



Interim report Q3

1 JANUARY–30 SEPTEMBER 2021

Third quarter

- Net sales increased 19.7% to MSEK 589.0 (492.0) Excluding the acquisition of AV-Cables, sales growth totalled 6.2%, corresponding to MSEK 30.3
- Comparable growth amounted to 3.4% (4.7%)
- Gross profit increased 15.0% to MSEK 250.3 (217.6) and the gross margin was 42.5% (44.2%)
- Adjusted EBITA totalled MSEK 51.2 (45.0) and the adjusted EBITA margin was 8.7% (9.2%)
- Operating profit amounted to MSEK 22.7 (44.5) and the operating margin to 3.9% (9.0%)
- Net profit for the quarter amounted to MSEK 1.3 (22.3)
- Cash flow from operating activities totalled MSEK 49.7 (46.8)
- Earnings per share before and after dilution amounted to SEK -0.63* (1.00)

1 January–30 September (period)

- Net sales increased 18.5% to MSEK 1,579.2 (1,332.9) Excluding the acquisition of AV-Cables, sales growth totalled 10.1%, corresponding to MSEK 134.9
- Comparable growth amounted to 7.3% (4.3%)
- Gross profit increased 16.1% to MSEK 691.4 (595.6) and the gross margin was 43.8% (44.7%)
- Adjusted EBITA totalled MSEK 100.2 (73.1) and the adjusted EBITA margin was 6.3% (5.5%)
- Operating profit amounted to MSEK 54.2 (67.9) and the operating margin to 3.4% (5.1%)
- Net loss for the period amounted to MSEK -3.8 (8.8)
- Cash flow from operating activities totalled MSEK 8.2 (59.2)
- Earnings per share before and after dilution amounted to SEK -3.08* (1.97)

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

- Listing of the company on Nasdaq First North Growth Market on 16 September
- COVID-19 retail restrictions lifted in all markets towards the end of the quarter
- At the beginning of the fourth quarter, two new service points were opened in Norway and one in Sweden, and it has been decided to open an additional four service points in the near future
- Kjell & Company awarded “Omni-Channel of the Year” at the 2021 Retail Awards

Performance measures

MSEK	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2021	2020	2021	2020	20/21	2020
Net Sales	589.0	492.0	1,579.2	1,332.9	2,245.4	1,999.0
Sales growth, %	19.7%	5.6%	18.5%	5.8%	15.5%	6.8%
Comparable growth, %	3.4%	4.7%	7.3%	4.3%	-	5.7%
Gross profit	250.3	217.6	691.4	595.6	973.3	877.5
Gross margin, %	42.5%	44.2%	43.8%	44.7%	43.3%	43.9%
Adjusted EBITA	51.2	45.0	100.2	73.1	174.0	146.9
Adjusted EBITA-margin, %	8.7%	9.2%	6.3%	5.5%	7.7%	7.3%
Operating profit (EBIT)	22.7	44.5	54.2	67.9	125.5	139.3
Cash flow from operating activities	49.7	46.8	8.2	59.2	186.0	237.0
Equity ratio	-	-	33.8%	16.0%	-	17.2%
Basic earnings (loss) per share, SEK*	-0.63	1.00	-3.08	-1.971	-	1.43
Members in loyalty club, thousand	-	-	2,437	1,918	2,437	2,115
Customer NPS	-	-	74	68	73	70

* Earnings per share excluding adjustments made in accordance with previous holdings described in Note 6 amounted to SEK 0.09 for the third quarter of 2021, SEK 1.94 for the third quarter of 2020, SEK -0.32 for January–September 2021, SEK 0.76 for January–September 2020 and SEK 5.13 for January–December 2020



Continued growth and improved earnings performance

On 16 September, Kjell Group AB was listed on Nasdaq First North Growth Market. The listing marked the start of a new chapter for Kjell & Company, and we look forward to taking the next step on our journey of growth as a listed company together with our shareholders. I would like to start by expressing my sincere thanks to all of our customers and employees who, over the years, have helped to build Kjell & Company into the strong brand and successful company we are today. Thank you!

In a market dominated by temporary challenges in the supply chain and a certain increase in terms of competition and price pressure, total growth in the third quarter amounted to nearly 20% and adjusted EBITA increased, despite strong earnings in the third quarter of 2020. Under these circumstances, it is particularly gratifying to note that our comparable sales are continuing to grow. Net sales rose 19.7% in the quarter and 18.5% in the first nine months of the year. Adjusted EBITA increased 13.6% and 37.0%, respectively, during the same periods.

In Sweden, sales rose 4.1% in the quarter and 9.1% in the first nine months of the year. Most of the restrictions due to COVID-19 had been lifted by the end of the third quarter, and we are seeing a gradual recovery in our service points. At the same time, online sales are continuing to increase versus a comparable period with very strong growth. Our collaboration with Circle K, in which we offer our Kjell Express solution at 292 petrol stations across Sweden, continues to be a success.

Our sales in Norway during the year have been impacted by the restrictions and lockdowns introduced in the country. This impact continued in the third quarter, with Norwegian consumers remaining cautious when it comes to visiting physical retail locations. Despite this, sales in the Norway segment

increased 21.2% in the quarter and 17.6% in the first nine months of the year, with growth noted both in service points and online. After the end of the period, two new service points were opened in October – one in Fredrikstad and one in Trondheim – giving us a total of 25 Norwegian service points.

AV-Cables.dk has been consolidated in the Kjell Group since 30 April 2021, and Denmark represents our third segment. The operations contributed MSEK 66.8 in net sales in the quarter and MSEK 7.2 in adjusted EBITA. The integration of AV-Cables is proceeding according to plan.

Our efforts to secure availability of goods ahead of our all-important fourth quarter intensified, enabling us to ensure ample availability despite challenging supply chain conditions. Combined with longer lead times from Asia, this inventory build-up has had an impact on our cash flow, but is an investment that will enable us to offer good availability of attractive products in the fourth quarter, particularly during the Christmas period.

We regard Kjell & Company's strong performance as proof that our exceptional employees are succeeding in our ambition to provide the best possible customer service and advice, regardless of channel. Together, we have created a reality in which online sales and advice are seamlessly integrated into our physical customer interactions and where technology is made available to all. The fact that this is reflected in our financial performance is rewarding, but more importantly: we have more satisfied customers than ever!

Malmö, 18 November 2021

Andreas Rylander
President and CEO

Summary of the Group’s financial performance

Net sales

Net sales increased 19.7% to MSEK 589.0 (492.0) in the quarter and 18.5% to MSEK 1,579.2 (1,332.9) in the period. Excluding the acquisition of AV-Cables, sales growth amounted to 6.2% or MSEK 30.3 for the quarter and 10.1% or MSEK 134.9 for the period. Comparable growth totalled 3.4% in the quarter and 7.3% in the period, with new service points and channels further contributing to the growth.

All segments and channels contributed to continued growth in both the quarter and the period, which is a sign of our strength in a market impacted by intense competition and the unusual global freight situation. Our focused approach to customer relationships and smart planning in terms of purchases of goods in order to ensure access to products contributed to this positive performance.

Net sales in segment Sweden increased 4.1% in the quarter and 9.1% in the period compared with the last year. Net sales for segment Norway rose 21.2% in the quarter and 17.6% in the period. The growth in these segments proves that our omnichannel platform, enabling seamless and channel-independent customer interaction, is functioning well.

AV-Cables has been consolidated in the Kjell Group since 30 April 2021. Sales in segment Denmark amounted to MSEK 66.8 in the quarter and MSEK 111.5 in the period.

Our digital customer acquisition remained strong during the quarter, with online sales accounting for 26% of sales and Click-and-Collect contributing an additional 8% of sales. During the period, online sales accounted for 24% of sales and Click-and-Collect for an additional 9% of sales. Most of the growth in both the quarter and the period was generated online, although all channels grew during the quarter and the period.

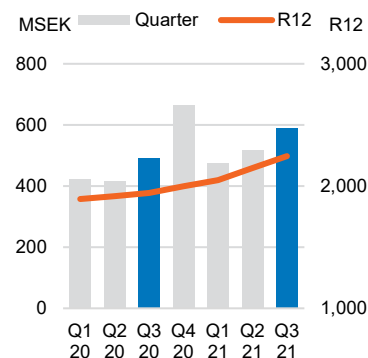
Operating expenses

Operating expenses increased 26.3% in the quarter and 20.9% in the period. Excluding the acquisition of AV-Cables, the cost increase amounted to 12.2% or MSEK 54.6 for the quarter and 12.6% or MSEK 160.1 for the period and was mainly attributable to increases in goods for resale driven by the increase in sales, as well as personnel costs and other external expenses, both of which included significant items affecting comparability. Total items affecting comparability amounted to MSEK 24.3 (0.5) for the quarter and MSEK 39.0 (5.2) for the period. Furthermore, the preceding year was characterized by a general cautiousness with regard to cost and investments as a result of the uncertainty prevailing during the pandemic, whereas this year we have continued our investments in future growth.

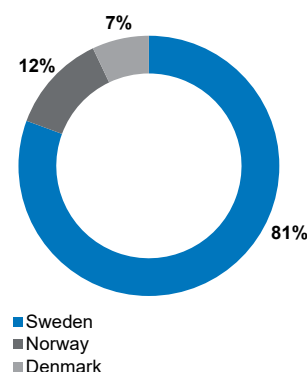
Costs of goods for resale amounted to MSEK 338.8 (274.3) in the quarter and MSEK 887.8 (737.3) in the period. Gross profit amounted of MSEK 250.3 (217.6) for the quarter, up 15.0%, while gross profit for the period increased to MSEK 691.4 (595.6), up 16.1%. The gross margin amounted to 42.5% (44.2%) for the quarter and 43.8% (44.7%) for the period. The gross margin was impacted by the new segment Denmark and by increased competition from external brands. The increase in gross profit is mainly driven by the strong sales growth.

Personnel costs amounted to MSEK 116.8 (97.3) for the quarter and MSEK 337.7 (298.4) for the period. The acquisition of AV-Cables resulted in an increase in personnel costs of MSEK 4.8 for the quarter and MSEK 8.5 for

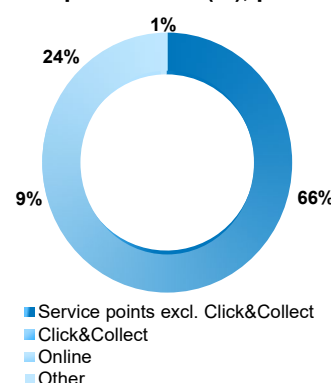
Net sales (MSEK)



Net sales per segment (%), period



Sales¹ per channel (%), period



¹Sales before deduction for customer loyalty bonuses

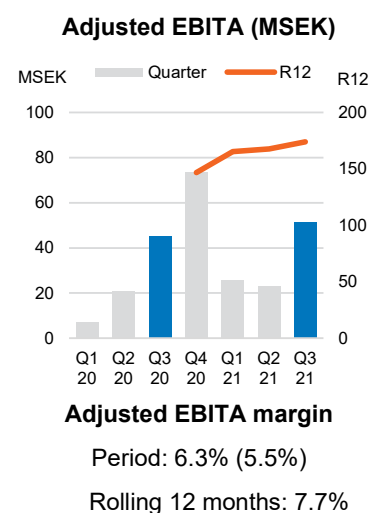
the period. The quarter also included items affecting comparability of MSEK 11.2 (0.2) related to the listing on Nasdaq First North Growth Market. Items affecting comparability in the period amounted to MSEK 12.1 (1.0). Excluding the acquisition and items affecting comparability, personnel costs increased MSEK 3.8 in the quarter and MSEK 22.9 in the period, which is a good balance in relation to the increase in gross profit.

Other external expenses amounted to MSEK 71.4 (40.5) for the quarter and MSEK 189.9 (118.6) for the period. The acquisition of AV-Cables resulted in a cost increase of MSEK 11.2 in the quarter and MSEK 19.3 in the period (excluding items affecting comparability from the acquisition). In addition, the cost increase was mainly attributable to items affecting comparability, which amounted to MSEK 13.1 (0.3) for the quarter and MSEK 26.9 (4.2) for the period, and which primarily relates to IPO preparations and acquisition-related expenses. The increase was also attributable to increased selling and marketing expenses to improve the customer experience and drive growth.

Total depreciation and amortisation for the quarter amounted to MSEK 39.0 (34.9), of which MSEK 4.2 (-) pertained to amortisation of intangible assets from the acquisition of AV-Cables and MSEK 26.2 (27.5) to depreciation of right-of-use assets in accordance with IFRS 16. Total depreciation and amortisation for the period amounted to MSEK 113.7 (103.3), of which MSEK 7.0 (-) pertained to amortisation of intangible assets related to acquisitions and MSEK 82.1 (81.6) to right-of-use assets.

Adjusted EBITA

The Group's adjusted EBITA increased 13.7% to MSEK 51.2 (45.0) in the quarter and 37.0% to MSEK 100.2 (73.1) in the period, corresponding to an adjusted EBITA margin of 8.7% (9.2%) for the quarter and 6.3% (5.5%) for the period. In addition to the effect of the acquisition of AV-Cables, which amounted to MSEK 7.2 in the quarter and MSEK 13.4 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. The adjusted EBITA margin for the rolling 12-month period was 7.7%.



Operating profit

The Group's operating profit (EBIT) amounted to MSEK 22.7 (44.5) for the quarter, corresponding to an operating margin of 3.9% (9.0%), and to MSEK 54.2 (67.9) for the period, corresponding to an operating margin of 3.4% (5.1%). Items affecting comparability related to the IPO and acquisitions had a significant impact on operating profit in both the quarter and the period.

Net financial items

The Group's net financial items amounted to MSEK -17.8 (-15.9) for the quarter, including MSEK 2.4 (2.6) in interest expenses attributable to lease liabilities. Net financial items for the period amounted to MSEK -48.7 (-48.6), including MSEK 7.5 (8.3) in interest expenses attributable to lease liabilities.

Profit

Profit for the quarter amounted to MSEK 1.3 (22.3) and a net loss of MSEK -3.8 (8.8) was reported for the period.

Cash flow and financial position

The Group's cash flow from operating activities amounted to MSEK 49.7 (46.8) for the quarter and MSEK 8.2 (59.2) 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 has 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 have 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 -8.5 (-3.1) for the quarter and MSEK -271.6 (-26.6) for the period. The decrease in the period is mainly attributable to the acquisition of AV-Cables, amounting to MSEK -242.9).

Cash flow from financing activities amounted to MSEK -20.0 (-189.1) for the quarter and MSEK 0.8 (-100.4) 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 382.6 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; refer to Note 7 for more information.

The Group's cash and cash equivalents amounted to MSEK 80.9 at the end of the reporting period, compared with MSEK 340.4 at the beginning of the year.

The Group's financial net debt amounted to MSEK 490.0 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 2.1x.

The Group's equity amounted to MSEK 816.9 at the end of the reporting period, compared with MSEK 369.3 at the beginning of the year.

Significant events during and after the third quarter of 2021

On 13 July, Kjell & Company announced that Ola Burmark had been appointed as a new Board member. Ola brings extensive experience as the CFO of various listed companies, most recently at Zeta Display.

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 Kjell & Company. Prior to the listing of the company's shares, the Board of Directors also decided to award bonuses to the CEO, CFO, CCO and CTO, a portion of which was used to acquire savings shares related to the incentive programme. Refer to Note 4 for more information.

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, a new financing agreement comprising credit facilities totalling MSEK 910 was signed. These facilities were provided by Nordea and used to refinance the Group's existing indebtedness. Refer to Note 7 for more information.

Stages 2 to 4 of the government's plan to ease the restrictions imposed in Sweden were carried out during the quarter, and the restrictions in Norway were lifted towards the end of September.

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, Kjell & Company has strengthened its position in the fast-growing consumer market for charging accessories for electric cars.

On 20 October, Kjell & Company was rewarded "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.

On 29 October, Kjell & Company opened its first service point in Trondheim, Norway's fourth-largest city. Following the opening in Trondheim, Kjell & Company now has 25 service points in Norway, after also opening a service point in Fredrikstad in early October. On 5 November, a service point was opened at the Grand Samarkand shopping centre in Växjö, Sweden. It has also been decided to open four additional service points: in Gothenburg and Malmö, Sweden in the fourth quarter of 2021, and in Trondheim and Oslo, Norway in the first quarter of 2022.

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

Financial targets

The Group has the following financial targets:

NET SALES

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

PROFITABILITY:

Adjusted EBITA margin of 8% in the medium term.

CAPITAL STRUCTURE

Financial net debt in relation to 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 1.2 (-) for the quarter and MSEK 1.6 (-) for the period and pertain entirely to intra-Group invoicing. The Parent Company reported a loss after financial items of MSEK -24.1 (0.0) for the quarter and MSEK -35.3 (-0.1) 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.

Share

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 63. The highest price paid, SEK 71.44, and lowest price paid, SEK 58.80, were both quoted in the period 16–30 September.

A total of 3,048,098 shares were traded during the quarter, corresponding to a turnover rate on 9.8% during the measurement period.

As of 30 September 2021, Kjell Group AB (publ) had approximately 4,900 shareholders, the largest of which were FSN Capital (22.87%), Fosielund Holding (7.06%), AMF Pension & Fonder (5.49%), Christian Damgaard Møller (4.76%) and Nordea Fonder (4.14%).

The number of shares issued as of 30 September 2021 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
		2021	2020	2021	2020	2020
Operating income						
Net sales	5	589,042	491,962	1,579,242	1,332,862	1,999,000
Other operating income		395	1,156	6,157	1,208	8,709
		589,437	493,118	1,585,399	1,334,070	2,007,709
Operating expenses						
Goods for resale		-338,779	-274,330	-887,809	-737,282	-1,121,524
Personnel costs		-116,816	-97,253	-337,705	-298,402	-418,134
Other external expenses		-71,442	-40,452	-189,930	-118,613	-184,917
Other operating expenses		-764	-1,703	-2,066	-8,505	-4,201
Depreciation/amortisation of tangible and intangible assets		-38,952	-34,901	-113,727	-103,324	-139,617
Operating profit		22,683	44,479	54,162	67,944	139,316
Financial items						
Financial income		-	-	373	2	6
Financial expenses		-17,843	-15,934	-49,047	-48,563	-61,805
Net financial items		-17,843	-15,934	-48,674	-48,561	-61,799
Profit (loss) before tax		4,840	28,546	5,488	19,383	77,517
Income tax		-3,528	-6,291	-9,275	-10,617	-18,679
Net profit (loss) for the period		1,312	22,254	-3,787	8,766	58,838
Net profit (loss) for the period attributable to:						
Parent Company's shareholders		1,312	22,254	-3,787	8,766	58,838
Net profit (loss) for the period		1,312	22,254	-3,787	8,766	58,838
Earnings (loss) per share						
Basic earnings (loss) per share, SEK*	6	-0.63	1.00	-3.08	-1.97	1.43
Diluted earnings (loss) per share, SEK*	6	-0.63	1.00	-3.08	-1.97	1.43

* Earnings per share excluding adjustments made in accordance with previous holdings described in Note 6 amounted to SEK 0.09 for the third quarter of 2021, SEK 1.94 for the third quarter of 2020, SEK -0.32 for January–September 2021, SEK 0.76 for January–September 2020 and SEK 5.13 for January–December 2020

Condensed consolidated statement of profit or loss and other comprehensive income

TSEK	Q3		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Net profit (loss) for the period	1,312	22,254	-3,787	8,766	58,838
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange differences of foreign operations	3,569	-1,302	-261	-3,518	-1,160
Cash flow hedges	-	-14	-	282	296
Tax attributable to items that have been or may be reclassified to net profit (loss) for the period	-	14	-	-49	-63
<i>Items that will not be reclassified to profit or loss</i>					
Other comprehensive income for the period	3,569	-1,302	-261	-3,285	-927
Total comprehensive income for the period	4,881	20,952	-4,048	5,481	57,911
Comprehensive income for the period attributable to:					
Parent Company's shareholders	4,881	20,952	-4,048	5,481	57,911
Total comprehensive income for the period	4,881	20,952	-4,048	5,481	57,911

Condensed consolidated statement of financial position

TSEK	Not	30 Sep		31 Dec
		2021	2020	2020
Assets				
Intangible assets		1,363,008	999,525	1,000,104
Tangible assets		79,225	44,080	49,861
Right-of-use assets		256,072	260,347	270,927
Deferred tax assets		444	23	25
Total non-current assets		1,698,749	1,303,975	1,320,917
Inventory		540,547	381,390	408,825
Tax assets		38,029	35,999	17,268
Accounts receivable		23,667	11,139	24,337
Prepaid expenses and accrued income		35,389	17,883	31,814
Other receivables		1,198	749	1,103
Cash and cash equivalents		80,868	225,983	340,422
Total current assets		719,698	673,143	823,769
Total assets		2,418,447	1,977,118	2,144,686
Equity				
Share capital		515	162	162
Other contributed capital		453,420	1,999	1,999
Reserves		-139	-2,236	122
Retained earnings including net profit (loss) for the period		363,064	316,973	367,045
Equity attributable to Parent Company's shareholders		816,860	316,898	369,328
Total equity		816,860	316,898	369,328
Liabilities				
Non-current interest-bearing liabilities	7	446,704	857,047	843,839
Non-current lease liabilities		151,974	146,717	156,539
Other non-current liabilities		102	102	102
Deferred tax liabilities		138,540	111,749	111,646
Total non-current liabilities		737,320	1,115,615	1,112,126
Current interest-bearing liabilities	7	124,200	26,000	26,000
Current lease liabilities		101,015	114,796	116,308
Accounts payable		355,673	233,309	314,953
Tax liabilities		33,453	30,329	30,561
Other liabilities	8	133,093	56,925	67,618
Accrued expenses and deferred income		109,630	77,114	101,486
Provisions		7,203	6,132	6,306
Total current liabilities		864,267	544,605	663,232
Total liabilities		1,601,587	1,660,220	1,775,358
Total equity and liabilities		2,418,447	1,977,118	2,144,686

Condensed consolidated statement of changes in equity

TSEK	Equity attributable to Parent Company's shareholders					Retained earnings incl. net profit (loss) for the period	Total equity
	Share capital	Other contributed capital	Translation reserve	Hedge reserve			
Balance at 1 Jan 2021	162	1,999	201	-79	367,045	369,328	
Transactions with owners of the company							
Offset issue and settlement of Promissory note ¹	16	69,678	-	-	-	69,694	
Bonus issue ²	389	-	-	-	-389	-	
New share issue ³	143	381,661	-	-	-	381,804	
Redeption of preference shares ⁴	-195	-	-	-	195	-	
Incentive programme	-	82	-	-	-	82	
Comprehensive income for the period							
Net profit (loss) for the period	-	-	-	-	-3,787	-3,787	
Other comprehensive income for the period	-	-	-261	-	-	-261	
Total comprehensive income for the period	-	-	-261	-	-3,787	-4,048	
Closing balance 30 Sep 2021	515	453,420	-60	-79	363,064	816,860	
Balance at 1 Jan 2020	162	1,999	1,361	-312	308,207	311,417	
Comprehensive income for the period							
Net profit (loss) for the period	-	-	-	-	8,766	8,766	
Other comprehensive income for the period	-	-	-3,518	233	-	-3,285	
Total comprehensive income for the period	-	-	-3,518	233	8,766	5,481	
Closing balance 30 Sep 2020	162	1,999	-2,157	-79	316,973	316,898	

1) Pertains to the offset issue and settlement of a promissory note. Both transactions were attributable to the acquisition of AV-Cables; refer to Note 11 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 preference shares.

Condensed consolidated statement of cash flows

TSEK	Q3		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Cash flow from operating activities					
Profit (loss) before tax	4,840	28,546	5,488	19,383	77,517
Adjustments for non-cash items	32,839	48,445	117,482	125,599	161,895
Income tax paid	-11,789	-6,678	-33,654	-24,866	-14,329
	25,890	70,313	89,316	120,116	225,083
Increase (-)/decrease (+) in inventories	-59,606	-43,309	-104,172	-6,595	-32,639
Increase (-)/decrease (+) in operating receivables	-4,328	1,943	4,379	8,928	-16,265
Increase (+)/decrease (-) in operating liabilities	87,758	17,811	18,694	-63,265	60,800
Cash flow from operating activities	49,715	46,758	8,217	59,184	236,979
Investing activities					
Acquisition of tangible assets	-2,112	-254	-13,183	-15,941	-26,220
Acquisition of intangible assets	-6,389	-2,796	-15,575	-10,616	-15,031
Acquisition of subsidiaries	-	-	-242,858	-	-
Cash flow from investing activities	-8,501	-3,050	-271,616	-26,557	-41,251
Financing activities					
New share issue	400,000	-	400,000	-	-
Issue expenses	-17,368	-	-17,368	-	-
Proceeds of loans	572,235	-	663,743	150,000	150,000
Repayment of loans	-943,728	-150,000	-956,728	-163,000	-176,000
Repayment of lease liabilities	-31,167	-39,145	-88,820	-87,439	-123,339
Cash flow from financing activities	-20,028	-189,145	827	-100,439	-149,339
Cash flow for the period	21,186	-145,437	-262,572	-67,812	46,389
Cash and cash equivalents at the beginning of the period	59,468	377,935	340,422	299,403	299,403
Exchange rate differences in cash and cash equivalents	214	-6,515	3,018	-5,608	-5,370
Cash and cash equivalents at the end of the period	80,868	225,983	80,868	225,983	340,422

Condensed notes to the financial statements

Note 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-September 2021 encompasses the company and its subsidiaries, referred to jointly below as the “Group.” The Group’s Consolidated accounting currency is SEK. All of the amounts are presented in thousands of SEK (TSEK), unless otherwise stated.

Note 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 reports for 2018–2020. 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 2018–2020 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.

Note 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 30 of the Group’s annual reports for 2018–2020. For a description of the effects of the ongoing COVID-19 pandemic on the Group, refer to Note 12.

Note 4 Other disclosures

Incentive programmes

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 Kjell & Company. 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 and may amount to a total of approximately SEK 4,125,000 for all participants. The CEO, CFO, CCO and CTO received a bonus from Kjell & Company in connection with the listing of the company’s shares, with a portion of this bonus used to acquire savings shares (refer to the section “Bonuses” below). Other participants in the programme received a subsidy from Kjell & Company 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 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.” 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.

Full allotment will result in a dilution of approximately 1.5% of the total number of shares outstanding. The

costs for the long-term incentive programme are estimated at approximately MSEK 6.9 excluding social security contributions of about MSEK 3.2.

The extraordinary general meeting on 15 September 2021 also resolved to issue 470,466 warrants free of charge, which were to be held in treasury by the company and used to secure the procurement of performance shares for the participants in the incentive programme.

The long-term incentive programme is recognised in accordance with IFRS 2 *Share-based Payment*. Accordingly, the cost for the programme is recognised over the vesting period of approximately three years. The cost for the programme is recognised in profit or loss under "Personnel costs." A contra entry is made directly against equity under "Other contributed capital."

Bonuses

Prior to the listing of the company's shares, the Board of Directors decided to award bonuses to the CEO, CFO, CCO and CTO. These bonuses, which were conditional on the listing of the company's share, 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 from Kjell & Company 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 described above or to acquire other shares in the company.

Note 5 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 Kjell & Company, 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 each country. The Sweden segment also includes costs for Group-wide functions, including the purchasing organisation in Shanghai, since this reflects how the segments are monitored internally by the Group.

No sales are conducted between the segments. Accordingly, all revenue for the segments is from sales to external customers. The same accounting policies are applied to the segments as for the Group. The performance measure recognised for the segments is "Adjusted EBITA". Information about each reportable segment is provided below.

Jul-Sep TSEK	Sweden		Norway		Denmark		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	450,502	432,734	71,755	59,228	66,786	-	589,042	491,962
Depreciation excl.amortisation on intangible assets related to business combinations	28,922	28,385	5,496	6,516	330	-	34,748	34,901
Adjusted EBITA	38,911	45,876	5,055	-856	7,204	-	51,170	45,020
Amortisation on intangible assets related to business combinations							-4,204	-
Items affecting comparability							-24,283	-541
Operating profit							22,683	44,479
Net financial items							-17,843	-15,934
Profit (loss) before tax							4,840	28,546

Jan-Sep TSEK	Sweden		Norway		Denmark		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	1,273,279	1,167,396	194,512	165,466	111,451	-	1,579,242	1,332,862
Depreciation excl.amortisation on intangible assets related to business combinations	88,447	84,302	17,786	19,022	497	-	106,730	103,324
Adjusted EBITA	79,007	80,354	7,788	-7,228	13,411	-	100,206	73,126
Amortisation on intangible assets related to business combinations							-6,997	-
Items affecting comparability							-39,047	-5,182
Operating profit							54,162	67,944
Net financial items							-48,674	-48,561
Profit (loss) before tax							5,488	19,383

Note 6 Earnings per share

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

Note 7 Refinancing of the Group

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 EBITDA (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 rate 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.

Note 8 Fair value of financial instruments

The fair value of the liabilities in the Group's credit facility is estimated at TSEK 574,999 (887,656), compared with the carrying amount of TSEK 570,904 (883,047). The facility bears a floating interest rate plus a margin. Management estimates that there has been no change in credit margins since the loan agreement was signed that could have a material impact on the fair value of the loan. The difference between the fair value and the carrying amount of the bank facilities is thus primarily attributable to the carrying amount of the loan including transaction costs that remain to be amortised as part of the effective interest rate.

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

The Group has a financial liability for the contingent earnout linked to the acquisition of AV-Cables. 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 value of the purchase consideration is

calculated at MSEK 74.9. The fair value of the contingent consideration with a discount rate of 1.6% amounts to MSEK 74.0. Refer to Note 11 for more information.

30 Sep 2021

TSEK	Level 1	Level 2	Level 3	Total
Contingent consideration	-	-	73,993	73,993

30 Sep 2020

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

31 Dec 2020

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

Contingent consideration TSEK	30 Sep		31 Dec
	2021	2020	2020
Balance at the beginning of the period	-	-	-
Added through business combinations	71,929	-	-
Payments	-	-	-
<i>Recognised in profit or loss</i>			
Change in fair value	2,038	-	-
Currency effects	26	-	-
Balance at the end of the period	73,993	-	-

Note 9 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.

Note 10 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 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, product range and offering, and growth. Operating risks mainly comprise risks associated with purchasing, sustainability, IT systems, logistics, key employees, leases, waste and regulatory risks. Financial risks comprise risks associated with currency exposure, undercapitalisation, transport costs, raw material prices and increased payroll costs.

The impact of the COVID-19 pandemic is described in Note 12.

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 2020 and can confirm that no changes have occurred other than those specified in this interim report.

Note 11 Business combinations

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

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 deemed to amount to 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 depending on the earnings performance of AV-Cables 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 contingent consideration is calculated at MSEK 74.9, undiscounted. The fair value of the contingent consideration with a discount rate of 1.6% amounts to MSEK 74.0. 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. These costs are also classified as costs affecting comparability.

d) Identifiable assets acquired and liabilities assumed

The following table 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 111,451 to the Group's revenue and TSEK -4,441 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 247,571 and the Group's profit before tax for the period by TSEK 14,224.

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.

Accumulated cost	
Balance at the beginning of the period	520,866
Business combinations	239,221
Currency effects	88
Balance at the end of the period	760,175

Note 12 Impact of COVID-19 pandemic

The pandemic continues to impact the 2021 financial year, and the Group has closely monitored and continues to closely monitor the course of events, taking action and adapting its 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 company 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 are seeing a gradual recovery in physical channels as a result. Other important factor is that customer needs are adjusting as the pandemic situation changes. We have seen growing demand for products related to a mobile lifestyle compared with the preceding year, when customers spent more time in lockdown at home. We also seen a corresponding decline in demand for products related to working from home.

In Norway, there was initially an increased spread of contagion and the government imposed tougher restrictions, which compelled Kjell & Company 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. Sales at service points have started to recover since physical retail locations were permitted to reopen, even though Norwegian consumers have been relatively cautious when it comes to visiting physical retail locations.

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.

Note 13 Significant events after the reporting date

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

Condensed Parent Company income statement

TSEK	Q3		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Net sales	1,200	-	1,589	-	-
Operating expenses					
Other external expenses	-24,231	-36	-35,018	-129	-4,536
Operating profit	-23,031	-36	-33,429	-129	-4,536
Financial items					
Financial expenses	-1,102	-	-1,871	-1	-1
Profit (loss) after financial items	-24,133	-36	-35,300	-130	-4,537
Appropriations	-	-	-	-	4,536
Profit (loss) before tax	-24,133	-36	-35,300	-130	-1
Income tax	-	5	-	25	-
Profit (loss) for the period	-24,133	-31	-35,300	-105	-1

Condensed Parent Company balance sheet

TSEK	Not	30 Sep		31 Dec
		2021	2020	2020
Assets				
Non-current assets				
Financial non-current assets				
Participation in group companies		729,196	661,157	661,157
Total financial non-current assets		729,196	661,157	661,157
Total non-current assets		729,196	661,157	661,157
Current assets				
Current receivables				
- Current receivables from group companies		882,241	800	5,336
- Prepaid expenses and accrued income		1,752	5	61
- Tax receivables		4,721	25	-
Total current receivables		888,714	830	5,397
Cash and cash equivalents		117	1,044	920
Total current assets		888,831	1,874	6,317
Total assets		1,618,027	663,031	667,474
Equity and liabilities				
Equity				
Restricted equity				
- Share capital		515	162	162
Non-restricted equity				
- Share premium reserve		1,091,433	662,495	662,495
- Retained earnings		22,665	377	377
- Profit (loss) for the period		-35,300	-105	-1
Total equity		1,079,313	662,929	663,033
Non-current liabilities				
Non-current interest-bearing liabilities	7	446,705	-	-
Total non-current liabilities		446,705	-	-
Current liabilities				
Current interest-bearing liabilities	7	44,200	-	-
Accounts payable		2,076	-	-
Current liabilities to group companies		8,533	-	-
Other current liabilities		10,852	-	-
Tax liabilities		72	47	47
Accrued expenses and deferred income		26,276	55	4,394
Total current liabilities		92,009	102	4,441
Total equity and liabilities		1,618,027	663,031	667,474

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, 18 November 2021

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

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

Selected financial information

MSEK	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2021	2020	2021	2020	20/21	2020
Members in loyalty club, thousand	-	-	2,437	1,918	2,437	2,115
Customer NPS	-	-	74	68	73	70
Net sales	589.0	492.0	1,579.2	1,332.9	2,245.4	1,999.0
Sales growth, %	19.7%	5.6%	18.5%	5.8%	15.5%	6.8%
Comparable growth, %	3.4%	4.7%	7.3%	4.3%	-	5.7%
Gross profit	250.3	217.6	691.4	595.6	973.3	877.5
Gross margin, %	42.5%	44.2%	43.8%	44.7%	43.3%	43.9%
Adjusted EBITA	51.2	45.0	100.2	73.1	174.0	146.9
Adjusted EBITA margin, %	8.7%	9.2%	6.3%	5.5%	7.7%	7.3%
Items affecting comparability	24.3	0.5	39.0	5.2	41.4	7.6
Cash flow from operating activities	49.7	46.8	8.2	59.2	186.0	237.0
Working capital	-	-	-0.2	43.4	-	-37.6
Core working capital	-	-	208.5	159.2	-	118.2
Financial net debt	-	-	490.0	657.1	-	529.4
Financial net debt/Adjusted EBITDAaL	-	-	2.1	2.8	-	3.2
Equity ratio, %	-	-	33.8%	16.0%	-	17.2%
Investments	-8.5	-3.1	-28.8	-26.6	-43.5	-41.3

Quarterly data

MSEK	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Net sales	416.2	492.0	666.1	474.0	516.2	589.0
Gross profit	182.9	217.6	281.9	215.3	225.9	250.3
Gross margin, %	43.9%	44.2%	42.3%	45.4%	43.8%	42.5%
Adjusted EBITA	20.9	45.0	73.7	25.8	23.2	51.2
Adjusted EBITA margin, %	5.0%	9.2%	11.1%	5.4%	4.5%	8.7%
Cash flow from operating activities	12.4	46.8	177.8	-100.1	58.6	49.7
Working capital	29.9	43.4	-37.6	99.5	16.9	-0.2
Core working capital	139.1	159.2	118.2	220.9	223.3	208.5

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		Jan-Sep		Oct-Sep	Jan-Dec
	2021	2020	2021	2020	20/21	2020
Profit (loss) for the period	1,312	22,254	-3,787	8,766	46,285	58,838
Income tax	3,528	6,291	9,275	10,617	17,337	18,679
Net financial items	17,843	15,934	48,674	48,561	61,912	61,799
Operating profit (EBIT)	22,683	44,479	54,162	67,944	125,534	139,316
Amortisation on intangible assets related to business combinations	4,204	-	6,997	-	6,997	-
EBITA	26,887	44,479	61,159	67,944	132,531	139,316
Depreciation excl. amortisation on intangible assets related to business combinations	34,748	34,902	106,730	103,324	143,023	139,617
EBITDA	61,635	79,381	167,889	171,268	275,554	278,933
EBITA	26,887	44,479	61,159	67,944	132,531	139,316
Items affecting comparability	24,283	541	39,047	5,182	41,419	7,554
Adjusted EBITA	51,170	45,020	100,206	73,126	173,950	146,870
EBITDA	61,635	79,381	167,889	171,268	275,554	278,933
Items affecting comparability	24,283	541	39,047	5,182	41,419	7,554
Adjusted EBITDA	85,918	79,922	206,936	176,450	316,973	286,487
Depreciation right-of-use assets	-	-	-82,065	-81,629	-109,593	-109,157
Interest on lease liabilities	-	-	-7,535	-8,274	-9,948	-10,687
Impact from business combinations, EBITDAaL	-	-	-	-	39,585	-
Adjusted EBITDAaL	-	-	117,336	86,547	237,017	166,643
Net sales	589,042	491,962	1,579,242	1,332,862	2,245,380	1,999,000
EBIT-margin, %	3.9%	9.0%	3.4%	5.1%	5.6%	7.0%
Adjusted EBITA margin, %	8.7%	9.2%	6.3%	5.5%	7.7%	7.3%

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 preparations for the listing, bonuses in connection with the listing, damages received and compensation for legal costs, acquisition costs 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	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2021	2020	2021	2020	20/21	2020
Cost for listing	13,097	317	21,426	4,191	27,637	10,402
Bonuses related to the IPO	11,186	-	11,186	-	11,186	-
Costs for business combinations	-	-	5,508	-	5,508	-
Damages received and compensation for legal costs	-	-	-	-	-3,839	-3,839
Severance pay	-	224	927	991	927	991
Items affecting comparability	24,283	541	39,047	5,182	41,419	7,554

NET SALES GROWTH

%	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2021	2020	2021	2020	20/21	2020
Net sales current period	589,042	491,962	1,579,242	1,332,862	2,245,380	1,999,000
Net sales preceeding period	491,962	466,054	1,332,862	1,259,580	1,944,246	1,870,964
Net sales growth, %	19.7%	5.6%	18.5%	5.8%	15.5%	6.8%

COMPARABLE GROWTH

TSEK	Q3		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
<i>Comparable sales comparative period</i>					
Recognised net sales comparative period	491,962	466,054	1,332,862	1,259,580	1,870,964
Adjustment for returns and loyalty programme comparative period	3,819	5,510	5,378	18,053	20,372
Revenue new service points and other channels	-54	-	-564	-335	-1,507
Total comparable sales comparative period	495,727	471,564	1,337,676	1,277,298	1,889,829
<i>Comparable sales current period</i>					
Recognised net sales current period	589,042	491,962	1,579,242	1,332,862	1,999,000
Recognised net sales current period	2,752	3,855	4,149	5,440	10,260
Revenue new service points and other channels	-9,989	-10,162	-31,953	-25,683	-42,786
Revenue from business combinations	-66,786	-	-111,451	-	-
Currency effects	-2,642	8,252	-4,891	19,292	30,283
Total comparable sales current period	512,377	493,907	1,435,096	1,331,911	1,996,757
Total comparable sales comparative period	495,727	471,564	1,337,676	1,277,298	1,889,829
Total comparable sales current period	512,377	493,907	1,435,096	1,331,911	1,996,757
Comparable growth, %	3.4%	4.7%	7.3%	4.3%	5.7%

GROSS PROFIT AND GROSS MARGIN

TSEK	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2021	2020	2021	2020	20/21	2020
Net sales	589,042	491,962	1,579,242	1,332,862	2,245,380	1,999,000
Goods for resale	-338,779	-274,329	-887,809	-737,282	-1,272,051	-1,121,524
Gross Profit	250,263	217,633	691,433	595,580	973,329	877,476
Gross Profit	250,263	217,633	691,433	595,580	973,329	877,476
Net sales	589,042	491,962	1,579,242	1,332,862	2,245,380	1,999,000
Gross margin, %	42.5%	44.2%	43.8%	44.7%	43.3%	43.9%

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

TSEK	30 Sep		31 Dec
	2021	2020	2020
Non-current interest bearing liabilities	446,704	857,047	843,839
Current interest bearing liabilities	124,200	26,000	26,000
Interest bearing liabilities	570,904	883,047	869,839
Cash and cash equivalents	-80,868	-225,983	-340,422
Net financial debt	490,036	657,064	529,417
Non-current lease liabilities	151,974	146,717	156,539
Current lease liabilities	101,015	114,796	116,308
Lease liabilities	252,989	261,513	272,847
Total interest bearing liabilities	570,904	883,047	869,839
Total lease liabilities	252,989	261,513	272,847
Total financial liabilities	823,893	1,144,560	1,142,686
Cash and cash equivalents	-80,868	-225,983	-340,422
Net debt	743,025	918,577	802,264
Net financial debt	490,036	657,064	529,417
Adjusted EBITDAaL, R12	237,017	235,777	166,643
Net financial debt/Adjusted EBITDAaL, times	2.1	2.8	3.2

WORKING CAPITAL

TSEK	30 Sep		31 Dec
	2021	2020	2020
Current assets	719,698	673,143	823,769
Cash and cash equivalents	-80,868	-225,983	-340,422
Current liabilities excl. interest bearing liabilities and lease liabilities	-639,052	-403,809	-520,924
Working capital	-222	43,351	-37,577
Current liabilities excl. interest bearing liabilities and lease liabilities			
Accounts payable	355,673	233,309	314,953
Tax liabilities	33,453	30,329	30,561
Other liabilities	133,093	56,925	67,618
Accrued expenses and deferred income	109,630	77,114	101,486
Provisions	7,203	6,132	6,306
Total	639,052	403,809	520,924

CORE WORKING CAPITAL

TSEK	30 Sep		31 Dec
	2021	2020	2020
Inventory	540,547	381,390	408,825
Accounts receivable	23,667	11,139	24,337
Accounts payable	-355,673	-233,309	-314,953
Core working capital	208,541	159,220	118,209

INVESTMENTS

TSEK	Q3		Jan-Sep		Oct-Sep	Jan-Dec
	2021	2020	2021	2020	20/21	2020
Acquisition of tangible assets	-2,112	-254	-13,183	-15,941	-23,462	-26,220
Acquisition of intangible assets	-6,389	-2,796	-15,575	-10,616	-19,990	-15,031
Investments	-8,501	-3,050	-28,758	-26,557	-43,452	-41,251

EQUITY/ASSETS RATIO

%	30 Sep		31 Dec
	2021	2020	2020
Total equity	816,860	316,898	369,328
Total assets	2,418,447	1,977,118	2,144,686
Equity ratio, %	33.8%	16.0%	17.2%

Definitions – Alternative performance measures

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

		EBITA because it monitors this performance measure and believes that this measure is relevant for understanding the Group's financial results.
		The measure shows the financial results of the operations without the effect of material cost or income items that impact comparability over time, as described under the heading "Items affecting comparability."
Adjusted EBITA margin, %	EBITA excluding items affecting comparability divided by net sales.	This performance measure shows the company's profitability from the operating activities excluding items affecting comparability and amortisation and impairment of intangible assets arising in connection with business combinations, which enables a comparison with the underlying operating profitability.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	This measure indicates the company's underlying profit generated in the operations 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 operations 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 and 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 as a percentage of net sales for the relevant comparative period, expressed in percent.	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 amortisation, depreciation and impairment of tangible and intangible assets.	The measure indicates the company's underlying profit generated by the operating activities.
Equity/assets ratio, %	Total equity divided by total assets.	This performance measure describes the company's long-term payment capacity.

Definitions – Operating performance measures

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



TELEPHONE CONFERENCE IN CONNECTION WITH THE PUBLICATION OF THE INTERIM REPORT

Andreas Rylander, President and CEO, and Niklas Tyrén, CFO, will hold a telephone conference in connection with the publication of the interim report at 10:00 a.m. on 18 November 2021. To participate in the conference, call +46 8 5055 8375 or follow the link <https://tv.streamfabriken.com/kjell-group-q3-2021>. The presentation material is available on the Group's website: <https://www.kjellgroup.com/investerare/presentationer>.



INTERIM REPORTS

The complete interim report for January–September 2021 is available on www.kjellgroup.com.



FINANCIAL CALENDAR

Forthcoming reports:	
Year-end report 2021	25 February 2022
Annual Report 2021	20 April 2022
First quarter 2022	18 May 2022
Annual General Meeting 2022	19 May 2022
Second quarter 2022	18 August 2022
Third quarter 2022	11 November 2022

Kjell & Company

This information is information that Kjell Group AB (Publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 a.m. CET on 18 November 2021.



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Kjell & Company offers the market's most comprehensive range of electronic accessories, including advisory services and installation. The business is conducted online in Sweden, Norway and Denmark and via 133 service points, of which 108 in Sweden and 25 in Norway.

Through Kjell & Company's customer club, with over 2.4 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.