivables		4,581	-
Total current receivables		**6,504**	**5,397**
Cash and cash equivalents	18	*2,159*	*920*
Total current assets		**8,663**	**6,317**
Total assets		**1,619,671**	**667,474**
Equity and liabilities			
Equity			
Resticted equtiy			
Share capital	19	515	162
Non-restricted equity			
Share premium reserve		1,091,433	662,495
Retained earnings		23,224	377
Profit (loss) for the period		7,873	-1
Total equity		**1,123,045**	**663,033**
Non-current liabilities			
Non-current interest-bearing liabilities	20.24	446,910	-
Total non-current liabilities		**446,910**	**-**
Current liabilities			
Current interest-bearing liabilities	20.24	9,200	-
Overdraft facility		974	-
Liabilities to group companies		31,035	-
Other current liabilities		754	-
Tax liabilities	11	199	47
Accrued expenses and deferred income	23	7,554	4,394
Total current liabilities		**49,716**	**4,441**
Total equity and liabilities		**1,619,671**	**667,474**

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 2020	**162**	**662,495**	**205**	**171**	**663,033**
Comprehensive income for the period					
Net profit (loss) for the period	-	-	-	-1	-1
Total comprehensive income for the period	**-**	**-**	**-**	**-1**	**-1**
Appropriations of profit	-	-	171	-171	-
Balance at 31 December 2020	**162**	**662,495**	**377**	**-1**	**663,033**

	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 note[1]	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**	**1,123,044**

[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**	**2021**	**2020**
	31		
Cash flow from operating activities			
Profit (loss) after financial items		-40,779	-4,537
Income tax paid		-4,569	-57
Adjustments for non-cash items		1,472	-
		-43,876	-4,594
Increase (-)/decrease (+) in operating receivables		-1,107	-61
Increase (+)/decrease (-) in operating liabilities		105,617	4,357
Cash flow from operating activities		**60,634**	**-298**
Investing activities			
Acquisition of tangible assets		-12	-
Shareholders contribution		-948,391	-
Cash flow from investing activities		**-948,403**	
Financing activities			
New share issue		400,000	-
Issue expenses		-22,917	-
Proceeds of loans		460,000	-
Received group contribution		51,925	-
Cash flow from financing activities		**889,008**	-
Cash flow for the year		1,239	-298
Cash and cash equivalents at the beginning of the year		920	1,218
Cash and cash equivalents at the end of the year		**2,159**	**920**

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 19 April 2022. 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 19 May 2022.

(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 2021 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
New and amended IFRS with application as of 1 January 2022 or later are not expected to have any material effect on the company’s financial statements.

(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. Until the listing on 16 September 2021, the Group had outstanding payment-in-kind (PIK) bonds. The bonds were redeemed in connection with the refinancing carried out in conjunction with the listing. In parts of 2020, the Group also had an interest-rate swap with a negative fair value. All financial liabilities except this interest-rate swap are measured at amortised cost using the effective interest rate method. The interest-rate swap is recognised at fair value; refer to the section "Hedge accounting."

(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 held an interest-rate swap to hedge exposure to interest-rate risk. The swap matured in 2020. Up until maturity, the swap had been identified as a cash flow hedge of exposure to highly likely variable interest-rate payments on the Group's credit facility. Changes in the fair value of the swap have been recognised in other comprehensive income and accumulated in the hedge reserve in equity. Interest paid and received on the swap has been recognised as part of the Group's interest expenses.

(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 2021, 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 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.

An Extraordinary General Meeting on 13 July 2021 resolved to increase the number of common shares outstanding in Kjell Group AB from 216,972 shares to 11,470,400 shares through a share split. A share split entails an increase in the number of common shares without injecting new capital. To calculate earnings per share, the weighted average number of common shares outstanding has thus been adjusted as if the share split had taken place at the beginning of the earliest period presented, meaning 1 January 2020.

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 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. To participate in the long-term incentive programme, participants have acquired shares (known as "savings shares") in Kjell Group AB. The CEO, CFO, CCO and CTO received a bonus in connection with the listing of the company's shares, with a portion of this bonus conditional on being used to acquire savings shares. Other participants in the programme received a subsidy corresponding to 25–50% of the amount these employees must 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 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, COO 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 has been 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.

The bonus and subsidy received by the participants in the incentive programme were expensed in the period when the employees received the subsidy. The same applies for social security contributions attributable to bonuses and subsidies.

(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 2022 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

TSEK	2021 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				-11,187
Items affecting comparability				-36,929
Operating profit				**140,024**
Net financial items				-59,347
Profit (loss) before tax				**80,677**

TSEK	2020 Sweden	Norway	Denmark	Total
Net sales	1,747,236	251,764	-	1,999,000
Amortisation excl. amortisation on intangible assets related to business combinations	114,857	24,760	-	139,617
Adjusted EBITA	**146,851**	**19**	**-**	**146,870**
Amortisation on intangible assets related to business combinations				**-**
Items affecting comparability				-7,554
Operating profit				**139,316**
Net financial items				-61,799
Profit (loss) before tax				**77,517**

None of the Group's customers accounted for more than 10% of net sales in 2021 or 2020.

Non-current assets

Non-current assets excluding financial instruments and deferred tax assets.

TSEK	2021-12-31	2020-12-31
Sweden	1,244,419	1,236,580
Norway	82,936	80,895
Denmark	386,960	-
Other countries	3,827	3,417
	1,718,142	**1,320,892**

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	2021	2020
Sweden	1,892,962	1,747,236
Norway	300,696	251,764
Denmark	204,375	-
	2,398,033	**1,999,000**

Contract balances

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

TSEK	2021-12-31	2020-12-31
Gross amount of accounts receivable	27,967	24,908
Loss allowance	-1,281	-571
Carrying amount, accounts receivable	**26,686**	**24,337**
Customer loyalty programme recognised as other liabilities	3,987	3,597
Gift vouchers and other balances recognised as other liabilities	6,534	6,527
Total contract liabilities	**10,521**	**10,124**

All contract liabilities recognised at the start of 2021 and 2020 were recognised as revenue in subsequent periods. No information is provided about transaction price allocated to outstanding performance obligations since, as of 31 December 2021, 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	2021	2020
Grants and compensation	4,608	1,319
Exchange rate gains on operating receivables/liabilities	3,203	919
Insurance compensation and damages	40	5,497
Other	2,515	974
	10,366	**8,709**

Not 5 Other operating expenses

Group

TSEK	2021	2020
Exchange rate losses on operating receivables/liabilities	-2,390	-4,169
Other	-964	-32
	-3,354	**-4,201**

Parernt company

TSEK	2021	2020
Cost related to IPO	-	-4,536
Other	-	-
	-	**-4,536**

Not 6 Business combinations

Acquisitions in 2021

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. With this acquisition, the Group is further strengthening its position as a leading player in consumer electronics accessories in the Nordics and is creating a platform for a broader assortment and growth in Denmark, Norway and Sweden.

The purchase consideration amounted to MSEK 383.8, of which MSEK 243.8 was paid in cash. MSEK 68.0 will be paid by issuing a promissory note. MSEK 22.4 was reinvested in Kjell Group AB (formerly Kjell HoldCo AB) through an offset issue. The remaining MSEK 45.6 was settled by issuing a promissory note with an interest rate of 10%, which was settled with shares in Kjell Group AB on 17 September 2021. The seller also has the option to receive an earnout of a maximum of MSEK 102.5 on the condition that specific earnings targets have been met. The fair value of the earnout on the acquisition date of 29 April 2021 was estimated at MSEK 71.9.

(A) Transferred consideration

The following table summarises the fair value of the consideration transferred on the acquisition date.

TSEK	
Cash and cash equivalents	243,808
New issued shares, 12,436 Common shares A	22,404
Promissory note	45,618
Contingent consideration	71,929
Total transferred consideration	**383,759**

The fair value of the transferred common shares in Kjell Group AB has been estimated using a multiple valuation to calculate an enterprise value (EV) reduced by net debt. The EV has thereafter been reduced by the value of the preference shares to arrive at a fair value of the common shares.

(B) Contingent consideration

The acquisition agreement states that a contingent earnout is to be paid to the former owners of AV-Cables.dk depending on the earnings performance of AV-Cables.dk in 2021. The maximum consideration that may be paid under the transfer agreement amounts to MSEK 102.5. The minimum amount that may be paid is SEK 0. The outcome of the undiscounted fair value of the earnout was established at MDKK 54.7, which at the reporting date amounted to MSEK 75.4. The earnout was paid in March 2022 and amounted to MSEK 73.9. The contingent consideration is recognised as a current liability under “Other liabilities” in the consolidated statement of financial position.

(C) Acquisition-related costs

Acquisition-related costs of TSEK 5,508 were excluded from the acquisition price and recognised as an expense for the current year on the row “Other external expenses” in the consolidated statement of profit or loss.

(D) Identifiable assets acquired and liabilities assumed

The table below summarises the carrying amounts of assets acquired and liabilities assumed on the acquisition date.

TSEK	
Tangible assets	32,540
Right-of-use assets	358
Other intangible assets	122,748
Deferred tax assets	227
Current assets	35,492
Cash and cash equivalents	8,271
Non-interest-bearing liabilities	-26,284
Deferred tax liabilities	-28,470
Lease liabilities	-344
Total acquired identifiable net assets	**144,538**
Goodwill	239,221
Total transferred consideration	**383,759**

(E) 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. If the acquisition had taken place on 1 January 2021, management estimates that the Group’s revenue would have been impacted by TSEK 340,495 and the Group’s profit before tax by TSEK 21,391.

(F) Goodwill

Goodwill is recognised on the acquisition in 2021 since the purchase considerations paid for the business combinations included amounts for expected synergies, growth in revenue and the future market performance of the acquired company. These benefits are not recognised separately from goodwill since they do not fulfil the criteria for identifiable intangible assets. Goodwill arising on this acquisition is not currently expected to be tax deductible.

TSEK	
Accumulated costs	
Balance at the beginning of the period	520,866
Business combinations	239,221
Currency effects	2,013
Balance at the end of the period	**762,100**

Not 7 Employees, personnel costs and remuneration of senior executives

Costs for remuneration to employees

TSEK	2021	2020
Group		
Salaries and other remuneration	355,238	315,821
(whereof bonuses)	28,977	28,703
Share related compensation	640	-
Pension costs, defined contribution plans	19,243	14,665
Social security contributions	92,120	88,949
	467,241	**419,435**
Parent company		
Salaries and other remuneration	15,479	-
(whereof bonuses)	11,534	-
Share related compensation	512	-
Pension costs, defined contribution plans	1,146	-
Social security contributions	5,526	-
	22,663	**-**

Average no. of employees

	2021	whereof men	2020	whereof men
Parent company				
Sweden	6	83%	-	-
Total parent company	*6*	-	-	-
Subsidiaries				
Sweden	619	78%	591	80%
Norway	90	80%	87	82%
Denmark	47	62%	-	-
China, Shanghai	34	35%	20	35%
Total, subsidiaries	*790*	*75%*	*698*	*79%*
Group total	**796**	**75%**	**698**	**79%**

Gender distribution in board and other senior executives

	Share women	
	2021-12-31	2020-12-31
Parent company		
Board	33%	40%
Other senior executives	17%	-
Group		
Board	18%	15%
Other senior executives	17%	-

Total salaries, other remuneration, pension costs and pension obligations for senior executives TSEK	Senior officers 2021	Senior officers 2020
Group		
Numbers of senior executives	12	11
Salaries and other remuneration	21,639	10,609
(of which bonuses, etc.)	11,534	2,536
Pension costs	*3,898*	*3,373*
Parent company		
Numbers of senior executives	12	5
Salaries and other remuneration	16,144	-
(of which bonuses, etc.)	11,534	-
Pension costs	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. Effective 1 September 2021, the other members of Group management are employees of the Parent Company. Until that date, their remuneration is recognised on the line “Remuneration from subsidiaries.” In 2021, Group management was strengthened through the addition of two new people, meaning that the remuneration recognised for senior executives does not reflect a full-year value.

The Parent Company had no employees in 2020.

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	**						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Simon Larsson	**						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Ola Bjurmark (13 July - 31 December)							
Remuneration from Parent Company		75	-	-	-	-	75
Remuneration from subsidiaries		-	-	-	-	-	-
President and CEO							
Andreas Rylander (10 March - 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.

Salary and other remuneration for senior executives, Parent Company 2020

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		-	-	-	-	-	-
Remuneration from subsidiaries		300	-	-	-	-	300
Board members							
Fredrik Dahnelius	*						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Catrin Folkesson							
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		150	-	-	-	-	150
Thomas Broe-Andersen (30 June - 31 December)	**						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Kenneth Haavel (1 January - 30 June)	**						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
Simon Larsson (9 April - 31 December)	***						
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		-	-	-	-	-	-
President and CEO							
Eric Lundberg							
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		2,102	714	660	66	-	3,542
Other senior executives							
(4 individuals)							
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		5,190	1,821	2,713	266	-	9,990
Total		**7,742**	**2,535**	**3,373**	**332**	**-**	**13,982**
Remuneration from Parent Company		-	-	-	-	-	-
Remuneration from subsidiaries		7,742	2,535	3,373	332	-	13,982

*) 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.
***) Was a deputy Board member before he became a Board member. Represents FSN Capital. No Board fees were paid by Kjell Group AB.

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 62% (100) for 2021.

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 2021 was 62% (100).

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

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, COO 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 programme are presented in the following table.

TSEK	2021	2020
IFRS 2 costs	512	-
Social security contributions	171	-
	683	**-**

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

Number of share rights	2021	2020
Balance at the beginning of the period	-	-
Granted	-	-
Forfeited	-	-
Balance at the end of the period	**-**	**-**

No share rights have been vested yet. Full allotment will result in dilution of approximately 1.5% of the total number of shares outstanding.

Bonuses

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.

Government grants

The Group furloughed employees in Sweden and Norway in 2020. In Norway, the number of furloughed employees was 34 for March to May. In Sweden, the number of furloughed employees was 66 for March to June. No grants were received for the operations in Norway since employees received direct payments from the authorities. In Sweden, the allowance from the Swedish Agency for Economic and Regional Growth amounted to TSEK 2,078 and was recognised as a reduction in payroll costs.

In 2021, the Group did not receive any grants for furloughs.

Not 8 Fees and remuneration of auditors

TSEK	2021	2020
Group		
KPMG AB		
Audit assignment	1,396	699
Audit services in addition to audit assignment	4,661	165
Tax advisory services	1,160	41
Other assignments	1,089	4,993
	8,306	**5,897**
Parent Company		
KPMG AB		
Audit assignment	600	65
Audit services in addition to audit assignment	4,565	-
Tax advisory services	1,146	-
Other assignments	923	1,099
	7,234	**1,164**

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		2021	2020
Group			
Financial income		**3**	**6**
Interest expenses	-	38,647	-50,538
Interest expenses on lease liabilities	-	10,100	-10,741
Cost of settling previous loans	-	3,950	-
Change in fair value of contingent consideration	-	3,458	-
Other	-	3,195	-526
Financial expenses	**-**	**59,350**	**-61,805**
Net financial items recognised in profit or loss	**-**	**59,347**	**-61,799**
Parent Company			
Financial expenses		4,484	-1
Financial expenses		**4,484**	**-1**

Not 10 Appropriations

TSEK	2021	2020
Parent Company		
Group contribution	51,925	4,536
	51,925	**4,536**

Not 11 Taxes

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

Group

TSEK	2021	2020
Current tax expense (-) / tax revenue (+)		
Current tax expense / tax revenue	-27 934	-17,652
Adjustment of tax attributable to prior years	-	-
	-27 934	**-17,652**
Deferred tax expense (-) / tax revenue (+)		
Deferred tax attributable to temporary differences	8 227	358
Tax value of loss carry-forwards	1 448	-1,385
	9 675	**-1,027**
Total recognised tax expense	**-18 259**	**-18,679**

Parent Company

TSEK	2021	2020
Current tax expense (-) / tax revenue (+)		
Current tax expense / tax revenue	-4 721	-
	-4 721	**-**
Deferred tax expense (-) / tax revenue (+)		
Tax value of loss carry-forwards	1 448	-
	1 448	**-**
Total recognised tax expense	**-3 273**	**-**

Reconciliation of effective tax

Group

TSEK		2021		2020
Profit (loss) before tax		80,678		77,517
Tax according to applicable tax rate for Parent Company	20.6%	-16,620	21.4%	-16,589
Effect of other tax rates for foreign subsidiaries	0.6%	-484	0.1%	-48
Non-deductible expenses	0.4%	-354	0.5%	-379
Non-taxable revenue	0.0%		0.0%	29
Increase in remaining negative net interest income without	0.0%			
Corresponding capitalisation of deferred tax	0.7%	-585	1.4%	-1,080
	0.0%	-	0.0%	-
	0.4%	-362		
Effect of changed tax rates and tax rules	0.0%		0.2%	-163
Standard interest rate on tax allocation reserve	0.1%	-107	0.1%	-111
Other	-0.3%	253	0.4%	-338
Effective tax recognised	**22.6%**	**-18,259**	**24.1%**	**-18,679**

Parent company

TSEK		2021		2020
Profit (loss) before tax		11,146		-1
Tax according to applicable tax rate for Parent Company	20.6%	- 2,296	21.4%	-
Non-deductible expenses	-0.1%	- 9		-
Increase in remaining negative net interest income without	-5.2%	- 584		-
Corresponding capitalisation of deferred tax				-
Other	-3.4%	- 383		
Effective tax recognised	**29.4%**	**- 3,272**	**21.4%**	**-**

Tax attributable to other comprehensive income

	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**

	2020		
TSEK	**Before tax**	**Tax**	**After tax**
Exchange differences of foreign operations	-1 160	-	-1,160
Cash flow hedges	296	-63	233
Other comprehensive income	**- 864**	**-63**	**-927**

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	2021	2020
Tax losses	3 622	3,037
	3 622	**3,037**

100% (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 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**

TSEK	Balance on 1 January 2020	Recognised in profit or loss	other comprehensive income	Recognised in equity	Recognised by acquisition	Balance on 31 December 2020
Tangible assets	4,870	422	-	-	-	5,292
Intangible assets	-91,518	-	-	-	-	-91,518
Inventories	813	-9	-	-	-	804
Accounts receivable	93	-38	-	-	-	55
Tax allocation reserves	-26,262	-17	-	-	-	-26,279
Other	88	-	-63	-	-	25
Utilised loss carry-forwards	1,385	-1,385	-	-	-	-
	-110,531	**-1,027**	**-63**	**-**	**-**	**-111,621**

Changed tax rate

The corporate tax rate was lowered from 21.4% to 20.6% for financial years beginning on or after 1 January 2021.

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. When calculating earnings per share, the cumulative dividend (after tax) that accrues on the preference shares reduced net profit for the year. In connection with the IPO, these preference shares were converted to common shares or withdrawn. When calculating earnings per share, net profit for the year has been reduced by the amount of the dividend that had accrued on the preference shares as long as these shares were outstanding.

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 1.5% of the total number of shares outstanding.

	2021	2020
Basic earnings per share, kr	1.75	1.43
Diluted earnings per share, kr	1.75	1.43

The amounts used in numerators and denominators are shown below.

Basic earnings before dilution per share, kr

	2021	2020
Net profit for the year attributable to Parent Company shareholders	62 419	58,838
Cumulative dividend on preference shares attributable to the period	-33 066	-42,434
Profit attributable to the ordinary equity holders of the Parent Company	**29 353**	**16,404**

* Earnings per share excl. cumulative dividends accrued for earlier preference shares amounted to SEK 3.71 (5.13)

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 16,807,821 (11,470,400). An Extraordinary General Meeting on 13 July 2021 resolved to increase the number of common shares outstanding in Kjell Group AB from 216,972 shares to 11,470,400 shares through a share split. A share split entails an increase in the number of common shares without injecting new capital. To calculate earnings per share, the weighted average number of common shares outstanding has thus been adjusted as if the share split had taken place at the beginning of the earliest period presented, meaning 1 January 2020. The average number of shares was impacted by the new share issue carried out in conjunction with the company's IPO, which increased the number of common shares by 9,148,841. The number of outstanding common shares was also impacted by the offset issue conducted to settle the liability to the seller of AV-Cables.dk and the conversion of preference shares to common shares, which increased the number of common shares by 859,827 and 9,672,981, respectively. At year-end, there were 31,151,514 common shares outstanding.

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.

	2021	2020
Average number of shares before dilution	**16,807,821**	**11,470,400**
Effect from incentive programme	-	-
Average number of shares after dilution	**16,807,821**	**11,470,400**

Instruments that may result in future dilutive effects

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 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 2020	20,711	35,901	444,258	520,866	-	7,118	1,028,854
Internally generated assets	14,719	-	-	-	-	-	14,719
Other investments	-	318			-	-	318
Other changes	2,169	-	-	-	-	-2,169	-
Exchange rate differences for the year	-	-228	-	-	-	-	-228
Closing balance 31 December 2020	**37,599**	**35,991**	**444,258**	**520,866**	**-**	**4,949**	**1,043,663**
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	-	-	-	-	-	-	-
Exchange rate differences for the 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**
Accumulated amortisation and impairment							
Opening balance 1 January 2020	-186	-30,367	-	-	-	-4,770	-35,323
Amortisation for the year	-6,249	-1,808	-	-	-	-179	-8,236
Closing balance 31 December 2020	**-6,435**	**-32,175**	**-**	**-**	**-**	**-4,949**	**-43,559**
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
Closing balance 31 December 2021	**-15,947**	**-34,352**	**-**	**-**	**-10,748**	**-4,949**	**-65,996**
Carrying amounts							
On 2020-01-01	20,525	5,534	444,258	520,866	-	2,348	993,531
On 2020-12-31	**31,164**	**3,816**	**444,258**	**520,866**	**-**	**-**	**1,000,104**
On 2021-01-01	31,164	3,816	444,258	520,866	-	-	1,000,104
On 2021-12-31	**39,060**	**5,769**	**483,266**	**762,100**	**69,889**	**-**	**1,360,084**

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 1,290 (3,071).

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	**2021**	**2020**
TSEK		
Sweden	520 866	520,866
Denmark	241 234	-
	762,100	**520,866**

Brand		
TSEK		
Sweden	444 258	444 258
Denmark	39 009	0
	483,267	**444,258**

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 2020.

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**	
	2021	**2020**	**2021**	**2020**
Percent				
Sweden	11.6%	11.2%	2.0%	2.0%
Denmark	13.1%	-	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	Construction in progress	Total
Accumulated cost				
Opening balance 1 January 2020	-	173,377	80	173,457
Other acquisitions	-	26,220	12	26,232
Reclassification	-	92	-92	-
Divestments	-	-4,796	-	-4,796
Exchange rate differences	-	-4,128	-	-4,128
Closing balance 31 December 2020	**-**	**190,765**	**-**	**190,765**
Opening balance 1 January 2021	-	190,765	-	190,765
Other acquisitions	4,131	26,600	-	30,731
Business combinations	32,083	377	-	32,460
Divestments	-	-557	-	-557
Exchange rate differences	335	3,164	-	3,499
Closing balance 31 December 2021	**36,549**	**220,349**	**-**	**256,898**
Accumulated depreciations				
Opening balance 1 January 2020	-	-126,528	-	-126,528
Depreciation for the year	-	-20,755	-	-20,755
Divestments	-	4,533	-	4,533
Exchange rate differences	-	1,846	-	1,846
Closing balance 31 December 2020	**-**	**-140,904**	**-**	**-140,904**
Opening balance 1 January 2021	-	-140,904	-	-140,904
Depreciation for the year	-728	-21,665	-	-22,393
Divestments		557	-	557
Exchange rate differences	-7	-2,117	-	-2,124
Closing balance 31 December 2021	**-735**	**-164,129**	**-**	**-164,864**
Carrying amounts				
On 2020-01-01	-	46,849	80	46,929
On 2020-12-31	**-**	**49,861**	**-**	**49,861**
On 2021-01-01	-	49,861	-	49,861
On 2021-12-31	**35,814**	**56,220**	**-**	**92,034**

Equipment, tools, fixtures and fittings

TSEK		
Parent company		
Accumulated cost		
Opening balance 1 januari 2020	-	-
Other acquisitions	12	-
Closing balance 31 december 2021	**12**	**-**
Accumulated depreciations		
Opening balance 1 januari 2020	-	-
Depreciation for the year	-	-
Closing balance 31 december 2021	**-**	**-**
Carrying amounts	**12**	**-**

Not 15 Receivables from Group companies

Parent Company

TSEK	2021-12-31	2020-12-31
Accumulated cost		
At the beginning of the period	5 336	800
Group contribution	-5 336	4,536
At the end of the period	**-**	**5,336**

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

Not 16 Inventories

Group

TSEK	2021-12-31	2020-12-31
Finished goods and goods for resale	538 776	404,175
Right to receive returned goods	6 961	4,650
	545 737	**408,825**

Not 17 Prepaid expenses and accrued income

TSEK	2021-12-31	2020-12-31
Group		
Accrued income, suppliers according to contract	23 824	10,269
Prepaid cost of premises	4 574	4,787
Prepaid marketing costs	6 700	4,741
Marketing grants	2 250	3,536
Insurance	2 694	1,217
Store start-up costs	748	986
Bank charges	27	1,137
Other	4 617	5,141
	45 434	**31,814**
Parent company		
Insurance	1 722	-
Other	201	61
	1 923	**61**

Not 18 Cash and cash equivalents

TSEK	2021-12-31	2020-12-31
Group		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	193 769	340,422
	193 769	**340,422**
Parent company		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	2 159	920
	2 159	**920**

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

Not 19 Share capital

2020 Number of shares, thousand	Common shares	Preferens shares	Total
Issued 1 January	216,972	429,904	646,876
Issued 31 December	**216,972**	**429,904**	**646,876**

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**

On 31 December 2021, 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

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 under the terms described in Note 1 Accounting policies.

Full allotment of performance shares could result in dilution of approximately 1.5% of the total number of shares outstanding, provided the overallotment option described in the company's prospectus for the IPO, is exercised in full.

Dividend

No dividends were distributed in 2021 or 2020.

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.

Hedge reserve

The hedge reserve includes the effective share of the accumulated net change in fair value of the Group's interest-rate swaps that have been identified as cash flow hedges of interest-rate risk. The interest-rate swap matured in 2020.

Parent Company

Share capital

This item pertains to share capital in the Parent Company, Kjell Group AB. On 31 December 2021, 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.

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.

As of 31 December 2020, the credit facility was held by various subsidiaries. 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 456,110 in the Parent Company as of 31 December 2021 fall due within the next five years.

TSEK	2021-12-31	2020-12-31
Non-current liabilities		
Credit facility	446,909	621,416
PIK bond	-	222,423
	446,909	**843,839**
Current liabilities		
Current component of non-current part of interest bearing liabilities	149,200	26,000
	149,200	**26,000**

Terms and repaymentperiods

TSEK	Currency	Nominal interest	Maturity	2021 Nominal amount	2021 Carrying amount
Credit facility B	SEK	1.6%	2026-09-20	46,000	46,000
Credit facility A	SEK	1.6%	2026-09-20	414,000	410,109
Aquisition facility	SEK	0.0%	2026-09-20	200,000	-
Revolving credit facility	SEK, EUR, NOK, DKK	1.6%	2026-09-20	250,000	140,000
Total interest bearing liabilities				**910,000**	**596,109**

TSEK	Currency	Nominal interest	Maturity	2020 Nominal amount	2020 Carrying amount
Credit facility	SEK	STIBOR + marginal	2021-09-20	650,500	647,416
PIK bond	SEK	11% / 9%	2021-09-20	223,289	222,423
Total interest bearing liabilities				**873,789**	**869,839**

Not 21 Provisions

TSEK

TSEK	2021-12-31	2020-12-31
Provisions classified as current liabilities		
Guarantee commitments	7,365	6,306
Total	**7,365**	**6,306**

Guarantees

TSEK	2021-12-31	2020-12-31
Carrying amount at the beginning of the period	6,306	5,908
Provisions for the period	7,365	6,306
Amount utilised for the period	-6,306	-5,908
Carrying amount at the end of the period	**7,365**	**6,306**

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

Koncernen

TSEK	2021-12-31	2020-12-31
Other non-current liabilities		
Other	102	102
	102	**102**
Other current liabilities		
Loyalty bonus	3,987	3,597
Gift vouchers and other balances	6,236	6,527
Value added tax	51,618	41,563
Employee withholding taxes and social security contributions	15,677	15,192
Contingent consideration	75,387	
Other	270	739
	153,175	**67,618**

Not 23 Accrued expenses and deferred income

TSEK	2021-12-31	2020-12-31
Group		
Accrued personnel costs	74,191	77,383
Repayment liabilities	17,274	8,248
Other	17,813	15,855
	109,278	**101,486**
Parent Company		
Accrued personnel costs	3,923	-
Other	3,632	4,394
	7,555	**4,394**

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 600,000 (650,500), compared with the carrying amount of TSEK 596,109 (647,416). 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 Group's PIK bond carried interest at a fixed rate of 11% that was accumulated as a result of the Group, under the loan agreement, issuing new bonds corresponding to the interest accumulated during the period. However, provided that certain covenants relating to the debt/equity ratio were met, a rate of 9% was applied instead. Management's assessment is that the interest on a liability with the corresponding terms and conditions has not changed after the bond was issued that could have a material impact on the fair value of the PIK bond. The difference between the fair value of the PIK bond and the carrying amount is thus primarily attributable to the existence of transaction costs included in the carrying amount of the bond. The fair value of the PIK bond is therefore estimated at TSEK 223,289, compared with the carrying amount of TSEK 222,433 on 31 December 2020. The bond was repaid in full in conjunction with the Group signing a new credit facility. Measurement was at Level 2 of the fair value hierarchy.

The carrying amounts of all other financial liabilities and financial assets are considered to be a reasonable estimate of their fair values.

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 is 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 amounted to MSEK 75.4. The earnout was paid in March 2022 and amounted to MSEK 73.9. Measurement is at Level 3 of the fair value hierarchy.

31 Dec 2021

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

31 Dec 2020

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

Contingent consideration

TSEK	**31 Dec 2021**	**31 Dec 2020**
Balance at the beginning of the period	**-**	**-**
Added through business combinations	71,929	-
Payments	-	-
*Recognised in profit or loss **		
Change in fair value	2,853	-
Currency effects	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. The interest-rate swaps were measured at the present value of future cash flows. 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.

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
		-	**-**	**1,065,294**	**1,065,294**
Total financial liabilites		**75,387**	**-**	**1,065,294**	**1,140,681**

2020

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		-	24,337	-	24,337
Accrued income	17	-	10,269	-	10,269
Other receivables		-	1,103	-	1,103
Cash and cash equivalents	18	-	340,422	-	340,422
		-	376,131	-	376,131
Total financial assets		**-**	**376,131**	**-**	**376,131**
Financial liabilities not measured at fair value					
Credit facility	20	-	-	621,416	621,416
PIK bond	20	-	-	222,433	222,433
Accounts payable		-	-	314,953	314,953
Accrued expenses	23	-	-	93,238	93,238
Current component of credit facility	20	-	-	26,000	26,000
		-	-	1,278,040	1,278,040
Total financial liabilites		**-**	**-**	**1,278,040**	**1,278,040**

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. 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	46,000	46,000	-
Credit facility B	414,000	414,000	-
Acquisition facility	200,000	-	200,000
Revolving credit facility	250,000	140,000	110,000
Total	**910,000**	**600,000**	**310,000**

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. In calculating interest, an interest rate of 11% has been used for the bond loan (repaid in connection with new financing) under the assumption that no interest will be paid in cash until the point in time when the bond matures.

2021

TSEK	2022	2023	2024	2025	2026	>2026
Credit facility A	9,936	9,789	9,642	9,494	9,347	-
Credit facility B	6,624	6,624	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**	**69,023**	**43,559**	**442,049**	**-**

2020 - according to previous credit facility

TSEK	2021	2022	2023	2024	2025	>2025
Part facility A	26,000	13,000	-	-	-	-
Part facility B	-	611,500	-	-	-	-
Interest on facilities	24,173	12,087	-	-	-	-
PIK bond including interest	-	-	268,940	-	-	-
Lease liabilities	121,823	85,283	54,120	20,380	6,073	353
Accounts payable	314,953	-	-	-	-	-
Accrued expenses	93,228	-	-	-	-	-
	580,177	**721,870**	**323,060**	**20,380**	**6,073**	**353**

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. Adjustments for changes in interest rates are made in the subsequent period. In accordance with the agreement, interest rates vary from 1.45% to 2.25%. The current interest rate at the end of 2021 was 1.6%.

The effect on interest expenses during the coming twelve-month period of a 1-percentage-point increase in the interest rate would be TSEK 5,961 (6,474) given the interest-bearing assets and liabilities existing on 31 December of the preceding year. Since the Group's previous PIK bond carried interest at a fixed rate, the interest expenses for the PIK bond were not affected by changes in market rates.

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 2021, the Group made purchases in DKK totalling TDKK 155,896 (0), purchases in EUR totalling TEUR 62,925 (31,157), purchases in USD totalling TUSD 43,457 (23,175) and purchases in CNY totalling TCNY 19,357 (14,166).

In accordance with the guidelines, the exposure can be hedged using currency derivatives. However, there were no currency derivatives outstanding as of 31 December 2021. 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	**2021**	**2020**
EUR	+/- 63 837	+/- 32 673
USD	+/- 37 293	+/- 21 330
CNY	+/- 2 576	+/- 1 888
DKK	+/- 21 266	+/- 0
Total	**+/- 124 971**	**+/- 55 891**

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	2021	2020
NOK	34,068	25,389
DKK	50,397	-
CNY	4,029	3,671

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

weakening/strengthening against SEK

	Impact on equity (TSEK)		Impact on operating profit (TSEK)	
Currency	**2021**	**2020**	**2021**	**2020**
NOK	+/- 3 588	+/- 2 332	+/- 1 083	+/- 870
DKK	+/- 9 575	-	+/- 6 754	-
CNY	+/- 818	+/- 574	+/- 74	+/- 46

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	2021	2020
Opening balance on 1 January	571	598
Amounts written-off	-137	-165
Remeasurement of loss allowance, net	847	138
Closing balance on 31 December	**1,281**	**571**

Financial exposure to credit risk

The Group's exposure to financial credit risk is related primarily to cash and cash equivalents. On 31 December 2021, cash and cash equivalents amounted to TSEK 193,770 (340,422). 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 2021, 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 1.7 (3.2) 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 2021, there were no outstanding preference shares).

Capital

TSEK	2021	2020
Total equity	**889,447**	**369,328**

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	105,911	1,493	1,752	109,157
Closing balance, 31 December 2020	**264,741**	**3,094**	**3,093**	**270,927**
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**

Additions to right-of-use assets in 2021 amounted to TSEK 105,353 (57,454). 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	2021-12-31	2020-12-31
Current lease liabilities	103,318	116,308
Non-current lease liabilities	158,750	156,539
Lease liabilities included in statement of financial position	**262,068**	**272,847**

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

Amount recognised in profit or loss

TSEK	2021	2020
Depreciation of right-of-use assets	111,066	109,157
Interest on lease liabilities	10,100	10,687
Variable lease payments not included in the measurement of the lease liability*)	465	414
Costs for low-value leases	3,883	1,601

Amount recognised in statement of cash flows

Group

TSEK	2021	2020
Total cash outflow attributable to leases	119,326	123,339

*) 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 2021, 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 2.3 (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 2021, the Group received rent concessions amounting to TSEK 968 (4,400), which were recognised in operating profit.

Not 27 Pledged assets, contingent liabilities and contingent assets

TSEK	2021-12-31	2020-12-31
Group		
Pledged assets		
In the form of pledged assets for own liabilities and provisions		
Floating charges	910,000	65,000
Shares	-	914,005
	910,000	**979,005**
Contingent liabilities		
Leasing guarantees	12,611	8,633
	12,611	**8,633**

TSEK	2021-12-31	2020-12-31
Parent company		
Pledged assets		
In the form of pledged assets for own liabilities and provisions		
Floating charges	910,000	-
	910,000	**-**

Not 28 Proposed dividend

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

TSEK	2021
Retained earnings	23,224
Share premium reserve	1,091,433
Profit for the period	7,873
Total	**1,122,530**
Carried forward	1,122,530
Total	**1,122,530**

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 2021 financial year be carried forward and that no dividend be paid for 2021.

Not 29 RELATED-PARTY TRANSACTIONS

22.87% of the shares in Kjell Group AB 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 2021.

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	2021-12-31	2020-12-31
Accumulated cost		
At the beginning of the year	661,157	661,157
Acquisition of the year	948,193	-
At the end of the year	**1,609,350**	**661,157**

Specification of all holdings of participations in Group companies

	Country of incorporation	Owner interest, %	
		2021-12-31	2020-12-31
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%	-

Not 31 Specifications for the statement of cash flows

Likvida medel

TSEK	2021-12-31	2020-12-31
Group		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	193,770	340,422
	193,770	**340,422**
Parent Company		
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	2,159	920
	2,159	**920**

Adjustments for non-cash items

TSEK	2021	2020
Group		
Depreciation/amortisation	156,101	139,617
Non-cash interest items	710	15,856
Capital gain/loss on sale of tangible assets	-	263
Unrealised exchange differences	-2,560	5,626
Provision, guarantees	675	398
Expensed costs related to previous funding	4,323	-
Other	3,453	135
	162,702	**161,895**
Parent Company		
Other	1,472	-
	1,472	**-**

Transactions not entailing payments

TSEK	2021	2020
Parent company		
Conversion of debt into equity	69,694	-
	69,694	-

Changes in liabilities in financing activities

The new credit facility is issued in the Parent Company, while the previous credit facility was issued in the subsidiaries, which is why no information is presented for the Parent Company for 2020.

TSEK	Credit facility	PIK bond	Leasing liabilities
Group			
Opening balance2020	671,360	208,622	345,748
Cash flow from financing activities			
Proceeds from loans	150,000	-	-
Loan repayments	-176,000	-	-
Repayment of lease liabilities	-	-	-123,339
Total cash flow from financing activities	-26,000	-	-123,339
Exchange rate differences	-	-	-6,601
Other changes	-	-	-
Additional lease liabilities	-	-	57,039
Capitalised borrowing costs	2,056	578	-
Interest expenses	-	20,516	-
Interest paid	-	-7,293	-
Closing balance2020	**647,416**	**222,423**	**272,847**
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**

Parent Company

TSEK	Credit facility	PIK bond	Leasing liabilities
Opening balance2021	-	-	-
Cash flow from financing activities			
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**	**-**	**-**

Not 32 Events after the reporting date

- Three new service points were established in the first quarter.
- On 11 March, it was announced that the partnership with Circle K would be expanded to include Norway. As part of the start-up phase in Norway, the concept will be evaluated at six pilot stations.
- At present, the ongoing conflict in Ukraine has not had any direct impact on the Group's operations. However, the Board of Directors and management are monitoring developments closely and continuously assessing the course of the events and their potential impact on daily operations. It is highly likely that the situation in Ukraine will have an indirect impact on global trade, including shortages of input goods and interruptions in supply chains, which will lead to higher prices for purchases and shipping. The macroeconomic consequences, such as increased inflation and interest rates, can also affect consumer behaviour and demand for the Group's products.

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 2021 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, 19 April 2022

Ingrid Johansson Blank
Chairman of the Board

Fredrik Dahnelius
Board member

Catrin Folkesson
Board member

Thomas Broe-Andersen
Board member

Ola Burmark
Board member

Andreas Rylander
CEO

Simon Larsson
Board member

Our audit report was submitted on 19 April 2022

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 2021. The annual accounts and consolidated accounts of the company are included on pages 17-73 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 2021 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 2021 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 1-16 and 76-84.
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 2021 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 Ac

Malmö 19 April 2022

KPMG AB

Camilla Alm Andersson	Elisabeth Lundström
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	

Selected financial information

MSEK	2021	2020
Members in loyalty club, thousand	2,647	2,115
Customer NPS	74	70
Net sales	2,398.0	1,999.0
Sales growth, %	20.0%	6.8%
Comparable growth, %	6.8%	5.7%
Gross profit	1,023.3	877.5
Gross margin, %	42.7%	43.9%
Adjusted EBITA	188.1	146.9
Adjusted EBITA margin, %	7.8%	7.3%
Items affecting comparability	36.9	7.6
Cash flow from operating activities	152.3	237.0
Working capital	-33.1	-37.6
Core working capital	195.2	118.2
Financial net debt	402.3	529.4
Financial net debt/Adjusted EBITDAaL	1.7	3.2
Equity ratio, %	34.7%	17.2%
Investments tangible assets	-31.7	-26.2
Investments intangible assets	-17.4	-15.0
Number of outstanding shares before dilution	31,151,514	11,470,400
Number of outstanding shares after dilution	31,151,514	11,470,400
Average number of outstanding shares befor dilution	16,807,821	11,470,400

MSEK	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 21	Q4 21
Net sales	492.0	666.1	474.0	516.2	589.0	818.8
Gross profit	217.6	281.9	215.3	225.9	250.3	331.8
Gross margin, %	44.2%	42.3%	45.4%	43.8%	42.5%	40.5%
Adjusted EBITA	45.0	73.7	25.8	23.2	51.2	87.9
Adjusted EBITA margin, %	9.2%	11.1%	5.4%	4.5%	8.7%	10.7%
Cash flow from operating activities	46.8	177.8	-100.1	58.6	49.7	144.1
Working capital	43.4	-37.6	99.5	16.9	-0.2	-33.1
Core working capital	159.2	118.2	220.9	223.3	208.5	195.2

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	2021	2020	2019	2018
Profit (loss) for the period	62,419	58,838	52,535	45,823
Income tax	18,259	18,679	18,367	4,954
Net financial items	59,347	61,799	67,341	75,760
Operating profit (EBIT)	**140,025**	**139,316**	**138,243**	**126,537**
Amortisation on intangible assets related to business combinations	11,187	-	-	-
EBITA	**151,212**	**139,316**	**138,243**	**126,537**
Depreciation excl. amortisation on intangible assets related to business combinations	144,914	139,617	129,919	126,942
EBITDA	**296,126**	**278,933**	**268,162**	**253,479**
EBITA	151,212	139,316	138,243	126,537
Items affecting comparability	36,929	7,554	155	4,366
Adjusted EBITA	**188,141**	**146,870**	**138,398**	**130,903**
EBITDA	296,126	278,933	268,162	253,479
Items affecting comparability	36,929	7,554	155	4,366
Adjusted EBITDA	**333,055**	**286,487**	**268,317**	**257,845**
Depreciation right-of-use assets	-110,948	-109,157	-104,797	-100,430
Interest on lease liabilities	-10,070	-10,687	-14,291	-18,531
Adjusted EBITDAaL		-	-	-
Adjusted EBITDAaL	**212,037**	**166,643**	**149,229**	**138,884**
Net sales	2,398,033	1,999,000	1,870,964	1,690,884
EBITA margin, %	5.8%	7.0%	7.4%	7.5%
Adjusted EBITA margin, %	**7.8%**	**7.3%**	**7.4%**	**7.7%**

Items affecting comparability

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

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	2021	2020	2019	2018
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	4,366
Items affecting comparability	**36,929**	**7,554**	**155**	**4,366**

Net sales growth

%	2021	2020	2019	2018
Net sales current period	2,398,033	1,999,000	1,870,964	1,690,884
Net sales preceeding period	1,999,000	1,870,964	1,690,884	e.t
Net sales growth, %	**20.0%**	**6.8%**	**10.7%**	**e.t**

Comparable growth

TSEK	2021	2020	2019	2018
Comparable sales comparative period				
Recognised net sales comparative period	1,999,000	1,870,964	1,690,884	e.t
Adjustment for returns and loyalty programme comparative period	10,141	20,372	25,102	e.t
Revenue new service points and other channels	-5,501	-1,507	-1,453	e.t
Total comparable sales comparative period	**2,003,640**	**1,889,829**	**1,714,533**	**e.t**
Comparable sales current period				
Recognised net sales current period	2,398,033	1,999,000	1,870,964	e.t
Recognised net sales current period	11,306	10,260	20,370	e.t
Revenue new service points and other channels	-53,817	-42,786	-42,256	e.t
Revenue from business combinations	-204,375	e.t	e.t	e.t
Currency effects	-11,739	30,283	-1,132	e.t
Total comparable sales current period	**2,139,408**	**1,996,757**	**1,847,946**	**e.t**
Total comparable sales comparative period	2,003,640	1,889,829	1,714,533	e.t
Total comparable sales current period	2,139,408.00	1,996,757.00	1,847,946.00	e.t
Comparable growth, %	6.8%	5.7%	7.8%	e.t

Gross profit and gross margin

TSEK	2021	2020	2019	2018
Net sales	2,398,033	1,999,000	1,870,964	1,690,884
Goods for resale	-1,374,762	-1,121,524	-1,031,829	-889,494
Gross Profit	**1,023,271**	**877,476**	**839,135**	**801,390**
Gross Profit	1,023,271	877,476	839,135	801,390
Net sales	2,398,033	1,999,000	1,870,964	1,690,884
Gross margin, %	**42.7%**	**43.9%**	**44.9%**	**47.4%**

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

TSEK	2021	2020	2019	2018
Non-current interest bearing liabilities	446,909	843,839	853,982	860,828
Current interest bearing liabilities	149,200	26,000	26,000	26,000
Interest bearing liabilities	**596,109**	**869,839**	**879,982**	**886,828**
Cash and cash equivalents	-193,770	-340,422	-299,403	-288,914
Net financial debt	**402,339**	**529,417**	**580,579**	**597,914**
Non-current lease liabilities	158,750	156,539	214,363	301,869
Current lease liabilities	103,318	116,308	131,385	123,828
Lease liabilities	**262,068**	**272,847**	**345,748**	**425,697**
Total interest bearing liabilities	596,109	869,839	879,982	886,828
Total lease liabilities	262,068	272,847	345,748	425,697
Total financial liabilites	**858,177**	**1,142,686**	**1,225,730**	**1,312,525**
Cash and cash equivalents	-193,770	-340,422	-299,403	-288,914
Ned debt	**664,407**	**802,264**	**926,327**	**1,023,611**
Net financial debt	402,339	529,417	580,579	597,914
Adjusted EBITDAaL, R12	236,458	166,643	149,229	138,884
Net financial debt/Adjusted EBITDAal, times	**1.7**	**3.2**	**3.9**	**4.3**

Working capital

TSEK	2021	2020	2019	2018
Current assets	846,089	823,769	732,521	670,309
Cash and cash equivalents	-193,770	-340,422	-299,403	-288,914
Current liabilities excl. interest bearing liabilities and lease liabilities	-686,852	-520,924	-454,243	-422,699
Working capital	**-34,533**	**-37,577**	**-21,125**	**-41,304**
Current liabilities excl. interest bearing liabilities and lease liabilities				
Accounts payable	377,181	314,953	268,478	241,387
Tax liabilities	39,853	30,561	22,423	15,616
Other liabilities	153,175	67,618	73,418	73,900
Accrued expenses and deferred income	109,278	101,486	84,016	86,458
Provisions	7,365	6,306	5,908	5,338
Total	**686,852**	**520,924**	**454,243**	**422,699**

Core working capital

TSEK	2021	2020	2019	2018
Inventory	545,737	408,825	379,177	336,298
Accounts receivable	26,687	24,337	12,133	10,757
Accounts payable	-377,181	-314,953	-268,478	-241,387
Core working capital	**195,243**	**118,209**	**122,832**	**105,668**

Equity/assets ratio

%	2021	2020	2019	2018
Total equity	889,447	369,328	311,417	256,617
Total assets	2,564,664	2,144,686	2,103,794	2,105,788
Equity ratio, %	**34.7%**	**17.2%**	**14.8%**	**12.2%**

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 entire current and the entire comparative period.	The measure facilitates a comparison of net sales over time by excluding revenue from sales units and channels that were not operational for corresponding periods, adjusted for currency effects. The measure makes it possible to evaluate sales growth in existing channels.
Items affecting comparability	Income and cost items that are presented separately due to their nature and amounts. All items that are included are larger and material in certain periods and smaller or non-existent in other periods.	Items affecting comparability are used by management to explain fluctuations in historical 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.
Customer NPS (Net Promoter Score)	Describes the likelihood that a customer would recommend Kjell & Company to a friend or colleague on a scale of -100 to 100.

Share

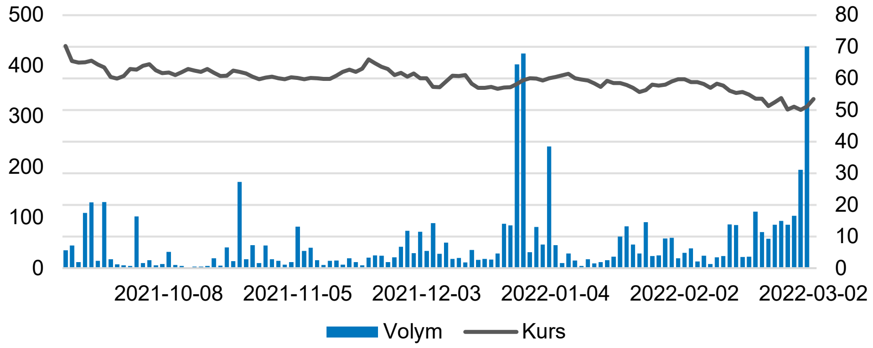
Kjell Group AB's (publ) share is listed on Nasdaq First North Growth Market under the ticker KJELL, with the ISIN SE0016797591. On the date of the IPO on 16 September 2021, the share price was SEK 55. The share price on the final day of trading during the period was SEK 59.3. The highest price paid, SEK 71.4, and lowest price paid, SEK 55.5, were quoted on 16 September and 20 December, respectively.

A total of 6,246,075 shares were traded during the quarter, corresponding to a turnover rate of 20% during the measurement period.

As of 31 December 2021, Kjell Group AB (publ) had approximately 4,500 shareholders, the largest of which were FSN Capital (22.87%), Fosielund Holding (7.06%), AMF Pension & Fonder (6.95%), Christian Damgaard Møller (4.76%) and Nordea Fonder (4.32%).

The number of shares issued as of 31 December 2021 was 31,151,514, all of which were common shares.

For more information, visit www.kjellgroup.com



Shareholders	Country	Number of shares	Number of shares %
FSN Capital	Jersey	7,123,353	22.9%
Familjen Eklund	Sweden	2,200,000	7.1%
AMF Pension & Fonder	Sweden	2,164,090	6.9%
Christian Damgaard Møller	Denmark	1,481,627	4.8%
Nordea Fonder	Finland	1,344,511	4.3%
Nordnet Pensionsförsäkring	Sweden	1,183,907	3.8%
Lazard Asset Management	USA	909,090	2.9%
Håkan Roos (RoosGruppen)	Sweden	909,090	2.9%
Carnegie Fonder	Sweden	909,090	2.9%
Fredrik Dahnelius	Sweden	759,990	2.4%

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 138 service points, of which 111 in Sweden and 27 in Norway.

Through Kjell & Company's loyalty club, with over 2.6 million members, and the Danish company AV-Cables.dk's over 500,000 customers, 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.

Kjell & Company

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