



Interim report Q3

1 January–30 September 2023

Third quarter

- Net sales increased 5.5% to MSEK 650.8 (617.0)
- Comparable growth amounted to 3.4% (1.1)
- Gross profit increased 4.5% to MSEK 279.7 (267.6) and the gross margin was 43.0% (43.4)
- Adjusted EBITA totalled MSEK 42.9 (40.8) and the adjusted EBITA margin was 6.6% (6.6)
- Operating profit amounted to MSEK 38.0 (36.4) and the operating margin to 5.8% (5.9)
- Net profit for the quarter amounted to MSEK 25.2 (25.7)
- Cash flow from operating activities totalled MSEK 131.2 (83.4)
- Earnings per share before and after dilution amounted to SEK 0.81 (0.83)

1 January–30 September

- Net sales declined 2.6% to MSEK 1,797.5 (1,846.0)
- Comparable growth amounted to -4.5% (6.6)
- Gross profit declined 1.7% to MSEK 775.1 (789.0) while the gross margin improved to 43.1% (42.7)
- Adjusted EBITA totalled MSEK 51.7 (77.7) and the adjusted EBITA margin was 2.9% (4.2)
- Operating profit amounted to MSEK 37.5 (64.7) and the operating margin to 2.1% (3.5)
- The net loss for the period amounted to MSEK -0.1 (profit: 39.6)
- Cash flow from operating activities totalled MSEK 102.4 (29.3)
- Earnings per share before and after dilution amounted to SEK -0.00 (1.27)

Significant events during and after the end of the quarter

- In September, Kjell & Company was named Sweden's strongest consumer electronics brand in the Evimetrix Swedish Brand Awards
- In October, Kjell & Company was named the top consumer electronics company at Market magazine's Market Awards
- In August, a collaboration was initiated with 24SJU, with the goal of having established Kjell & Company Express at all of the franchise chain's 86 unmanned stores in Sweden by the end of the year

Performance measures

| MSEK | Q3 | | Jan-Sep | | Oct-Sep | Jan-Dec |
|---------------------------------------|-------|-------|---------|---------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 | 22/23 | 2022 |
| Net Sales | 650.8 | 617.0 | 1,797.5 | 1,846.0 | 2,559.5 | 2,607.9 |
| Sales growth, % | 5.5% | 4.7% | -2.6% | 16.9% * | -4.0% | 8.8% |
| Comparable growth, % | 3.4% | 1.1% | -4.5% | 6.6% | - | 0.7% |
| Gross profit | 279.7 | 267.6 | 775.1 | 788.9 | 1,085.4 | 1,099.2 |
| Gross margin, % | 43.0% | 43.4% | 43.1% | 42.7% | 42.4% | 42.1% |
| Adjusted EBITA | 42.9 | 40.8 | 51.7 | 77.7 | 108.8 | 134.8 |
| Adjusted EBITA-margin, % | 6.6% | 6.6% | 2.9% | 4.2% | 4.2% | 5.2% |
| Operating profit (EBIT) | 38.0 | 36.4 | 37.5 | 64.7 | 90.0 | 117.2 |
| Cash flow from operating activities | 131.2 | 83.4 | 102.4 | 29.3 | 315.4 | 242.3 |
| Equity ratio | 42.5% | 39.8% | 42.5% | 39.8% | - | 40.8% |
| Basic earnings (loss) per share, SEK* | 0.81 | 0.83 | -0.00 | 1.27 | - | 2.29 |
| Members in loyalty club, thousand | 3,212 | 2,965 | 3,212 | 2,965 | - | 3,107 |

* Net sales growth for the period in 2022 includes acquisition effects from the acquisition of AV-Cables. Excluding acquisitions, net sales growth for the period in 2022 amounted to -2.7%. Net sales growth for the quarter in 2022 was not impacted by the acquisition.

Profitable growth and strong cash flow

With sales growth of 5.5% for the quarter, our sales amounted to MSEK 650.8 (617). Adjusted EBITA amounted to MSEK 42.9 (40.8) for the quarter. We consider this profitable sales growth to be a very positive sign and confirmation of the strength of Kjell Group and our business. Through systematic improvements, we have also improved our working capital efficiency and generated a very strong cash flow that has significantly reduced our net debt.

We see that the ongoing digitalisation of society is creating a continuous need for our products, expertise and services in everyday technology, leaving us well positioned for the future. During the quarter, we continued to develop and improve our customer offering to make it more relevant for our customers. The marketing investments that we initiated in the Norwegian market at the end of the last quarter paid off during the third quarter, contributing to strong growth in all channels in Norway. All of our channels in Sweden also delivered growth, and we successfully improved the profitability of our business in Denmark.

Strong cash flow driven by efficiency enhancements

During the year, a number of efficiency measures have been implemented across the Company to provide scope for investments and to strengthen our profitability. Over the past quarter, we have seen positive results from our efforts to improve the cost efficiency of our purchasing, logistics and store operations. We are also continuing to implement a number of initiatives to further improve our efficiency.

Our initiatives have also enabled us to improve our working capital utilisation, which strengthened our cash flow and thereby reduced our net debt by approximately MSEK 90 in the quarter. We also see additional opportunities to further improve our working capital utilisation going forward.

Customer favourite in the industry

I want to take every opportunity to highlight and celebrate the entrepreneurial and innovative spirit of our organisation. This spirit has enabled us to develop new solutions and offerings that have made us even more relevant for our customers. This is also reflected in our continued positive results when it comes to our most important performance measure: customer satisfaction.



In September, Kjell & Company was named Sweden's strongest consumer electronics brand in the Evimetrix Swedish Brand Awards, a survey based on the Satisfied Customer Index and brand awareness among customers. In October, we were also named the named the top company in the industry at the Market Awards in recognition for our ability, in times of change, to find innovative solutions to continue reaching tech-savvy customers.

Continued investment for growth

We see the current macro situation as an opportunity to continue pursuing future growth and thus an increased market share. Among other initiatives, we will expand our offer towards B2B customers and carry out a broader marketing initiative to promote brand awareness and brand preference for Kjell & Company as an expert in everyday technology. The same communication campaign that targeted Norwegian consumers ahead of the third quarter is now being carried out in Norway and Sweden in the fourth quarter.

It is now clear that our efforts have paid off, which has boosted the organisation's confidence as we enter our most important period of the year, including Black Week and the Christmas shopping period.

Malmö,
31 October 2023
Andreas Rylander
President and CEO

Summary of the Group's financial performance

Net sales

Net sales increased 5.5% to MSEK 650.8 (617.0) in the quarter, but declined 2.6% to MSEK 1,797.5 (1,846.0) in the period. Comparable growth amounted to 3.4% (1.1) in the quarter and -4.5% (6.6%) in the period.

Net sales in segment Sweden increased 4.4% to MSEK 479.9 (459.5) in the quarter, but declined 4.2% to MSEK 1,300.0 (1,357.0) in the period. With more relevant offerings, we successfully returned to growth in all channels in the quarter.

Net sales for segment Norway increased 26.3% to MSEK 103.4 (81.8) in the quarter and 5.2% to MSEK 266.8 (253.6) in the period. The marketing investment initiated in the preceding quarter paid off in the third quarter and contributed to strong growth in all channels.

Net sales for segment Denmark declined 10.7% to MSEK 67.5 (75.6) in the quarter and 1.9% in the period, with sales amounting to MSEK 231.0 (235.5). We deliberately focused on improved profitability in our customer offering and market mix, which meant that we discontinued unprofitable sales. Adjusted EBITA in the quarter increased year-on-year, and the adjusted EBITA margin therefore improved from 6.6% to 8.9%.

The breakdown by channel remained essentially unchanged during the quarter for the Group. The decline in sales in Denmark, which was purely online, was offset by growth in online sales in Sweden and Norway. Online sales accounted for 29% of sales for the rolling 12-month period, and Click&Collect for an additional 8% of sales.

Operating expenses

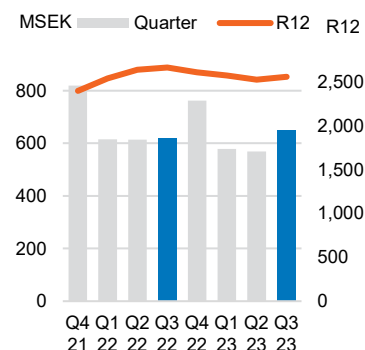
Operating expenses increased 5.2% in the quarter, but declined 1.2% in the period, amounting to MSEK 615.5 (585.2) for the quarter and to MSEK 1,768.0 (1,789.7) for the period.

Costs of goods for resale amounted to MSEK 371.0 (349.3) for the quarter and to MSEK 1,022.4 (1,057.0) for the period. Gross profit amounted to MSEK 279.7 (267.6) for the quarter, up 4.5%, and to MSEK 775.1 (788.9) for the period, down 1.7%. The gross margin amounted to 43.0% (43.4) for the quarter and 43.1% (42.7) for the period. The higher gross profit for the quarter was mainly attributable to an increase in net sales. The decline in gross profit for the period was primarily the result of lower net sales.

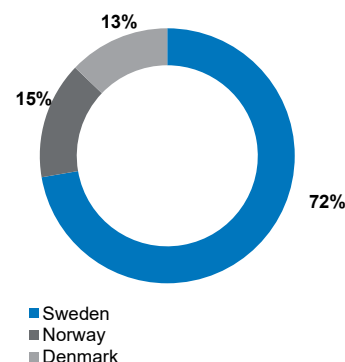
Personnel costs amounted to MSEK 118.7 (116.1) for the quarter and to MSEK 372.3 (365.4) for the period, an increase of 2.2% and 1.9%, respectively. In addition to salary increases following this year's collective bargaining negotiations, we also had two more service points at the end of the quarter than in the year-earlier period. Moreover, the previous reduction in social security contributions for young employees in segment Sweden has been discontinued, and a large share of our knowledgeable personnel falls within this age range. The efficiency measures we have implemented during the year have successfully offset inflation.

Other external expenses amounted to MSEK 78.5 (69.9) for the quarter and to MSEK 227.5 (220.9) for the period, an increase of 12.3% and 3.0%, respectively. The increase in expenses in both the quarter and the period was a result of marketing investments in our growth markets, which were partly offset by cost efficiency enhancements. A

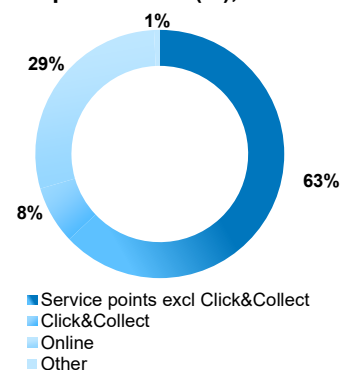
Net sales (MSEK)



Net sales per segment (%), period



Sales¹ per channel (%), R12



¹Sales before deduction for customer loyalty bonuses

certain portion of expenses were offset by lower volumes during the period. We remain focused on enhancing efficiency and cost control in order to combat the increase in our cost base caused by inflation. The cost trend was impacted by the fact that we had two more service points at the end of the quarter than in the year-earlier period.

Other operating expenses amounted to MSEK 0 (5.7) for the quarter and to MSEK 5.1 (16.7) for the period. This item primarily consisted of currency losses. Other operating income amounted to MSEK 2.8 (4.6) for the quarter and mainly comprised positive currency effects. Other operating income for the period amounted to MSEK 8.0 (8.4) and was primarily attributable to investment contributions in connection with relocations, the establishment of new service points and positive currency fluctuations. Operating income for the preceding year was primarily attributable to investment contributions. Total currency effects amounted to net income of MSEK 2.6 in the quarter and a net loss of MSEK 5.1 for the period, compared with a loss of MSEK 2.5 in the comparative quarter and a loss of MSEK 10.1 in the comparative period.

Total depreciation and amortisation amounted to MSEK 47.3 (44.1) for the quarter and to MSEK 140.7 (129.6) for the period, of which MSEK 4.9 (4.4) in the quarter and MSEK 14.2 (13.0) in the period pertained to amortisation of intangible assets arising from the acquisition of AV-Cables. Depreciation of right-of-use assets in accordance with IFRS 16 amounted to MSEK 29.8 (29.9) for the quarter and to MSEK 95.1 (87.5) for the period.

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

Adjusted EBITA

The Group's adjusted EBITA amounted to MSEK 42.9 (40.8) for the quarter and to MSEK 51.7 (77.7) for the period.

Operating profit

The Group's operating profit (EBIT) amounted to MSEK 38.0 (36.4) for the quarter and to MSEK 37.5 (64.7) for the period, corresponding to an operating margin of 5.8% (5.9) in the quarter and 2.1% (3.5) in the period.

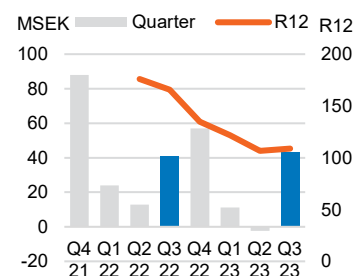
Net financial items

The Group's net financial items amounted to MSEK -11.6 (-7.5) for the quarter and to MSEK -30.9 (-18.9) for the period. Net financial items include interest expenses pertaining to lease liabilities in an amount of MSEK 2.2 (2.0) for the quarter and MSEK 6.7 (6.5) for the period. The increase is attributable to higher interest expenses pertaining to the prevailing market conditions in the quarter and in the period.

Earnings

Earnings amounted to MSEK 25.2 (25.7) for the quarter and to MSEK -0.1 (39.7) for the period.

Adjusted EBITA (MSEK)



Adjusted EBITA margin

Period: 2.9% (4.2%)

Cash flow and financial position

The Group's cash flow from operating activities totalled MSEK 131.2 (83.4) for the quarter and MSEK 102.4 (29.3) for the period. We successfully improved our working capital utilisation, which contributed to our very strong cash flow for the quarter, and net debt therefore declined. We also see additional opportunities to further improve working capital utilisation going forward.

We are exiting the quarter with lower inventories compared with the year-earlier period, and our turnover rate has improved. Our total core working capital is also lower compared with the year-earlier period, both in absolute terms and as a share of net sales.

Cash flow from investing activities amounted to MSEK -3.7 (-10.8) for the quarter and to MSEK -19.0 (-108.3) for the period. Given the current macro environment, we have reduced the pace of establishment of service points and have been more cautious in other investments. The comparative period was charged with the payment of an earnout of MSEK 73.9 to the seller of AV-Cables, which marked the final payment.

Cash flow from financing activities amounted to MSEK -71.9 (-73.7) for the quarter and to MSEK -115.5 (-80.2) for the period. Cash flow for the quarter and for the period this year comprised the repayment of lease liabilities and bank financing according to plan. The year-earlier period was positively impacted by external loans raised for financing the earnout for AV-Cables and a change in the utilisation of the revolving credit facility.

The Group's cash and cash equivalents amounted to MSEK 85.9 at the end of the reporting period, compared with MSEK 117.6 at the beginning of the year, not taking into account unutilised credit facilities.

The Group's financial net debt amounted to MSEK 428.3 at the end of the quarter, compared with MSEK 518.8 at the beginning of the quarter and MSEK 405.1 at the beginning of the year. Financial net debt in relation to adjusted EBITDAaL (rolling 12 months) was 3.0, compared with 3.7 at the beginning of the quarter and 2.5 at the beginning of the year.

The Group's equity amounted to MSEK 1,012.7 at the end of the reporting period, compared with MSEK 998.8 at the beginning of the year.

Significant events during and after the end of the quarter

- In September, Kjell & Company was named Sweden's strongest consumer electronics brand in the Evimetrix Swedish Brand Awards, a survey based on the Satisfied Customer Index and brand awareness among customers.
- In October, Kjell & Company was named the top consumer electronics company at the Market Awards. The choice of winners was based on a survey that looks at sales and profit growth and other financial performance measures, customer experience, brand strength and market position, innovation, and sustainability.
- In August, a collaboration was initiated with 24SJU, with the goal of having established Kjell & Company Express at all of the franchise chain's 86 unmanned stores in Sweden by the end of the year.

Financial targets

The Group has the following financial targets:

NET SALES

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

PROFITABILITY

Adjusted EBITA margin of 8% in the medium term.

CAPITAL STRUCTURE

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

DIVIDEND POLICY

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

Parent Company

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

The Parent Company's net sales amounted to MSEK 5.1 (6.2) for the quarter and MSEK 17.3 (18.1) for the period, and pertained entirely to intra-Group invoicing. Operating expenses amounted to MSEK 6.1 (7.8) for the quarter and MSEK 20.5 (23.1) for the period, and consisted of personnel costs for the management team of MSEK 4.9 (5.5) in the quarter and MSEK 16.9 (17.8) in the period. Other operating expenses comprised other external expenses of MSEK 1.1 (2.2) for the quarter and MSEK 3.5 (5.3) for the period as well as amortisation and depreciation. The quarter and the period were charged with interest expenses of MSEK 8.4 (4.4) and MSEK 20.7 (10.6), respectively, for the Group's credit facility. The increase compared with the previous year is due to increased interest rates for financing as a result of the prevailing market conditions. Interest income of MSEK 0.2 (0.5) for the quarter and MSEK 0.6 (1.3) for the period consisted primarily of intra-Group interest related to the cash pool. A loss after financial items of MSEK -9.2 (-5.4) was reported for the quarter and MSEK -23.3 (-14.4) for the period.

Financial non-current assets amounted to MSEK 1,611 (1,611). Short-term receivables amounted to MSEK 95.9 (172.8), which largely consisted of inter-company transactions due to the cash pool.

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

The share

Kjell Group AB's (publ) share is listed on Nasdaq First North Growth Market under the ticker KJELL, with the ISIN SE0016797591. The highest and lowest share prices during the quarter were SEK 24.50 and SEK 16.80 on 14 July and 19 September, respectively.

A total of 1,062,076 shares were traded during the quarter, corresponding to a turnover rate of approximately 3.5% during the measurement period.

As of 30 September 2023, Kjell Group AB (publ) had approximately 4,260 shareholders, the largest of which were FSN Capital (22.87%), Fosielund Holding (10.98%), Cervantes Capital (6.95%), AMF Pension & Fonder (6.95%) and Nordea Fonder (4.64%).

The number of shares in issue as of 30 September 2023 was 31,151,514, all of which were common shares.

For more information, visit www.kjellgroup.com

Condensed consolidated statement of profit or loss

| TSEK | Note | Q3 | | Jan-Sep | | Jan-Dec |
|---|------|----------------|----------------|------------------|------------------|------------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Operating income | | | | | | |
| Net sales | 4 | 650,753 | 616,958 | 1,797,495 | 1,845,966 | 2,607,929 |
| Other operating income | | 2,793 | 4,602 | 7,955 | 8,392 | 13,884 |
| | | 653,546 | 621,560 | 1,805,450 | 1,854,358 | 2,621,813 |
| Operating expenses | | | | | | |
| Goods for resale | | -371,027 | -349,321 | -1,022,355 | -1,057,033 | -1,508,760 |
| Personnel costs | | -118,679 | -116,099 | -372,251 | -365,428 | -493,672 |
| Other external expenses | | -78,498 | -69,927 | -227,497 | -220,923 | -307,491 |
| Other operating expenses | | 0 | -5,714 | -5,136 | -16,717 | -18,836 |
| Depreciation/amortisation of tangible and intangible assets | | -47,295 | -44,092 | -140,713 | -129,605 | -175,873 |
| Operating profit | | 38,047 | 36,407 | 37,498 | 64,652 | 117,181 |
| Financial items | | | | | | |
| Financial income | | 238 | 227 | 391 | 1,957 | 2,083 |
| Financial expenses | | -11,850 | -7,696 | -31,244 | -20,860 | -31,404 |
| Net financial items | | -11,612 | -7,469 | -30,853 | -18,903 | -29,321 |
| Profit (loss) before tax | | | | | | |
| | | 26,435 | 28,938 | 6,645 | 45,749 | 87,860 |
| Income tax | | -1,223 | -3,201 | -6,783 | -6,095 | -16,660 |
| Net profit (loss) for the period | | 25,212 | 25,737 | -138 | 39,654 | 71,200 |
| Net profit (loss) for the period attributable to: | | | | | | |
| Parent Company's shareholders | | 25,212 | 25,737 | -138 | 39,654 | 71,200 |
| Net profit (loss) for the period | | 25,212 | 25,737 | -138 | 39,654 | 71,200 |
| Earnings (loss) per share | | | | | | |
| Basic earnings (loss) per share, SEK | 5 | 0.81 | 0.83 | -0.00 | 1.27 | 2.29 |
| Diluted earnings (loss) per share, SEK | 5 | 0.81 | 0.83 | -0.00 | 1.27 | 2.29 |

Condensed consolidated statement of profit or loss and other comprehensive income

| TSEK | Q3 | | Jan-Sep | | Jan-Dec |
|---|----------------|---------------|---------------|---------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Net profit (loss) for the period | 25,212 | 25,737 | -138 | 39,654 | 71,200 |
| Other comprehensive income | | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> | | | | | |
| Exchange differences of foreign operations | -10,874 | 5,548 | 11,720 | 27,068 | 35,996 |
| Other comprehensive income for the period | -10,874 | 5,548 | 11,720 | 27,068 | 35,996 |
| Total comprehensive income for the period | 14,338 | 31,285 | 11,582 | 66,722 | 107,196 |
| Comprehensive income for the period attributable to: | | | | | |
| Parent Company's shareholders | 14,338 | 31,285 | 11,582 | 66,722 | 107,196 |
| Total comprehensive income for the period | 14,338 | 31,285 | 11,582 | 66,722 | 107,196 |

Condensed consolidated statement of financial position

| TSEK | Note | 30 Sep | | 31 Dec |
|--|------|------------------|------------------|------------------|
| | | 2023 | 2022 | 2022 |
| Assets | | | | |
| Intangible assets | | 1,366,638 | 1,371,183 | 1,372,032 |
| Tangible assets | | 91,428 | 99,823 | 100,514 |
| Right-of-use assets | | 244,214 | 246,150 | 275,888 |
| Deferred tax assets | | 258 | 442 | 258 |
| Total non-current assets | | 1,702,538 | 1,717,598 | 1,748,692 |
| Inventory | | 500,764 | 564,435 | 487,525 |
| Tax assets | | 26,459 | 32,365 | 28,774 |
| Accounts receivable | | 29,692 | 25,539 | 28,369 |
| Prepaid expenses and accrued income | | 35,574 | 29,521 | 34,321 |
| Other receivables | | 2,599 | 1,349 | 1,616 |
| Cash and cash equivalents | | 85,858 | 37,590 | 117,619 |
| Total current assets | | 680,946 | 690,799 | 698,224 |
| Total assets | | 2,383,484 | 2,408,397 | 2,446,916 |
| Equity | | | | |
| Share capital | | 515 | 515 | 515 |
| Other contributed capital | | 458,428 | 455,673 | 456,111 |
| Reserves | | 53,400 | 32,752 | 41,680 |
| Retained earnings including net profit (loss) for the period | | 500,332 | 468,924 | 500,470 |
| Equity attributable to Parent Company's shareholders | | 1,012,675 | 957,864 | 998,776 |
| Total equity | | 1,012,675 | 957,864 | 998,776 |
| Liabilities | | | | |
| Non-current interest-bearing liabilities | 6 | 494,372 | 513,323 | 513,528 |
| Non-current lease liabilities | | 123,866 | 143,996 | 153,152 |
| Other non-current liabilities | | - | 102 | 102 |
| Deferred tax liabilities | | 127,672 | 128,417 | 127,350 |
| Total non-current liabilities | | 745,910 | 785,838 | 794,132 |
| Current interest-bearing liabilities | 6 | 19,770 | 99,002 | 9,200 |
| Current lease liabilities | | 104,311 | 95,594 | 113,465 |
| Accounts payable | | 301,771 | 292,026 | 330,028 |
| Tax liabilities | | 13,269 | 26,496 | 22,342 |
| Other liabilities | 6 | 66,693 | 58,892 | 74,592 |
| Accrued expenses and deferred income | | 111,628 | 84,884 | 96,773 |
| Provisions | | 7,457 | 7,801 | 7,608 |
| Total current liabilities | | 624,899 | 664,695 | 654,008 |
| Total liabilities | | 1,370,809 | 1,450,533 | 1,448,140 |
| Total equity and liabilities | | 2,383,484 | 2,408,397 | 2,446,916 |

Condensed consolidated statement of changes in equity

| TSEK | Equity attributable to Parent Company's shareholders | | | | | Total equity |
|--|--|---------------------------|---------------------|---------------|--|------------------|
| | Share capital | Other contributed capital | Translation reserve | Hedge reserve | Retained earnings incl. net profit (loss) for the period | |
| Balance at 1 Jan 2023 | 515 | 456,111 | 41,680 | - | 500,470 | 998,776 |
| Transactions with owners of the company | | | | | | |
| Incentive programme | | 2,317 | | | | 2,317 |
| Comprehensive income for the period | | | | | | |
| Net profit (loss) for the period | - | - | - | - | -138 | -138 |
| Other comprehensive income for the period | - | - | 11,720 | - | - | 11,720 |
| Total comprehensive income for the period | - | - | 11,720 | - | -138 | 11,582 |
| Closing balance 30 Sep 2023 | 515 | 458,428 | 53,400 | - | 500,332 | 1,012,675 |
| Balance at 1 Jan 2022 | 515 | 453,978 | 5,684 | - | 429,270 | 889,447 |
| Transactions with owners of the company | | | | | | |
| Incentive programme | - | 1,695 | - | - | - | 1,695 |
| Comprehensive income for the period | | | | | | |
| Net profit (loss) for the period | - | - | - | - | 39,654 | 39,654 |
| Other comprehensive income for the period | - | - | 27,068 | - | - | 27,068 |
| Total comprehensive income for the period | - | - | 27,068 | - | 39,654 | 66,722 |
| Closing balance 30 sep 2022 | 515 | 455,673 | 32,752 | 0 | 468,924 | 957,864 |

Condensed consolidated statement of cash flows

| TSEK | Q3 | | Jan-Sep | | Jan-Dec |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Cash flow from operating activities | | | | | |
| Profit (loss) before tax | 26,435 | 28,938 | 6,645 | 45,749 | 87,860 |
| Adjustments for non-cash items | 46,422 | 52,209 | 135,300 | 137,258 | 174,939 |
| Income tax paid | -4,411 | -6,931 | -14,669 | -27,814 | -39,460 |
| | 68,446 | 74,216 | 127,276 | 155,193 | 223,339 |
| Increase (-)/decrease (+) in inventories | 6,060 | -2,151 | -15,192 | -13,448 | 65,505 |
| Increase (-)/decrease (+) in operating receivables | -9,370 | -690 | -3,506 | 23,777 | 16,280 |
| Increase (+)/decrease (-) in operating liabilities | 66,041 | 12,009 | -6,220 | -136,271 | -62,874 |
| Cash flow from operating activities | 131,177 | 83,384 | 102,358 | 29,251 | 242,250 |
| Investing activities | | | | | |
| Acquisition of tangible assets | -1,525 | -7,483 | -10,327 | -23,755 | -30,042 |
| Acquisition of intangible assets | -2,160 | -3,351 | -8,718 | -10,596 | -14,163 |
| Acquisition of subsidiaries | - | - | - | - | - |
| Settlement of additional purchase price related to acquisition of subsidiaries | - | - | - | -73,944 | -73,944 |
| Cash flow from investing activities | -3,685 | -10,834 | -19,045 | -108,295 | -118,149 |
| Proceeds of loans | - | 27,360 | 33,326 | 258,977 | 258,977 |
| Repayment of loans | -35,375 | -68,681 | -42,326 | -244,355 | -332,916 |
| Repayment of lease liabilities | -36,578 | -32,336 | -106,524 | -94,838 | -130,460 |
| Cash flow from financing activities | -71,953 | -73,657 | -115,524 | -80,216 | -204,399 |
| Cash flow for the period | 55,539 | -1,107 | -32,211 | -159,260 | -80,298 |
| Cash and cash equivalents at the beginning of the period | 30,568 | 37,877 | 117,619 | 193,770 | 193,770 |
| Exchange rate differences in cash and cash equivalents | -249 | 820 | 450 | 3,080 | 4,147 |
| Cash and cash equivalents at the end of the period | 85,858 | 37,590 | 85,858 | 37,590 | 117,619 |

Condensed notes to the financial statements

Not 1 General information

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

Not 2 Accounting policies

This interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the applicable provisions in the Swedish Annual Accounts Act, and should be read together with the Group’s annual report for 2022. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act, *Interim Report*. This interim report does not contain all the information required for comprehensive reporting in accordance with IFRS. However, explanatory notes have been included to explain events and transactions that are material for understanding the changes in the Group’s financial position and performance. The accounting policies applied in this interim report are the same as those applied in the annual reports for 2022 for both the Group and the Parent Company. The Group did not apply any new IFRS or new interpretations published by the IFRS Interpretations Committee in advance. Issued standards and interpretations that have not yet come into effect are not expected to have any material impact on the Group.

Not 3 Important estimates and judgements

The management of the Group makes estimates and assumptions about the future, and makes judgements on which accounting policies should be applied to the preparation of the financial statements. Estimates and judgements are reviewed continuously and

assumptions are based on historical experience and other factors, including expectations of future events considered reasonable under the prevailing circumstances. The resulting accounting estimates will, by definition, seldom correspond to the actual results. The material estimates made by management when applying the Group’s accounting policies and the most important sources of uncertainty in the estimates are the same as those described in Note 33 of the Group’s annual report for 2022.

Not 4 Revenue and operating segments

The Group’s operations are divided into operating segments based on the parts of the organisation monitored by the company’s chief operating decision maker, known as the management approach. For the Kjell Group, this means that the Group’s operations are divided into three segments: Sweden, Norway and Denmark, which correspond to the operations in each country. The segments encompass sales via service points in Sweden and Norway and online-generated sales in all countries. Segment Sweden includes costs for Group-wide functions, including the purchasing organisation in Shanghai, since this reflects how the segments are monitored internally by the Group. All revenue for the segments is from sales to external customers. The same accounting policies are applied to the segments as for the Group. The performance measure recognised for the segments is “Adjusted EBITA.” Information about each reportable segment is provided below.

| Jul-Sep TSEK | Sweden | | Norway | | Denmark | | Total | |
|--|---------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net sales | 479,871 | 459,495 | 103,383 | 81,847 | 67,499 | 75,616 | 650,753 | 616,958 |
| Depreciation excl.amortisation on intangible assets related to business combinations | 34,464 | 31,489 | 7,521 | 8,039 | 454 | 175 | 42,439 | 39,703 |
| Adjusted EBITA | 33,482 | 34,540 | 3,395 | 1,268 | 6,027 | 4,994 | 42,904 | 40,802 |
| Amortisation on intangible assets related to business combinations | | | | | | | -4,857 | -4,395 |
| Items affecting comparability | | | | | | | - | - |
| Operating profit | | | | | | | 38,047 | 36,407 |
| Net financial items | | | | | | | -11,612 | -7,469 |
| Profit (loss) before tax | | | | | | | 26,435 | 28,938 |

| Jan-Sep TSEK | Sweden | | Norway | | Denmark | | Total | |
|--|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net sales | 1,299,645 | 1,356,848 | 266,813 | 253,595 | 231,037 | 235,523 | 1,797,495 | 1,845,966 |
| Depreciation excl.amortisation on intangible assets related to business combinations | 103,179 | 93,143 | 22,025 | 22,488 | 1,293 | 923 | 126,497 | 116,555 |
| Adjusted EBITA | 31,172 | 59,242 | -1,595 | 1,362 | 22,137 | 17,103 | 51,714 | 77,707 |
| Amortisation on intangible assets related to business combinations | | | | | | | -14,216 | -13,054 |
| Items affecting comparability | | | | | | | - | - |
| Operating profit | | | | | | | 37,498 | 64,653 |
| Net financial items | | | | | | | -30,853 | -18,903 |
| Profit (loss) before tax | | | | | | | 6,645 | 45,750 |

Not 5 Earnings per share

Earnings per share are calculated as net profit for the period divided by the weighted average number of shares during the period.

Not 6 Fair value of financial instruments

The fair value of the liabilities in the Group's credit facility is estimated at TSEK 516,804 (615,601), compared with the carrying amount of TSEK 514,142 (612,325). The facility carries a floating interest rate plus a margin. Management estimates that there has been no change in credit margins since the loan agreement was signed that could have a material impact on the fair value of the loan. The difference between the fair value and the carrying amount of the bank facilities is thus primarily attributable to the carrying amount of the loan including transaction costs that remain to be amortised as part of the effective interest rate.

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

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

| Contingent consideration TSEK | 30 Sep | | 31 Dec |
|---|--------|---------|---------|
| | 2023 | 2022 | 2022 |
| Balance at the beginning of the period | - | 75,387 | 75,387 |
| Added through business combinations | - | - | - |
| Payments | - | -73,944 | -73,944 |
| <i>Recognised in profit or loss</i> | | | |
| Change in fair value | - | - | - |
| Currency effects | - | -1,443 | -1,443 |
| Balance at the end of the period | - | - | - |

Not 7 Seasonal variations

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

Not 8 Risks and uncertainties

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

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

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

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

The Group's Board of Directors and management have reviewed the development of these material risks and uncertainties since the publication of the annual report for 2022. At the time this interim report was published, the war between Russia and Ukraine is still ongoing. Recent events in the Middle East have also led to a renewed flare-up of the long-standing war in Israel and Gaza. Although the Group has no direct exposure to these markets, Group management and the Board are continuously evaluating the potential negative effects of this conflict on demand for the Group's products, such as declining consumer confidence stemming from the indirect effects of the war, higher energy prices, rising interest rates and increased inflation.

Group management and the Board are regularly following changes in the geopolitical situation. Examples of geopolitical tensions that may affect the Group's operations include growing tensions and increased trade restrictions between the US, Europe and China, and the potential impact of these changes on the global economy. Tensions between Taiwan and China are also being continuously monitored.

Not 9 Other disclosures

Incentive programmes

The AGM on 16 May 2023 introduced a long-term incentive programme (2023) in the form of a performance share savings programme. In order to participate in the long-term incentive programme, participants are required to acquire shares (known as "savings shares") in Kjell Group AB. Participants who retain their savings shares during the vesting period of about three years and remain an employee of Kjell & Company for the entire vesting period will be entitled to receive performance shares free of charge, on the condition that the performance criterion has been fulfilled. The performance criterion

refers to the total shareholder return for the company's share during the vesting period of about three years, known as a "TSR criterion."

After final allotment, this will result in a dilution of approximately 1.14% of the total number of shares outstanding. The initial calculation of dilution on full allotment was estimated at 1.21%. The costs for the long-term incentive programme are estimated at approximately MSEK 3.0 excluding social security contributions of about MSEK 1.2. The initial calculation on full allotment amounted to MSEK 3.5 and MSEK 1.8, respectively.

The long-term incentive programme is recognised in accordance with IFRS 2 *Share-based Payment*. Accordingly, the cost for the programme is recognised over the vesting period of approximately three years. For more information about the performance share savings programme 2023, refer to the minutes of the AGM at www.kjellgroup.com.

Kjell Group has two previously adopted performance share programmes (2022 and 2021) currently in effect. The total IFRS 2 cost for Kjell Group's performance share savings programme is reported under Equity.

Not 10 Significant events after the reporting date

No significant events took place after the end of the period.

Condensed Parent Company income statement

| TSEK | Q3 | | Jan-Sep | | Jan-Dec |
|--|---------------|---------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Net sales | | | | | |
| Operating income | 5,113 | 6,232 | 17,265 | 18,094 | 24,607 |
| | 5,113 | 6,232 | 17,265 | 18,094 | 24,607 |
| Operating expenses | | | | | |
| Other external expenses | -1,120 | -2,226 | -3,543 | -5,314 | -7,584 |
| Personnel costs | -4,937 | -5,538 | -16,920 | -17,802 | -21,788 |
| Depreciation of tangible assets | -3 | -4 | -10 | -4 | -8 |
| Operating profit | -947 | -1,536 | -3,208 | -5,026 | -4,773 |
| Financial items | | | | | |
| Financial income | 210 | 524 | 594 | 1,280 | 1,724 |
| Financial expenses | -8,421 | -4,408 | -20,660 | -10,627 | -17,393 |
| Profit (loss) after financial items | -9,158 | -5,420 | -23,274 | -14,373 | -20,442 |
| Appropriations | - | - | - | - | 55,825 |
| Profit (loss) before tax | -9,158 | -5,420 | -23,274 | -14,373 | 35,383 |
| Income tax | - | - | - | - | -7,181 |
| Profit (loss) for the period | -9,158 | -5,420 | -23,274 | -14,373 | 28,202 |

Condensed Parent Company balance sheet

| TSEK | Note | 30 Sep | | 31 Dec |
|---|------|------------------|------------------|------------------|
| | | 2023 | 2022 | 2022 |
| Assets | | | | |
| Non-current assets | | | | |
| Tangible assets | | | | |
| Machinery and equipment | | 22 | 35 | 32 |
| Total Tangible assets | | 22 | 35 | 32 |
| Financial non-current assets | | | | |
| Participation in group companies | | 1,610,702 | 1,609,896 | 1,610,068 |
| Deferred tax assets | | 422 | 1,448 | 422 |
| Total financial non-current assets | | 1,611,124 | 1,611,344 | 1,610,490 |
| Total non-current assets | | 1,611,146 | 1,611,379 | 1,610,522 |
| Current assets | | | | |
| Current receivables from group companies | | 82,169 | 164,818 | 53,069 |
| Prepaid expenses and accrued income | | 1,649 | 2,998 | 1,823 |
| Other receivables | | 23 | 437 | - |
| Tax receivables | | 12,039 | 4,558 | 6,725 |
| Total current receivables | | 95,880 | 172,811 | 61,617 |
| Cash and cash equivalents | | 40,199 | 116 | 70,634 |
| Total current assets | | 136,079 | 172,927 | 132,251 |
| Total assets | | 1,747,225 | 1,784,306 | 1,742,773 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Restricted equity | | | | |
| Share capital | | 515 | 515 | 515 |
| Non-restricted equity | | | | |
| Share premium reserve | | 1,091,433 | 1,091,433 | 1,091,433 |
| Retained earnings | | 63,750 | 32,793 | 33,230 |
| Profit (loss) for the period | | -23,274 | -14,373 | 28,202 |
| Total equity | | 1,132,424 | 1,110,368 | 1,153,380 |
| Untaxed reserves | | | | |
| Tax allocation reserves | | 9,275 | - | 9,275 |
| Total untaxed reserves | | 9,275 | - | 9,275 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Non-current interest-bearing liabilities | 6 | 429,943 | 438,324 | 438,529 |
| Other non-current liabilities | | - | - | - |
| Total non-current liabilities | | 429,943 | 438,324 | 438,529 |
| Current liabilities | | | | |
| Current interest-bearing liabilities | 6 | 9,200 | 105,435 | 9,200 |
| Accounts payable | | 356 | 867 | 319 |
| Current liabilities to group companies | | 153,469 | 116,700 | 118,051 |
| Other current liabilities | | 2,360 | 5,214 | 2,174 |
| Tax liabilities | | 7,203 | 615 | 6,747 |
| Accrued expenses and deferred income | | 2,995 | 6,783 | 5,098 |
| Total current liabilities | | 175,583 | 235,614 | 141,589 |
| Total equity and liabilities | | 1,747,225 | 1,784,306 | 1,742,773 |

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

Malmö, 31 October 2023

Ingrid Johansson Blank

Chairman of the Board

Fredrik Danelius

Board member

Joel Eklund

Board member

Sandra Gadd

Board member

Ola Burmark

Board member

Andreas Rylander

CEO

Simon Larsson

Board member

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

Selected financial information

| MSEK | Q3 | | Oct-Sep | Jan-Dec |
|--|------------|------------|------------|------------|
| | 2023 | 2022 | 22/23 | 2022 |
| Members in loyalty club, thousand | 3,212 | 2,965 | 3,212 | 3,107 |
| Net sales | 650.8 | 617.0 | 2,559.5 | 2,607.9 |
| Sales growth, % | 5.5% | 4.7% | -4.0% | 8.8% |
| Comparable growth, % | 3.4% | 1.1% | - | 0.7% |
| Gross profit | 279.7 | 267.6 | 1,085.4 | 1,099.2 |
| Gross margin, % | 43.0% | 43.4% | 42.4% | 42.1% |
| Adjusted EBITA | 42.9 | 40.8 | 108.8 | 134.8 |
| Adjusted EBITA margin, % | 6.6% | 6.6% | 4.2% | 5.2% |
| Items affecting comparability | - | - | - | - |
| Cash flow from operating activities | 131.2 | 83.4 | 315.4 | 242.3 |
| Working capital | 94.3 | 183.1 | - | 49.3 |
| Core working capital | 228.7 | 297.9 | - | 185.9 |
| Financial net debt | 428.3 | 574.7 | - | 405.1 |
| Financial net debt/Adjusted EBITDAaL | 3.0 | 2.9 | - | 2.5 |
| Equity ratio, % | 42.5% | 39.8% | - | 40.8% |
| Investments | -3.7 | -10.8 | -28.9 | -44.2 |
| Number of outstanding shares before dilution | 31,151,514 | 31,151,514 | 31,151,514 | 31,151,514 |
| Number of outstanding shares after dilution | 31,151,514 | 31,151,514 | 31,151,514 | 31,151,514 |
| Average number of outstanding shares before dilution | 31,151,514 | 31,151,514 | 31,151,514 | 31,151,514 |
| Average number of outstanding shares after dilution | 31,151,514 | 31,151,514 | 31,151,514 | 31,151,514 |

Quarterly data

| MSEK | Q2 22 | Q3 22 | Q4 22 | Q1 23 | Q2 23 | Q3 23 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| Net sales | 613.7 | 617.0 | 762.0 | 578.2 | 568.5 | 650.8 |
| Gross profit | 259.6 | 267.6 | 310.2 | 251.5 | 243.9 | 279.7 |
| Gross margin, % | 42.3% | 43.4% | 40.7% | 43.5% | 42.9% | 43.0% |
| Adjusted EBITA | 12.8 | 40.8 | 57.1 | 11.1 | -2.3 | 42.9 |
| Adjusted EBITA margin, % | 2.1% | 6.6% | 7.5% | 1.9% | -0.4% | 6.6% |
| Cash flow from operating activities | 75.5 | 83.4 | 213.0 | -19.8 | -9.1 | 131.2 |
| Working capital | 196.4 | 183.1 | 49.3 | 112.6 | 148.1 | 94.3 |
| Core working capital | 315.0 | 297.9 | 185.9 | 238.2 | 291.8 | 228.7 |
| Investments | -11.9 | -10.8 | -9.9 | -8.8 | -6.6 | -3.7 |

Reconciliation of alternative performance measures

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

ADJUSTED EBITA

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

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

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

| TSEK | Q3 | | Oct-Sep | Jan-Dec |
|---|---------------|---------------|----------------|----------------|
| | 2023 | 2022 | 22/23 | 2022 |
| Profit (loss) for the period | 25,212 | 25,737 | 31,408 | 71,200 |
| Income tax | 1,223 | 3,201 | 17,348 | 16,660 |
| Net financial items | 11,612 | 7,469 | 41,271 | 29,321 |
| Operating profit (EBIT) | 38,047 | 36,407 | 90,027 | 117,181 |
| Amortisation on intangible assets related to business combinations | 4,857 | 4,395 | 18,736 | 17,574 |
| EBITA | 42,904 | 40,802 | 108,763 | 134,755 |
| Depreciation excl. amortisation on intangible assets related to business combinations | 42,439 | 39,703 | 168,241 | 158,299 |
| EBITDA | 85,343 | 80,505 | 277,004 | 293,054 |
| EBITA | 42,904 | 40,802 | 108,763 | 134,755 |
| Items affecting comparability | - | - | - | - |
| Adjusted EBITA | 42,904 | 40,802 | 108,763 | 134,755 |
| EBITDA | 85,343 | 80,505 | 277,004 | 293,054 |
| Items affecting comparability | - | - | - | - |
| Adjusted EBITDA | 85,343 | 80,505 | 277,004 | 293,054 |
| Depreciation right-of-use assets | -31,846 | -29,822 | -126,990 | -119,242 |
| Interest on lease liabilities | -2,202 | -2,021 | -8,926 | -8,726 |
| Adjusted EBITDAaL* | 51,295 | 48,662 | 141,088 | 165,086 |
| Net sales | 650,753 | 616,958 | 2,559,458 | 2,607,929 |
| EBIT-margin, % | 5.8% | 5.9% | 3.5% | 4.5% |
| Adjusted EBITA margin, % | 6.6% | 6.6% | 4.2% | 5.2% |

* The reconciliation of adjusted EBITDaL for the comparative period (Q3 2022) has been updated since the reconciliation in the previously published interim report for Q3 2022 contained an incorrect tally

ITEMS AFFECTING COMPARABILITY

Income and cost items that are presented separately due to their nature and amounts. Items affecting comparability are used by management to explain fluctuations in historical profitability. No items affecting comparability were identified for the current year or the comparative year.

NET SALES GROWTH

| % | Q3 | | Oct-Sep | Jan-Dec |
|-----------------------------|---------|---------|-----------|-----------|
| | 2023 | 2022 | 22/23 | 2022 |
| Net sales current period | 650,753 | 616,958 | 2,559,458 | 2,607,929 |
| Net sales preceeding period | 616,958 | 589,042 | 2,664,757 | 2,398,033 |
| Net sales growth, % | 5.5% | 4.7% | -4.0% | 8.8% |

COMPARABLE GROWTH

| TSEK | Q3 | | Jan-Sep | | Jan-Dec |
|---|----------------|----------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| <i>Comparable sales comparative period</i> | | | | | |
| Recognised net sales comparative period | 616,958 | 589,042 | 1,845,966 | 1,579,242 | 2,398,033 |
| Adjustment for returns and loyalty programme comparative period | 2,552 | 2,883 | 2,302 | 4,167 | 11,349 |
| Revenue new service points and other channels | -3,457 | - | -6,708 | -6,534 | -9,419 |
| Total comparable sales comparative period | 616,053 | 591,925 | 1,841,560 | 1,576,875 | 2,399,963 |
| <i>Comparable sales current period</i> | | | | | |
| Recognised net sales current period | 650,753 | 616,958 | 1,797,495 | 1,845,966 | 2,607,929 |
| Adjustment for returns and loyalty programme current period | 2,655 | 2,529 | 2,700 | 2,246 | 8,414 |
| Revenue new service points and other channels | -9,653 | -15,610 | -33,183 | -43,949 | -65,735 |
| Revenue from business combinations | - | -221 | - | -100,303 | -100,236 |
| Currency effects | -6,540 | -5,470 | -8,435 | -22,622 | -33,779 |
| Total comparable sales current period | 637,215 | 598,186 | 1,758,577 | 1,681,338 | 2,416,593 |
| Total comparable sales comparative period | 616,053 | 591,925 | 1,841,560 | 1,576,875 | 2,399,963 |
| Total comparable sales current period | 637,215 | 598,186 | 1,758,577 | 1,681,338 | 2,416,593 |
| Comparable growth, % | 3.4% | 1.1% | -4.5% | 6.6% | 0.7% |

GROSS PROFIT AND GROSS MARGIN

| TSEK | Q3 | | Oct-Sep | Jan-Dec |
|------------------------|----------------|----------------|------------------|------------------|
| | 2023 | 2022 | 22/23 | 2022 |
| Net sales | 650,753 | 616,958 | 2,559,458 | 2,607,929 |
| Goods for resale | -371,027 | -349,321 | -1,474,082 | -1,508,760 |
| Gross Profit | 279,726 | 267,637 | 1,085,376 | 1,099,169 |
| Gross Profit | 279,726 | 267,637 | 1,085,376 | 1,099,169 |
| Net sales | 650,753 | 616,958 | 2,559,458 | 2,607,929 |
| Gross margin, % | 43.0% | 43.4% | 42.4% | 42.1% |

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

| TSEK | 30 Sep | | 31 Dec |
|--|----------------|----------------|----------------|
| | 2023 | 2022 | 2022 |
| Non-current interest bearing liabilities | 494,372 | 513,323 | 513,528 |
| Current interest bearing liabilities | 19,770 | 99,002 | 9,200 |
| Interest bearing liabilities | 514,142 | 612,325 | 522,728 |
| Cash and cash equivalents | -85,858 | -37,590 | -117,619 |
| Net financial debt | 428,284 | 574,735 | 405,109 |
| Non-current lease liabilities | 123,866 | 143,996 | 153,152 |
| Current lease liabilities | 104,311 | 95,594 | 113,465 |
| Lease liabilities | 228,177 | 239,590 | 266,617 |
| Total interest bearing liabilities | 514,142 | 612,325 | 522,728 |
| Total lease liabilities | 228,177 | 239,590 | 266,617 |
| Total financial liabilities | 742,319 | 851,915 | 789,345 |
| Cash and cash equivalents | -85,858 | -37,590 | -117,619 |
| Net debt | 656,461 | 814,325 | 671,726 |
| Net financial debt | 428,284 | 574,735 | 405,109 |
| Adjusted EBITDAaL, R12 | 141,088 | 195,073 | 165,086 |
| Net financial debt/Adjusted EBITDAaL, times | 3.0 | 2.9 | 2.5 |

WORKING CAPITAL

| TSEK | 30 Sep | | 31 Dec |
|---|----------------|----------------|----------------|
| | 2023 | 2022 | 2022 |
| Current assets | 680,946 | 690,799 | 698,224 |
| Cash and cash equivalents | -85,858 | -37,590 | -117,619 |
| Current liabilities excl. interest bearing liabilities and lease liabilities | -500,818 | -470,099 | -531,343 |
| Working capital | 94,270 | 183,110 | 49,262 |
| Current liabilities excl. interest bearing liabilities and lease liabilities | | | |
| Accounts payable | 301,771 | 292,026 | 330,028 |
| Tax liabilities | 13,269 | 26,496 | 22,342 |
| Other liabilities | 66,693 | 58,892 | 74,592 |
| Accrued expenses and deferred income | 111,628 | 84,884 | 96,773 |
| Provisions | 7,457 | 7,801 | 7,608 |
| Total | 500,818 | 470,099 | 531,343 |

CORE WORKING CAPITAL

| TSEK | 30 Sep | | 31 Dec |
|-----------------------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2022 |
| Inventory | 500,764 | 564,435 | 487,525 |
| Accounts receivable | 29,692 | 25,539 | 28,369 |
| Accounts payable | -301,771 | -292,026 | -330,028 |
| Core working capital | 228,685 | 297,948 | 185,866 |

INVESTMENTS

| TSEK | Q3 | | Oct-Sep | Jan-Dec |
|----------------------------------|---------------|----------------|----------------|----------------|
| | 2023 | 2022 | 22/23 | 2022 |
| Acquisition of tangible assets | -1,525 | -7,483 | -16,614 | -30,042 |
| Acquisition of intangible assets | -2,160 | -3,351 | -12,285 | -14,163 |
| Investments | -3,685 | -10,834 | -28,899 | -44,205 |

EQUITY/ASSETS RATIO

| % | 30 Sep | | 31 Dec |
|------------------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2022 |
| Total equity | 1,012,675 | 957,864 | 998,776 |
| Total assets | 2,383,484 | 2,408,397 | 2,446,916 |
| Equity ratio, % | 42.5% | 39.8% | 40.8% |

Definitions – Alternative performance measures

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

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

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

Definitions – Operating performance measures

Operating performance measures

Definition

| | |
|---------------------------------|---|
| Number of customer club members | Number of unique individuals who actively choose to be a member of Kjell & Company's customer club. |
|---------------------------------|---|



WEBCAST IN CONNECTION WITH THE PUBLICATION OF THE INTERIM REPORT

Andreas Rylander, President and CEO, and Niklas Tyrén, CFO, will hold a webcast in connection with the publication of the interim report at 10:00 a.m. on 31 October 2023. To participate in the conference, follow the link <https://ir.financialhearings.com/kjell-group-q3-2023> The presentation material is available on the Group's website: <https://www.kjellgroup.com/investerare/finansiella-rapporter/>.



INTERIM REPORTS

The complete interim report for the period January–September 2023 and earlier reports are available on www.kjellgroup.com.



FINANCIAL CALENDAR

| | |
|-----------------------------|------------------|
| Forthcoming reports: | |
| Year-end report 2023 | 13 February 2024 |
| Annual Report 2023 | 15 April 2024 |
| First quarter 2024 | 25 April 2024 |
| Annual General Meeting 2024 | 15 May 2024 |
| Second quarter 2024 | 24 July 2024 |
| Third quarter 2024 | 24 October 2024 |

Kjell & Company

This is the type of information that Kjell Group AB (publ) is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was issued for publication through the agency of the contact persons set out below on 31 October 2023 at 7:00 a.m. CET.



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Kjell Group offers the market's most comprehensive product range in electronic accessories, including advisory services and installation. The business is conducted online in Sweden, Norway and Denmark and via 144 service points, of which 114 in Sweden and 30 in Norway.

Through Kjell & Company's customer club, with over 3.2 million members, and wholly owned Danish company AV-Cables, the company has a unique understanding of people's technology needs, and the Group's approximately 1,200 employees work every day to improve people's lives through technology.